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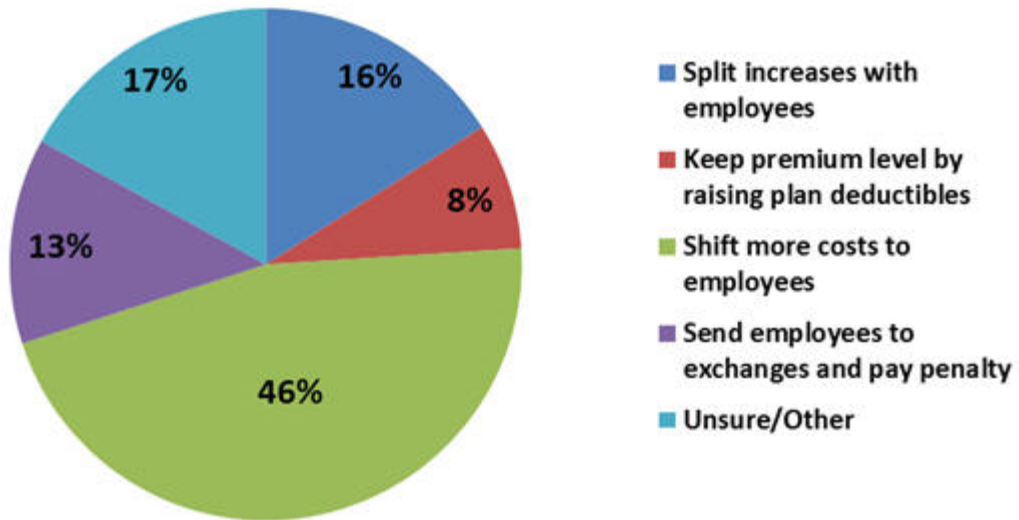
Move to Self Insurance Expected

According to a new survey from Munich Health North America Reinsurance's Division, health insurance executives expect U.S. employers to increasingly self-fund their group health insurance plans as a result of the Affordable Care Act (ACA). Among those surveyed, 82% have experienced a growing level of interest among employers in self-funding their group health insurance plans over the past 12 months, with nearly one-third (32%) stating that interest has increased 'significantly.' Health insurance organizations expect to see growth in their self-funded or Administrative Services Only (ASO) portfolios as a result of this trend towards self-funding. Of those surveyed, 69% plan on growing their self-funding or ASO portfolios over the next year.

Additional findings:

- 86% expect the ACA to increase health insurance premiums by more than 25% or at least 10% to 25%.
- 46% expect employers to deal with increasing premium costs by shifting costs to employees (**Figure 1**).
- Respondents were split on whether they or the health plans they deal with intend to operate on the exchanges in 2014 (55% will not, and 45% will).
- In five years, approximately one-third say that the health exchanges will either be primary vehicles for individual and small group insurance (37%) or nothing more than a high-risk pool (36%).
- 73% are 'very confident' or 'somewhat confident' that a strong market will develop outside of the exchanges for supplementary medical insurance products.
- When asked their confidence on whether the ACA will increase the number of health insurers and health plan options available to individuals and small employers, 35% were 'not confident at all' and 41% were 'not very confident.'
- 40% expect a decrease in the number of covered members for the employer groups they work with.

Figure 1. How employers expect to deal with rising health care costs in the next three years.



Munich surveyed 326 executives representing health plans, health maintenance organizations and disease management firms, as well as health insurance brokers and agents.

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