

MEDICARE ADVANTAGE ENROLLMENT UPDATE:

Beneficiaries Continue to Choose Medicare Advantage

WHITE PAPER OCTOBER 2017

As beneficiaries look towards Medicare Advantage open enrollment in the fall (October 15 – December 7), multiple recent reports and data releases show that the popularity of Medicare Advantage continues to grow. Throughout the country, Medicare beneficiaries have access to a variety of Medicare Advantage plans and the quality of these plans is high and getting higher. Below are key trends and insights.

Enrollment in Medicare Advantage Plans Continues to Grow

According to the July 2017 [CMS enrollment summary report](#), enrollment in Medicare Advantage is currently 18.7 million individuals – a 93% increase since 9.7 million individuals were enrolled in Medicare Advantage in 2008. Enrollment now constitutes roughly 1/3 of the more than 59 million eligible Medicare beneficiaries. When you include [Programs of All-Inclusive Care for the Elderly \(PACE\) plans](#), which provide comprehensive medical and social capitated managed care benefits for the frail elderly, as well as Cost plans, a type of Medicare health plan reimbursed based on medical costs available in certain areas of the country, total enrollment in private plans in Medicare has grown to nearly 20 million individuals. [CBO estimated in its June 2017 report](#) that Medicare Advantage enrollment is estimated to grow to over 30 million individuals over the next 10 years.

Key Takeaways

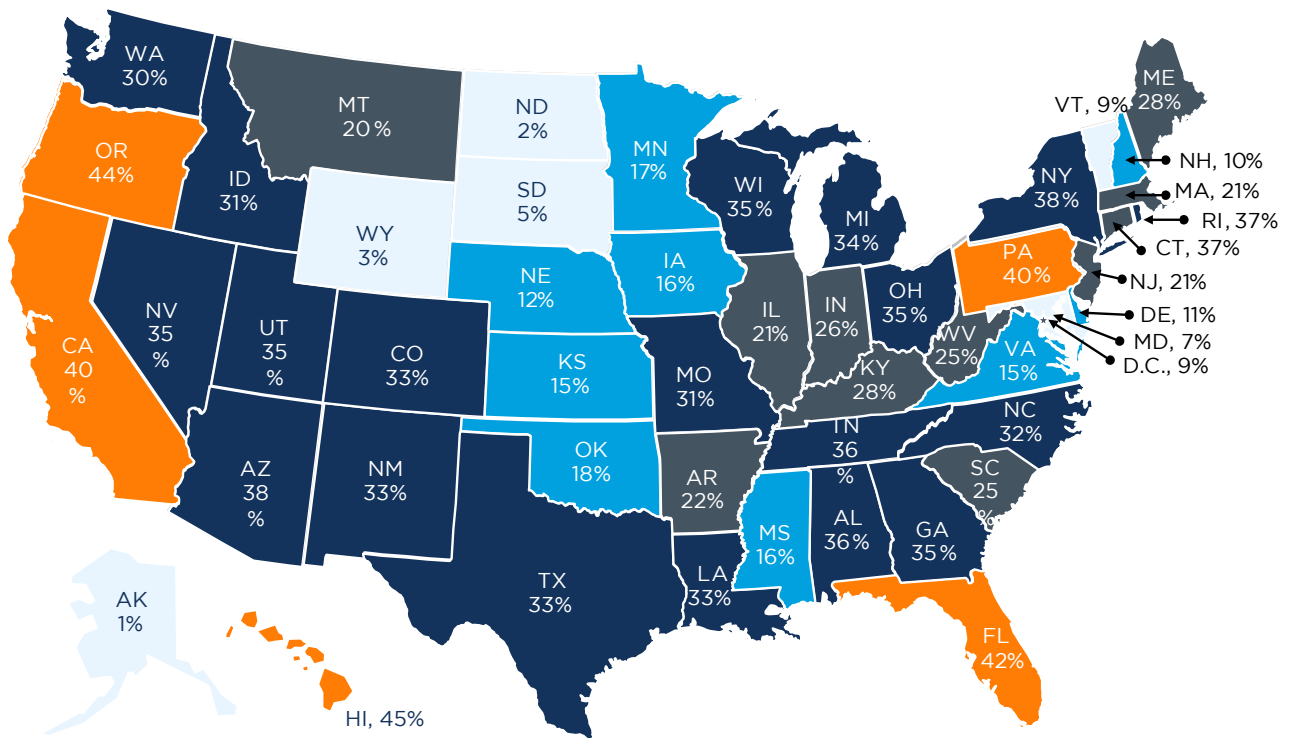
- **Enrollment** in Medicare Advantage continues to grow.
- **Access** to Medicare Advantage plans is robust.
- **Quality** of Medicare Advantage plans is high.

Geographic Variation in Medicare Advantage Penetration

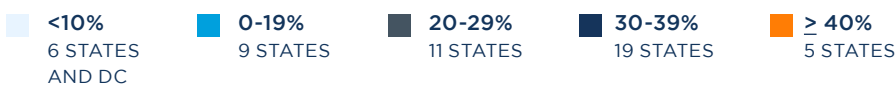
Recent reports prove that Medicare Advantage popularity continues to grow and the percent of new Medicare beneficiaries choosing Medicare Advantage continues to go up. However, nationally-averaged Medicare Advantage penetration rates blunt the reality of geographic variation throughout the country. A map below with Medicare Advantage penetration by state illustrates that despite penetration growth nationally, there is still geographic variation. This variation is due to many factors, including long term insurance market factors in states as well as specific characteristics of each state – for example, low penetration rates due to a state being rural and sparsely populated (e.g. Vermont, Wyoming), or high penetration rates due to a concentration of retirees (e.g. Florida, Arizona) or a large number of hospital-owned plans (e.g. Minnesota, Oregon).

FIGURE 1

Medicare Advantage Penetration by State, July 2017



PERCENTAGE OF ALL MEDICARE ENROLLEES



NATIONAL PENETRATION 31%

Source: Avalere analysis of CMS MA State/County Penetration data file, July 2017. Enrollment figures include all MA plans except demonstration, PACE, and Cost plans.

Medicare Advantage in Your Local Congressional District

Updated information regarding Medicare Advantage penetration by Congressional district is gathered by the Centers for Medicare & Medicaid Services (CMS) but can sometimes be hard to find. To make this information easy to access, BMA has made available a useful tool - an interactive Medicare Advantage enrollment map which can be viewed [here](#).

Demographics of Beneficiaries in Medicare Advantage

Medicare Advantage is an important option for a diverse communities of beneficiaries. Nearly half of Medicare Advantage beneficiaries have annual incomes of less than \$20,000, and 20% of individuals who are eligible for both Medicare and Medicaid choose Medicare Advantage. Over 20% of Medicare Advantage enrollees are minorities compared to 17% in FFS Medicare: 46% of Hispanic beneficiaries and over 35% of African-American Medicare beneficiaries choose Medicare Advantage. Medicare Advantage coverage is an important option for low-income and minority beneficiaries.

Enrollment in Specialized Plans is Also Strong

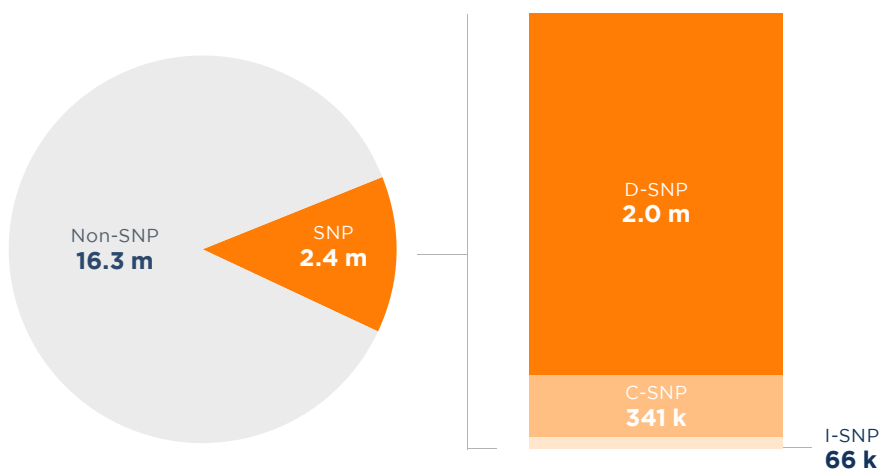
Special Needs Plans (SNPs) were first offered in 2006 and were created to give Medicare Advantage the flexibility to create plans that tailor care for Medicare beneficiaries with specific health care needs. Out of the 32% of Medicare beneficiaries in Medicare Advantage, SNPs make up 13% of Medicare Advantage enrollment. These coordinated care plans are specifically designed to deliver specialized care to individuals in the following categories:

- **Dually Eligible (D-SNP):**
2.0 million individuals dually eligible for Medicare and Medicaid
- **Chronic Condition (C-SNP):**
341,000 individuals with specific chronic conditions
- **Institutional (I-SNP):**
66,000 individuals who are institutionalized.

For more information on these SNPs, see BMA's Issue Brief on "Special Needs Plans in Medicare Advantage" [here](#).

FIGURE 2

Special Needs Plan Enrollment, July 2017



SNP: Special Needs Plan; D-SNP: Dual Eligible Special Needs Plan; C-SNP: Chronic Condition Special Needs Plan

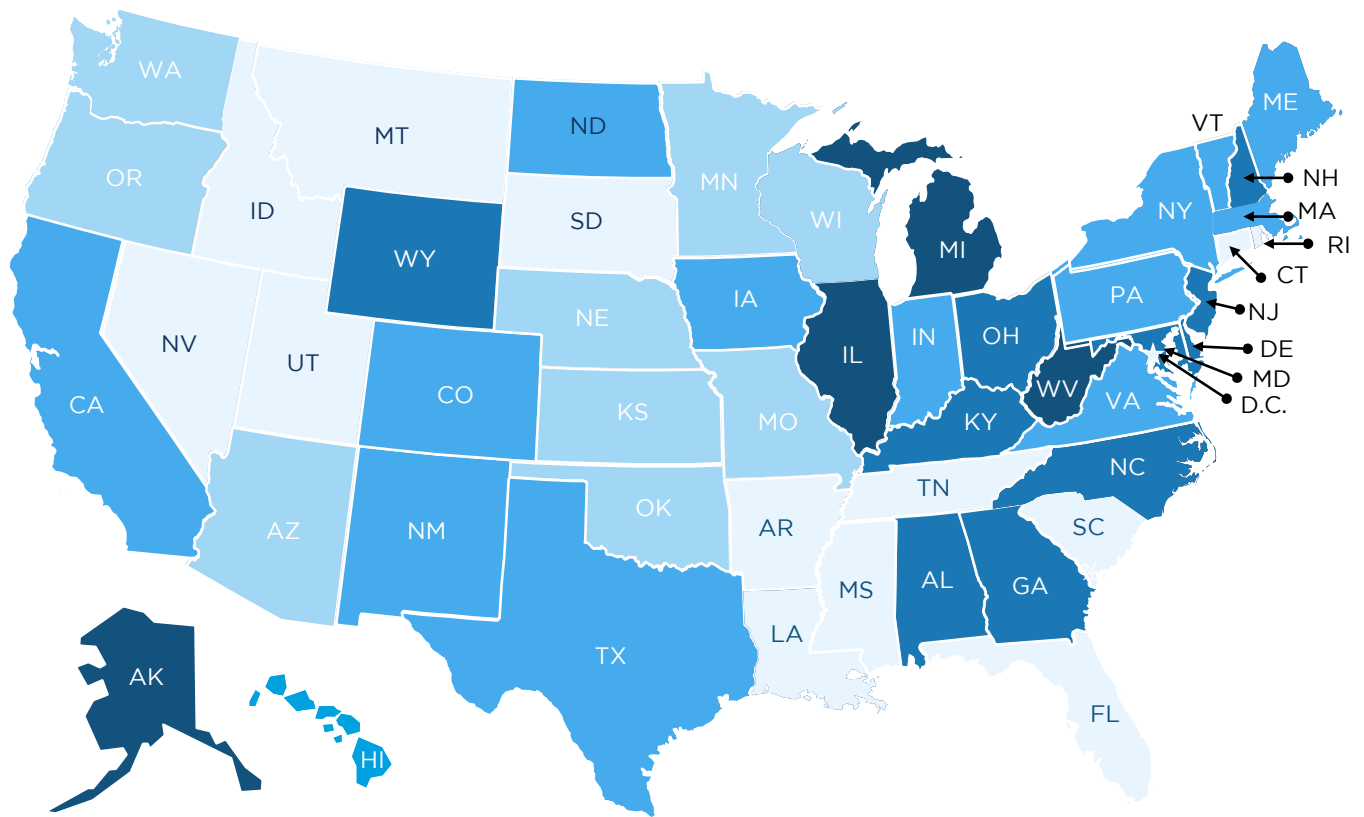
Source: Avalere Health analysis using July 2017 enrollment data released by the Centers for Medicare & Medicaid Services.

Employers are Providing Medicare Advantage for Retirees

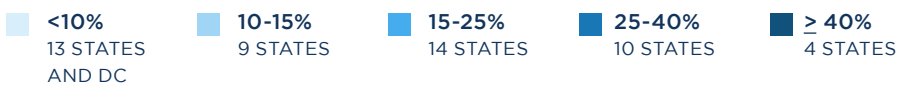
Millions of retirees receive their Medicare coverage through Medicare Advantage employer plans called Employer Group Waiver Plans (EGWPs). It is also important to note the growth in EGWPs. Enrollment in EGWPs is currently 3.7 million, 20% of total Medicare Advantage enrollment. EGWPs are especially concentrated in certain regions, notably in Alaska, the Midwest, and West Virginia. For more information on EGWPs, see the BMA issue brief [here](#).

FIGURE 3

EGWP Penetration by State, July 2017



EGWP AS PERCENT OF MA ENROLLMENT



MA: Medicare Advantage; EGWP: Employer Group Waiver Plan

Source: CMS enrollment files by State/County/Contract 2010-2017, reflecting enrollment for July 2017. Available at <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/MCRAAdvPartDENrolData/Monthly-Enrollment-by-Contract-Plan-State-County.html>

Note: Enrollment figures include all MA plans except demonstration, PACE, and Cost plans. The enrollment numbers reflect counties in all 50 states and DC. A small number portion for the enrollment data in CMS files are missing county/state designation and therefore were omitted from the analysis (less than 0.1% of total MA enrollment).

Most Beneficiaries Choose Comprehensive HMO & PPO Plans

Beneficiaries in Medicare Advantage often choose a comprehensive coverage option – the vast majority of individuals in Medicare Advantage, over 90%, chose to enroll in an MA-PD plan, which includes their Part D prescription drug benefit. In addition, the Kaiser Family Foundation’s recent [Medicare Advantage 2017 Data Spotlight](#) reported that 2/3 of Medicare Advantage beneficiaries chose a Health Maintenance Organization (HMO) plan, which allow beneficiaries to choose from a certain network of providers. The remaining 1/3 of enrollees are primarily enrolled in Preferred Provider Organizations (PPOs), which allow beneficiaries to choose from a wider service area of providers. The breakdown in PPOs is: 27% Local PPOs, which include the counties the PPO chooses to include in its service area, and 7% Regional PPOs, which serve one of 26 regions decided by Medicare (may be a single state or multi-state) and are often in rural areas.

Robust Access to Medicare Advantage Plans

Recent reports show encouraging news that beneficiary access to Medicare Advantage remains strong. In 2017, over 1,900 Medicare Advantage plans were offered for individual enrollment. In fact, in the Medicare Payment Advisory Commission (MedPAC) [March 2017 report](#) to Congress, an annual update to Congress on the Medicare Advantage program, MedPAC reported that 99% of all Medicare beneficiaries have access to a Medicare Advantage plan, and 95% of Medicare beneficiaries have an HMO or Local PPO operating in their county of residence, relatively consistent with prior years. In addition, beneficiaries have multiple plans to choose from in their area. A recent Avalere Medicare Advantage 2017 National Snapshot analysis showed that 90% of Medicare Advantage beneficiaries have a choice of at least five Medicare Advantage plan options, 71% have at least 10 Medicare Advantage plans options, and 55% have at least 15 options. Over 80% of all beneficiaries have access to at least one zero premium plan, and 40% of beneficiaries are enrolled in a zero premium plan.

Growth of Provider-Led Medicare Advantage Plans

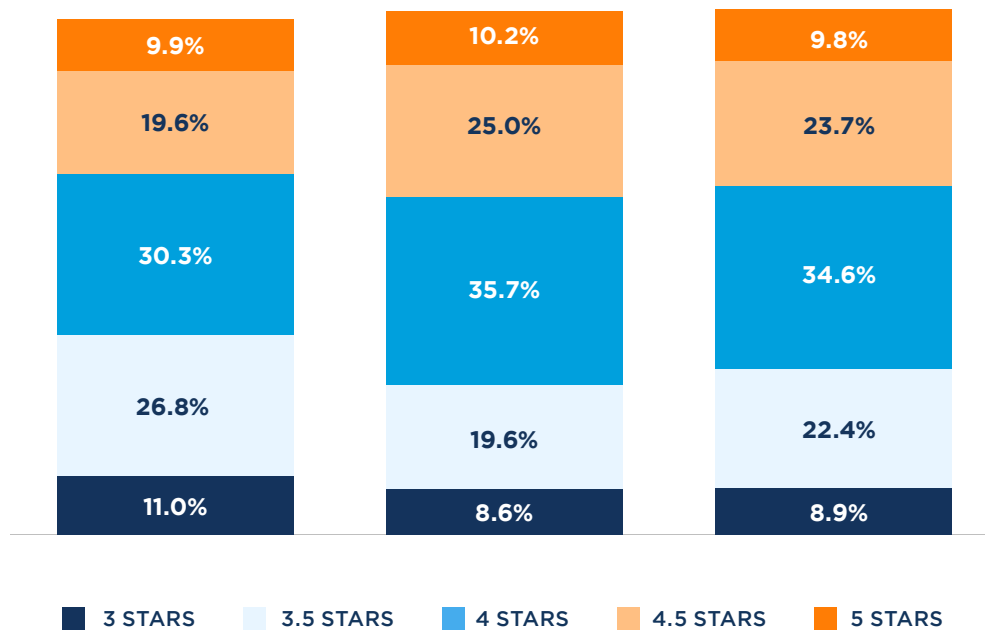
The increase in beneficiary choice in Medicare Advantage is supported by the growth of provider-sponsored Medicare Advantage plans. An Avalere analysis showed total enrollment in provider-sponsored plans between 2015 and 2017 has grown. In 2017, 3.3 million beneficiaries are in provider-sponsored plans.

Quality of Medicare Advantage Plans is High

The quality of Medicare Advantage plans continues to improve, and almost 3 out of every 4 beneficiaries are now in top-rated plans. Medicare Advantage plans are awarded Star Ratings between one and five based on performance on certain quality measures in the Medicare Advantage Star Rating system. Currently, just under 70% of Medicare Advantage enrollees are in four or five star plans, almost quadruple the percent in 2009. As illustrated by Avalere below, in 2017, over 12 million beneficiaries were enrolled in high quality 4+ star plans.

FIGURE 3

Distribution of MA-PD Enrollees by Star Rating,* 2015-2017



*Percentages are weighted by contract enrollment; These ratings summarize all Part C and Part D measures combined. Does not include contracts that were too new to be measured or did not have enough data to calculate a rating.

Source: CMS. "Fact Sheet – 2017 Star Ratings." October 2016. Available [here](#).

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Looking Towards 2017 Medicare Advantage Open Enrollment

It is expected that even more beneficiaries will take advantage of the high quality, coordinated care Medicare Advantage offers them. From October 15 to December 7, 2017, Medicare Advantage will have its annual open enrollment period when beneficiaries have the opportunity to make coverage changes. However, there are other specific time periods during the year when certain beneficiaries can enroll in Medicare Advantage or make changes to their current coverage depending on whether they are already in the program or enrolling for the first time.

There are multiple resources that beneficiaries and their loved ones can use to help clarify these guidelines, such as the [Medicare.gov](#) website and the Centers for Medicare & Medicaid Services (CMS) [2018 Medicare & You Handbook](#). BMA also has an “Open Enrollment Handbook” for beneficiaries, which can be accessed [here](#).