



## **Avalere Analysis: Medicare Advantage and Part D Plans See Enrollment Increase with Payment and Policy Changes on the Horizon**

A new Avalere Health analysis finds that enrollment in Medicare Advantage (MA) plans grew substantially in 2014 versus 2013. The analysis comes ahead of today's expected release by the Centers for Medicare and Medicaid Services (CMS) of the 2015 Advance Notice and Call Letter which notifies Medicare Advantage (MA) and Part D plans of annual payment and policy changes, as well as operational guidance for the following year.

In total, MA plan enrollment rose by 8.9 percent to 15.9 million enrollees, up from 14.6 million in 2013. This brings MA enrollment to approximately 30 percent of all eligible Medicare beneficiaries.

Enrollment also continued to increase in Medicare Part D in 2014 versus 2013. Overall Part D enrollment—including standalone prescription drug plans (PDPs) and MA prescription drug plans (MA-PD plans)—grew 5.7 percent in 2014, up to 37.2 million from 35.2 million in 2013. The MA and Part D enrollment numbers reflect enrollment through January 10, 2014, and include complete data from the 2014 annual election period.

### **Medicare Advantage Enrollment**

"MA plans continue to increase enrollment by finding new ways to offer attractive benefits and value to beneficiaries," said Dan Mendelson, CEO and founder of Avalere Health.

MA enrollment has grown in all regions of the country despite declining MA plan participation for 2014.

"If current trends continue, plans choosing to compete in areas with growing enrollment and fewer plan options stand to gain market share," said Matt Eyles, executive vice president at Avalere.

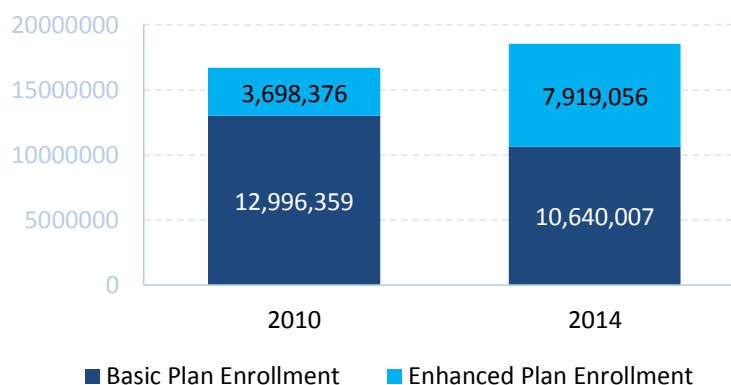
Region	Proportion of Counties Experiencing Decrease in Plan Numbers	2013 Enrollment	2014 Enrollment	Change
South	80 percent	4,639,869	5,227,341	12.7%
Midwest	78 percent	2,893,393	3,225,349	11.5%
Northeast	57 percent	2,722,315	2,882,202	5.9%
West	54 percent	3,703,455	3,943,406	6.5%

Source: Avalere Health analysis using DataFrame®, a proprietary database of Medicare Advantage plan features for 2014 and MA enrollment data released by CMS February 2014. For this analysis states were assigned to regions based on census regions available at [http://www.census.gov/geo/maps-data/maps/pdfs/reference/us\\_regdiv.pdf](http://www.census.gov/geo/maps-data/maps/pdfs/reference/us_regdiv.pdf)

### Medicare Part D Enrollment

While total annual Part D plan enrollment grew modestly at 5.7 percent, enrollment in PDPs with an actuarial enhanced benefit continues to rise more quickly as Part D sponsors have focused on making enhanced plan offerings more attractive to beneficiaries. For example, the new Humana Walmart PDP, an enhanced product, offers the lowest average premium nationwide at \$12.60 per month and has achieved more than 660,000 enrollees in its first year of participation.<sup>1</sup> Overall, enrollment in enhanced plans has more than doubled since 2010. Of note, recent Avalere analysis finds that the proposed change to limit the number of PDPs that insurers may offer in the Part D market could require 39 percent of all enhanced plans to be eliminated in 2016.

**Basic and Enhanced Plan Enrollment, 2010 vs. 2014**



Source: Avalere Health analysis using DataFrame®, a proprietary database of Medicare Part D plan features for plan years 2010 and 2014 and PDP enrollment data released by CMS March 2010 and February 2014.

<sup>1</sup> Please note that Humana offered the Humana Walmart Preferred Rx PDP in recent plans years. The Humana Walmart PDP is an entirely new plan.

On average, PDP premiums declined slightly by 2 percent in 2014. For some plans such as AARP MedicareRx Preferred and Humana Enhanced, enrollment dipped, potentially as a result of premium increases from 2013 to 2014. However, other PDPs such as AARP MedicareRx Saver Plus and Aetna CVS/pharmacy PDP, experienced enrollment increases despite rising premiums. Enrollees in these plans likely enrolled or remained in the plans despite the premium increases as the average premiums are competitive with others in the market.

### Enrollment in Top 10 PDPs & Monthly Premiums, 2014

2014 PDP Offering	2014 Plan Enrollment <sup>1</sup>	% Enrollment Change (2013-2014)	2013 Average Premium <sup>2</sup>	2014 Average Premium <sup>3</sup>
AARP MedicareRx Preferred	3,726,940	-4%	\$40.45	\$43.41
SilverScript Basic	2,649,905	-14%	\$33.05	\$29.43
Humana Preferred Rx Plan*	1,756,473	1%	\$18.50	\$22.74
Humana Enhanced	1,286,176	-3%	\$43.75	\$47.57
AARP MedicareRx Saver Plus	1,055,318	105%	\$15.00	\$23.11
WellCare Classic	997,074	56%	\$33.54	\$20.66
Cigna Medicare Rx Secure**	758,413	9%	\$35.72	\$30.79
Humana Walmart Rx Plan	660,463	N/A	N/A	\$12.60
Aetna CVS/pharmacy Prescription Drug Plan	537,094	20%	\$30.93	\$32.27
First Health Part D Value Plus	464,929	-25%	\$29.50	\$44.53
<b>TOP 3 PDPs</b>	<b>8,133,318</b>	<b>-6%</b>	<b>\$33.42</b>	<b>\$34.39</b>
<b>TOP 10 PDPs</b>	<b>13,892,785</b>	<b>8%</b>	<b>\$33.59</b>	<b>\$32.79</b>
<b>ALL PDPs</b>	<b>18,559,063</b>	<b>3%</b>	<b>\$38.64</b>	<b>\$37.75</b>

Source: Avalere Health analysis using DataFrame<sup>®</sup>, a proprietary database of Medicare Part D plan features and 2014 PDP data released by CMS on January 2, 2014.

<sup>1</sup> 2014 enrollment using the February 2014 enrollment file, reflecting January 2014 enrollment.

<sup>2</sup> 2013 premiums are enrollment-weighted using February 2013 enrollment data

<sup>3</sup> 2014 premiums are enrollment-weighted using February 2014 enrollment data.

\*Humana Walmart-Preferred Rx Plan was renamed as Humana Preferred Rx Plan for the 2014 plan year

\*\*Cigna Medicare Rx Plan One was renamed as Cigna Medicare Rx Secure for the 2014 plan year

“Medicare Advantage and Part D plans face major changes on the horizon,” said Eyles. “Policy changes in the recently proposed Medicare rule and other potential changes in the draft Call Letter could further shake up the market.”

Methodology:

Avalere used several files for the analysis, including:

- The 2014 PDP Landscape File (released on January 2, 2014);
- The February 2014 CMS Contract Enrollment File; and
- The MA State/County/Contract Enrollment File from February 2013 and 2014.

The Landscape Files can be accessed [here](#). The enrollment files can be accessed [here](#).

For plan-specific analyses, Avalere excludes PDPs offered in US territories.