
Medicare Advantage: 2015 National Snapshot

July 2015

Prepared by:
Avalere Health LLC

Funding for this research was provided by Aetna.
Avalere maintained full editorial control.



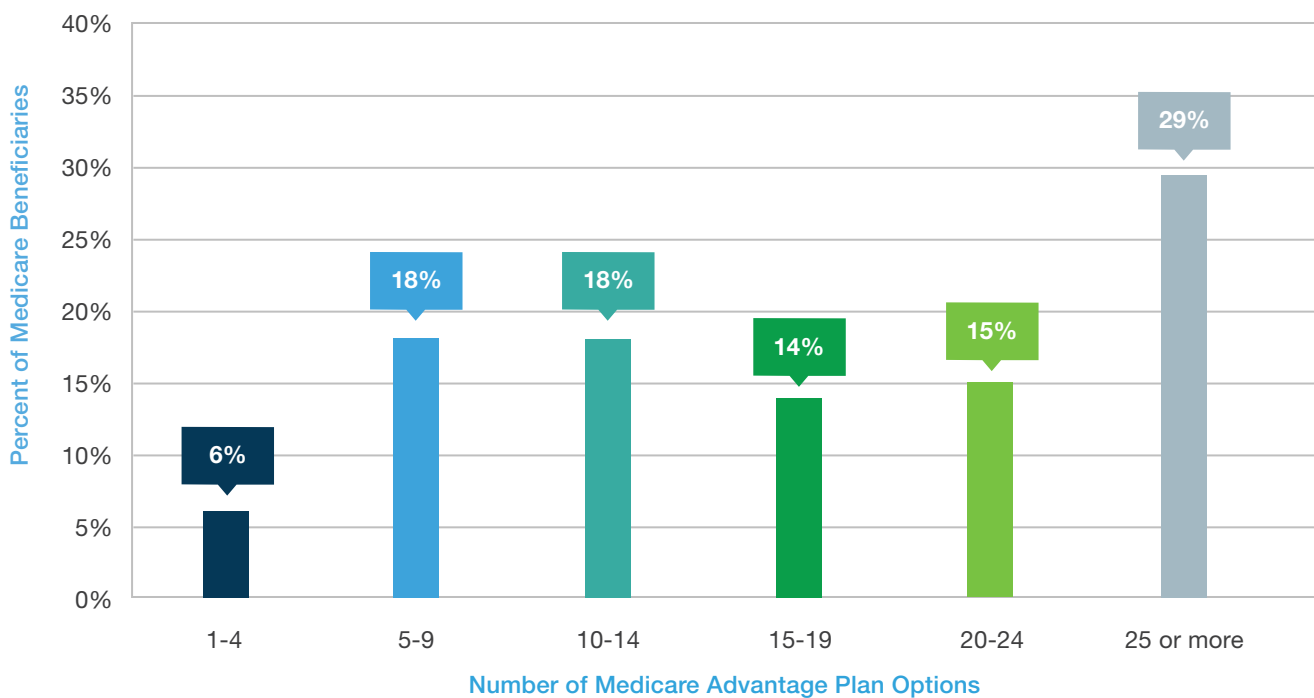
PROGRAM OVERVIEW

In 2015, 17 of 54 million Medicare beneficiaries nationwide receive their Medicare benefits from Medicare Advantage (MA) plans.¹ MA plans are private managed care organizations that contract with the federal government to coordinate care for Medicare beneficiaries who choose to enroll.² MA options are available to beneficiaries in more than 3,000 counties throughout the nation.³ While MA enrollment has grown significantly in recent years, 37 million or two-thirds of Medicare beneficiaries still choose to receive their benefits from original Medicare, also known as fee-for-service (FFS).⁴

MOST MEDICARE BENEFICIARIES CHOOSE FROM SEVERAL COMPETING MA PLANS

As shown in **Figure 1** below, 94 percent of Medicare beneficiaries choose from at least 5 MA plan options, 76 percent have a choice of more than 10 MA plans, and nearly 58 percent choose from at least 15 plans. Overall, Medicare beneficiaries have a choice of more than 18 plans on average in 2015.⁵ As described further below, these plan options are offered by one of 143 parent Medicare Advantage organizations (MAOs) who participate in the MA program.

Figure 1: MA Plan Options for Medicare Beneficiaries, 2015



Source: Avalere Analysis of 2015 Medicare Advantage Landscape File; June 2015 Medicare Advantage Penetration File.

Note: Options do not include employer-only (EGWP), special needs (SNP), Medicare-Medicaid Plan (MMP), or Program for the All-Inclusive Care for the Elderly (PACE) plans.

Medicare beneficiaries who live in counties with high MA enrollment have particularly significant choice of plans. Indeed, the nearly 11 million Medicare beneficiaries who live in one of the 30 U.S. counties with the highest MA enrollment have an average of 29 plan options.⁶ The 10 counties with the highest MA enrollment are shown in **Table 1**.

Table 1: Top 10 Counties by MA Enrollment

County, State	MA Enrollment	# of Plan Options
Los Angeles, CA	648,000	34
Miami-Dade, FL	264,000	38
Maricopa, AZ	253,000	21
San Diego, CA	216,000	27
Orange, CA	212,000	36
Harris, TX	188,000	37
Riverside, CA	183,000	28
Cook, IL	168,000	23
Allegheny, PA	154,000	26
Broward, FL	154,000	36

Source: Avalere analysis of 2015 Medicare Advantage Landscape File and June 2015 Medicare Advantage Enrollment File. Options do not include employer-only (EGWP), special needs (SNP), MMP, or PACE plans. Enrollment includes all types of plans.

Note: Avalere rounded data to the nearest thousand.

MA PLANS COMPETE WITH FFS MEDICARE AND OTHER MA PLANS

Role of FFS Medicare

MA plans compete against original FFS Medicare in addition to other MA plans. As described below, the annual bidding and open enrollment processes ensure competition in the program.⁷

The Annual MA Bidding, Bid Review, and Enrollment Process

MA plans bid against statutory benchmarks based on local FFS costs.

MA plans submit bids to provide Medicare benefits that are then compared to benchmarks based on local, county-level FFS costs.

MA plans have a strong incentive to bid below FFS benchmarks.

Plans that bid below the fixed FFS benchmark receive a percentage of the difference as a rebate, which they must use to provide extra benefits (like dental or vision coverage and cost sharing reductions) to enrollees. Plans that bid above the benchmark do not receive rebates. To enroll in a plan that bids above the benchmark, beneficiaries must pay a premium equal to the difference between the MA plan bid and the FFS benchmark amount. Today, 79 percent of Medicare beneficiaries have access to a zero-premium MA plan; 48 percent of MA enrollees are enrolled in a zero-premium plan.ⁱ

The MA Star Rating system rewards high quality plans.

Plans with a 4, 4.5, or 5 star quality rating (on a 1 to 5 scale) receive a bonus payment on top of the benchmark and receive a higher rebate percentage than those with lower star ratings. Plans with 5 star quality ratings are also permitted to market and enroll new members throughout the entire year.

CMS reviews MA plans and bids to ensure compliance.

CMS reviews plan bids to ensure compliance with benefit and network adequacy requirements, and meaningful differences standards that ensure plan options offer consumers distinct choice of premium and benefit design. Separate from the bid review process, plans must also comply with a minimum medical loss ratio (MLR) requirement that limits the amount plans may dedicate to profit and administrative costs.

Beneficiaries can enroll in an MA plan, switch MA plans, or return to FFS Medicare.

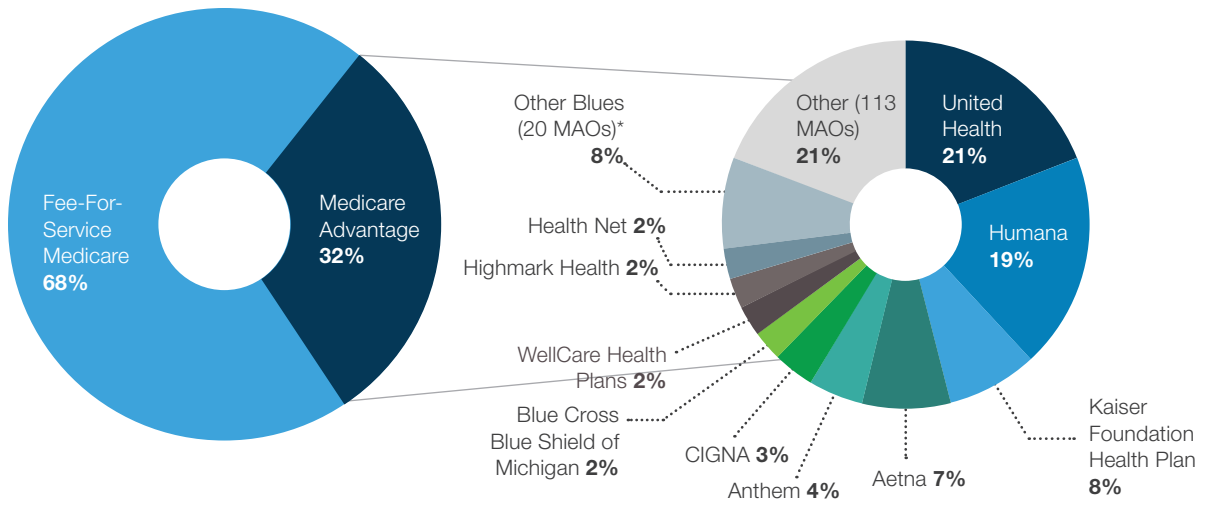
Each year during the Annual Enrollment Period, Medicare beneficiaries can choose to enroll in an MA plan, renew enrollment in their current plan, switch plans, or disenroll and return to FFS Medicare.

ⁱ Avalere analysis of June 2015 Medicare Advantage enrollment file; analysis excludes MA-only plans, EGWPs, and SNPs.

MA Competitive Landscape

One hundred forty-three parent MAOs participate in the MA program to provide benefits to the 32 percent of beneficiaries who are not enrolled in FFS Medicare.⁸ As shown in **Figure 2**, United Healthcare has the largest share of nationwide MA enrollment at 21 percent, followed by Humana at 19 percent.

Figure 2: 2015 Medicare Enrollment: Fee-For-Service and MA Enrollment by Parent Organization



MAO = Medicare Advantage Organization

*Includes Blue Cross Blue Shield Association Members

Source: Avalere analysis of the June 2015 Medicare Advantage Enrollment File

Note: Data includes employer plans and special needs plans (SNPs). Enrollment in Cost, MSA, PACE, and MMP plans is included in aggregate Medicare Advantage enrollment but excluded from Parent Organization share.

Alternatively, enrollment in MA plans can be considered as a percentage of total Medicare enrollment. As shown in **Table 2**, the parent MAOs with the highest enrollment – United and Humana – represent 6.3 and 5.8 percent of total Medicare enrollment respectively.

Table 2: Enrollment by Parent MAO as a Percentage of MA and Total Medicare Enrollment

Parent MAO	MA Enrollment	Percent of Total MA Enrollment	Percent of Total Medicare Enrollment
UnitedHealth	3,411,000	21.1%	6.3%
Humana	3,140,000	19.4%	5.8%
Kaiser Foundation	1,240,000	7.7%	2.3%
Aetna	1,210,000	7.5%	2.2%
Anthem	575,000	3.6%	1.1%
CIGNA	483,000	3.0%	< 1%
BCBS of Michigan	391,000	2.4%	< 1%
WellCare	345,000	2.1%	< 1%
Highmark	290,000	1.8%	< 1%
Health Net	267,000	1.7%	< 1%
Other Blues* (20 MAOs)	1,360,000	8.4%	2.5%
Other MAOs (113 MAOs)	3,446,000	21.3%	6.3%

MAO = Medicare Advantage Organization

*Includes Blue Cross Blue Shield Association Members

Source: Avalere analysis of the June 2015 Medicare Advantage Enrollment File

Note: MA enrollment includes employer-only (EGWPs) and special needs plans (SNPs) but does not include enrollment in Cost, MSA, PACE, or MMP plans. Avalere rounded data to the nearest thousand.

However, MA enrollment share varies significantly based on geography.⁹ As shown in **Table 3**, the parent MAO with the largest share of MA enrollment varies in 4 of the 5 states with the highest MA enrollment.

Table 3: 2015 MAO Enrollment Share in Top 5 States by MA Enrollment

Parent MAO Position	California (MA 42% / FFS 58%)			Florida (MA 40% / FFS 60%)			New York (MA 37% / FFS 63%)			Texas (MA 32% / FFS 68%)			Pennsylvania (MA 40% / FFS 60%)		
	Parent MAO	% of MA Enrollment	% of Total Medicare Enrollment	Parent MAO	% of MA Enrollment	% of Total Medicare Enrollment	Parent MAO	% of MA Enrollment	% of Total Medicare Enrollment	Parent MAO	% of MA Enrollment	% of Total Medicare Enrollment	Parent MAO	% of MA Enrollment	% of Total Medicare Enrollment
#1	Kaiser	48%	19%	Humana	37%	15%	United Health	18%	7%	United Health	33%	10%	Highmark BCBS	24%	10%
#2	United Health	16%	6%	United Health	22%	9%	Healthfirst	11%	4%	Humana	25%	8%	Aetna	23%	9%
#3	Health Net	8%	3%	Florida Blue ⁱ	10%	4%	Emblem Health	10%	4%	Aetna	13%	4%	UPMC Health System	15%	6%
#4	SCAN Health Plan	8%	3%	WellCare	7%	3%	Anthem	10%	4%	Cigna	10%	3%	Independence BCBS	10%	4%
#5	Blue Shield of CA ⁱⁱ	5%	2%	America's 1st Choice	6%	3%	Excellus BCBS ⁱⁱⁱ	10%	4%	Universal American	6%	2%	Geisinger Health System	7%	3%
All other MAOs	–	15%	6%	–	18%	7%	–	41%	15%	–	13%	4%	–	21%	8%

i Guidewell Mutual

ii California Physician's Service

iii Lifetime Healthcare

MAO: Medicare Advantage Organization

Source: Avalere analysis of the June 2015 Medicare Advantage Enrollment File

Note: Parent MA enrollment includes employer-only (EGWPs) and special needs plans (SNPs) but does not include enrollment in Cost, MSA, PACE, or MMP plans.

REFERENCES

- 1 Avalere analysis of June 2015 Medicare Advantage Enrollment File. Enrollment includes Cost, MSA, demos, PACE plans.
- 2 "Medicare Advantage Plans," Medicare.gov. Available at <http://www.medicare.gov/sign-up-change-plans/medicare-health-plans/medicare-advantage-plans/medicare-advantage-plans.html>
- 3 Avalere analysis of 2015 Medicare Advantage Landscape File. There are 3,075 counties with participating MA plans
- 4 Avalere analysis of June 2015 Medicare Advantage Enrollment File.
- 5 Avalere analysis of 2015 Medicare Advantage Landscape File and June 2015 Medicare Advantage Enrollment File.
- 6 Avalere analysis of 2015 Medicare Advantage Landscape File and June 2015 Medicare Advantage Enrollment File.
- 7 MedPAC MA Payment Basics, <http://www.medpac.gov/documents/payment-basics/medicare-advantage-program-payment-system-14.pdf>.
- 8 Avalere analysis of June 2015 Medicare Advantage Enrollment File.
- 9 Avalere analysis of June 2015 Medicare Advantage Enrollment File.

About Us

Avalere is a vibrant community of innovative thinkers dedicated to solving the challenges of the healthcare system. We deliver a comprehensive perspective, compelling substance, and creative solutions to help you make better business decisions. We partner with stakeholders from across healthcare to help improve care delivery through better data, insights, and strategies. For more information, please contact info@avalere.com. You can also visit us at avalere.com.

Contact Us

Avalere Health

1350 Connecticut Ave, NW Suite 900
Washington, DC 20036
202.207.1300 | Fax 202.467.4455
avalere.com