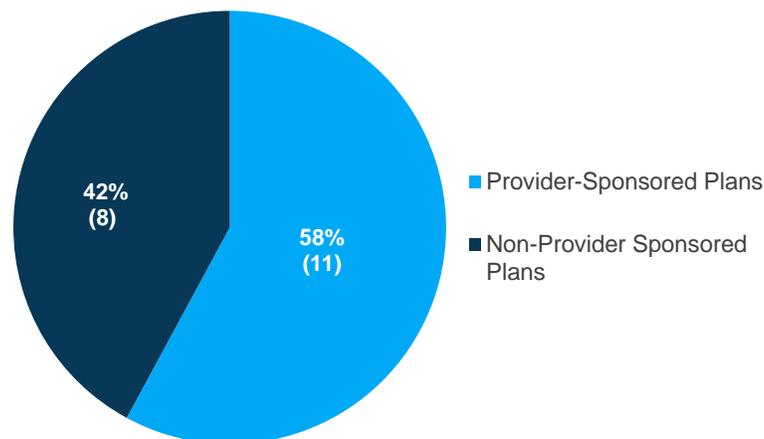


Nearly 60 Percent of New Medicare Advantage Plans Are Sponsored by Healthcare Providers

A new analysis from Avalere Health finds that hospitals and health systems are increasingly taking risk for the cost of Medicare patients and the quality of the care they receive. In 2016, providers represent 58 percent¹ of new Medicare Advantage (MA) organizations entering the program. In total, 70 provider-sponsored parent organizations will offer 403 MA plans in 41 states.² Increasingly, large providers are leveraging their integrated delivery networks and building on their experience bearing risk to offer insurance to consumers across the country.

2016 NEW MA PARENT ORGANIZATIONS,
BY PLAN TYPE
N = 19



“Starting a Medicare Advantage plan allows high-quality hospitals and health systems to benefit substantially from the value they deliver,” said Dan Mendelson, president of Avalere. “Growth in the Medicare Advantage program is helping the government shift to value-based payment methods.”

These data underscore previous Avalere research looking at new entrants to the Medicare Advantage market. Specifically, the study shows that providers sponsor more than half of plans (54 percent) that entered and remained in MA between 2012 and 2015.³

¹ Avalere analysis of 2016 MA Landscape file.

² Avalere analysis of 2016 MA Landscape file.

³ Avalere analysis of 2016 MA Landscape file and 2016 Enrollment file. Includes Local Coordinated Care plans (LCCPs), Private Fee-for-Service (PFFS) plans, and Medicare Savings Account plans (MSAs). Does not include Special Needs Plans (SNPs), Employer Group Waiver Plans (EGWPs), PACE plans, Duals Demo plans, or Cost Plans, which are not available to all Medicare beneficiaries in a county.



January 26, 2016

“Provider-sponsored plans diversify choice for consumers picking a Medicare Advantage plan,” said Elizabeth Carpenter, vice president at Avalere. “In particular, their high-quality scores may drive additional enrollment over time.”

Avalere analysis also shows that provider-sponsored plans deliver high-quality care to enrollees. While 32 percent of total MA enrollees in 2015 were in a 4.5 or 5 star plan, 70 percent of provider-sponsored MA plan enrollees were members of a plan with a similar stars rating.^{4,5} Quality data are not yet available on new entrants to the market in 2016.

In total, 19 percent of MA enrollees and 6 percent of all Medicare beneficiaries enrolled in provider-sponsored MA plans in 2015.⁶ Additional enrollment data for 2016 that accounts for the annual election period will be available in February.

Access the full report [here](#).

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

Avalere Health, an Inovalon Company, is a strategic advisory company whose core purpose is to create innovative solutions to complex healthcare problems. Based in Washington, D.C., the firm delivers actionable insights, business intelligence tools and custom analytics for leaders in healthcare business and policy. Avalere’s experts span 230 staff drawn from Fortune 500 healthcare companies, the federal government (e.g., CMS, OMB, CBO and the Congress), top consultancies and nonprofits. The firm offers deep substance on the full range of healthcare business issues affecting the Fortune 500 healthcare companies. Avalere’s focus on strategy is supported by a rigorous, in-house analytic research group that uses public and private data to generate quantitative insight. Through events, publications and interactive programs, Avalere insights are accessible to a broad range of customers. For more information, visit avalere.com, or follow us on Twitter @avalerehealth.

⁴ <http://avalere.com/expertise/managed-care/insights/new-medicare-advantage-market-entrants-diversify-consumer-choice>

⁵ Avalere analysis of 2015 MA enrollment file and 2015 MA star ratings file. Includes Local Coordinated Care plans (LCCPs), Regional Coordinated Care Plans (RCCPs), Private Fee For Service (PFFS) plans. Does not include Special Needs Plans (SNPs), Employer Group Waiver Plans (EGWPs), PACE plans, Duals Demo plans, Cost Plans, or Medicare Savings Account plans (MSAs).

⁶ Kaiser enrollment accounts for 48 percent of the 4.5 or 5 star provider-sponsored plan enrollment.

