

CORRECTION: PREMIUM INCREASES FOR MOST POPULAR MEDICARE BENEFIT PLANS, MARKET FOR MEDICARE ADVANTAGE PLANS APPEARS STABLE IN 2017

According to a new Avalere analysis of data from the Centers for Medicare & Medicaid Services (CMS), premiums for stand-alone prescription drug plans (PDPs) will increase and the number of PDPs available in 2017 will decrease. Conversely, the Medicare Advantage market appears strong as 8 in 10 beneficiaries have access to MA plans that offer prescription drug benefits with a zero premium.

Key Takeaways

Part D

- The top 10 most popular Part D plans that represent more than 85 percent of PDP enrollment will have an average premium increase of 4 percent in 2017.
- Among the top 10 most popular Part D plans, some sponsors are raising premiums more than others. United is increasing premiums in the second most popular plan, AARP MedicareRx Preferred, by about \$10.
- Overall, the number of PDPs has continued to decline. In 2017, 746 PDPs will be offered, down from 886 in 2016, showing a 16% decrease.
- The number of \$0 premium plans for LIS beneficiaries increases slightly in 2017 from 226 in 2016 to 231 in 2017.

Medicare Advantage

- 80 percent of MA beneficiaries will have a \$0 premium plan option with drug benefits, compared to 81 percent in 2016.
- The average MA premium will drop 4 percent in 2017, to \$31.40.

Average monthly premiums for standalone PDPs projected to increase, while the number of PDP options will decline

Assuming Part D enrollees elect to remain in their current plan, the average monthly premium for all PDPs will increase by 3 percent, from \$41.34 projected in 2016 to \$42.70 projected in 2017.

Many beneficiaries are likely to see their Part D premiums increase, with enrollment-weighted premiums projected to increase by an average of 4 percent among the top 10 PDPs that account for more than 85 percent of PDP enrollment.

Since 2014, among the top 8 plans, United's plans have had an average annual increase of 17 to 18 percent. By contrast, Humana's plans have had average annual increases between 6 and 11 percent.



Figure 1. 2014 to 2017 Premium Increases for Top 8 PDPs

Plan	Enhanced/ Basic	2014 Average Premium	2015 Average Premium	2016 Average Premium	2017 Average Premium	Average Annual Increase
SilverScript Choice (CVS)	Basic	\$29.43	\$23.16	\$22.56	\$29.10	0%
AARP MedicareRx Preferred (United)	Enhanced	\$43.41	\$50.15	\$60.79	\$71.66	18%
Humana Walmart Rx Plan (Humana)	Enhanced	\$12.60	\$15.67	\$18.40	\$16.81	10%
Humana Preferred Rx Plan (Humana)	Basic	\$22.72	\$26.40	\$28.39	\$27.32	6%
AARP MedicareRx Saver Plus (United)	Basic	\$23.22	\$28.00	\$35.23	\$37.36	17%
Aetna Medicare Rx Saver (Aetna)	Basic	\$35.56	\$24.46	\$26.22	\$31.35	-4%
Humana Enhanced (Humana)	Enhanced	\$47.53	\$52.81	\$66.25	\$64.23	11%
First Health Part D Value Plus (Aetna)	Enhanced	\$44.58	\$38.81	\$33.91	\$39.27	-4%

The number of PDPs available in 2017 will decrease for the third straight year. In 2017, 746 PDPs will be offered in the U.S., a 16 percent drop from 2016. Despite these decreases, beneficiaries in all states will still have 19 or more PDPs to choose from in 2017. The number of zero dollar premium plans for LIS beneficiaries increases slightly in 2017 from 226 in 2016 to 231 in 2017. In 13 states there are fewer zero dollar premium PDPs in 2017 than in 2016.

“Medicare beneficiaries in plans with premiums that are increasing need to be aware of what is happening with their plans” said Kelly Brantley, vice president at Avalere Health. “Beneficiaries who choose not to change plans could see higher premiums in 2017.”

Availability of \$0 premium MA plans continues to decrease in 2017, but only slightly from 2016. A smaller percentage of Medicare beneficiaries will have access to \$0 premium MA prescription drug (MA-PD) plans in 2017. Eighty percent of beneficiaries will have access to a \$0 premium plan in 2017 compared to 81 percent in 2016, further demonstrating the competitiveness of the MA program compared to Medicare Fee-for-Service.

Note: A previous version of this study included errors in the number of plans included in the analysis as well as tabulation of zero premium LIS plans. Corrections to the methodology resulted in updates to the average premium increases overall and for the top 10 plans, the number of PDPs available and percent change from 2016, and availability of zero premium LIS plans.

Methodology



On September 22, the Centers for Medicare & Medicaid Services (CMS) released the 2017 Medicare Advantage (MA) and Medicare Part D landscape files. Avalere analyzed the data to assess trends in plan participation, beneficiary premiums, and benefit designs for the 2017 MA and Part D markets. Avalere analyzes information for unique plan options offered within each market. Avalere excludes information on Cost plans, Medicare-Medicaid plans, and plans offered in the U.S. territories from its analysis. CMS does not include information on employer-group waiver plans, Program of All-Inclusive Care for the Elderly (PACE) plans, or Part B-only plans in the landscape files.

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