

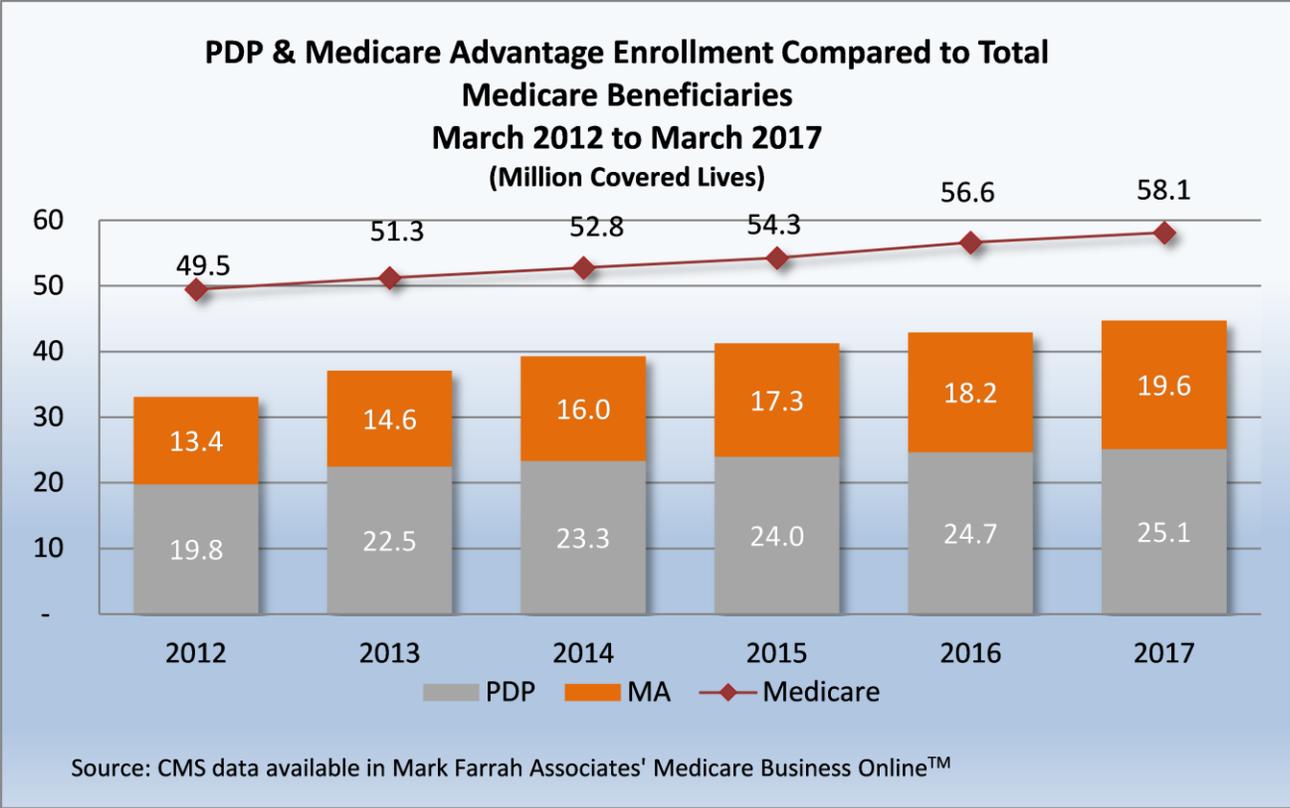
Medicare PDP Enrollment Covers over 25 Million Members

March 30, 2017

Medicare stand-alone prescription drug plans (PDPs) covered 25.1 million members as of March 1, 2017. With an aggregate gain of 1.8% net enrollees between March 2016 and March 2017, PDP growth is down from the 624,000 (2.6%) net enrollees gained between March 2015 and March 2016. Ten companies have greater than 300,000 members and command 93% of the PDP market. Six of these plans control 87% of the market covering 1 million members or more. While CVS Caremark covers the largest number of people in PDPs, Humana saw the most significant increase in PDP enrollment, with a gain of 367,000 people between March 2016 and March 2017.

PDP Enrollment Growth

Stand-alone prescription drug plans (PDPs), also referred to as Medicare Part D plans, enrolled 25.1 million people as of March 1, 2017, an increase of approximately 443,000 enrollees from 24.7 million in March of 2016. The total number of stand-alone PDPs available to consumers as of March 2016 was slightly lower than the previous year. The percentage of Medicare beneficiaries served by PDPs decreased 0.2%, from 43.6% as of March 2016 to 43.2% as of March 2017. Over 4.4 million Medicare beneficiaries were enrolled in employer-only group PDP's as of March 1, 2017. Enrollment from employer group plans decreased by 80,000 members, while enrollment in products sold to individuals increased by over 540,000 to 20.3 million during the same period.



Plan Performance among Top Companies

Six companies control 87% of the PDP market. CVS Caremark, with 5.5 million PDP beneficiaries, leads the market in terms of overall membership. It serves 22% of all PDP enrollees, up from 21% one year ago. Five additional companies covered more than 1 million PDP members each as of March 2017: UnitedHealth, Humana, Express Scripts, Aetna and Wellcare.

March 2017 Top PDP Organizations with Greater than 300,000 Members				
Parent	Mar-16	Mar-17	Percent Growth	March 2017 Market Share
CVS CAREMARK	5,284,133	5,524,981	4.6%	22.0%
UNITEDHEALTH	5,223,099	5,374,488	2.9%	21.4%
HUMANA	4,713,315	5,080,344	7.8%	20.2%
EXPRESS SCRIPTS	2,671,445	2,758,961	3.3%	11.0%
AETNA	1,942,160	2,072,879	6.7%	8.3%
WELLCARE	1,032,185	1,104,443	7.0%	4.4%

CIGNA	1,098,162	860,903	-21.6%	3.4%
HCSC	346,548	349,614	0.9%	1.4%
ENVISION INS	387,491	326,969	-15.6%	1.3%
Subtotal	22,698,538	23,453,582	3.3%	93.4%
All Others	1,979,523	1,667,348	-15.8%	6.6%
Total	24,678,061	25,120,930	1.8%	100.0%

Sources: Medicare Business Online™, Mark Farrah Associates, presenting data from CMS enrollment reports

In 2016, CVS Caremark positioned itself at the top of the leader board for the first time. By virtue of its brand name, retail business, and a 97% retention rate, CVS Caremark maintained its lead with growth of approximately 241,000 members between March 2016 and March 2017. In addition, the company completed its integration of Target pharmacies and clinics in December of 2016, which helped to expand its network and drive member growth.

The most sizable percentage of growth among the top six PDP carriers with over a million members, year-over-year, was Humana's 7.8% gain or 367,000 members. Key to this growth was the 394,000 new members from the Humana-Walmart plan.

UnitedHealth's growth of 151,000 members was partially a result of new business initiatives such as collaborations with Walgreens in 1Q16 and Quest Diagnostics in the third quarter of 2016. In addition, UnitedHealth recently acquired PDP members from Symphonix Health and operates under the brand name Symphonix Value Rx. Aetna, Express Scripts and Wellcare also experienced enrollment increases, year-over-year. About half of all PDPs saw growth between 2016 and 2017.

PDP Organizations with the Largest Gains from March 2016 to March 2017				
Parent	Mar-16	Mar-17	Growth 2016 - 2017	Percent Change
HUMANA	4,713,315	5,080,344	367,029	7.8%
CVS CAREMARK	5,284,133	5,524,981	240,848	4.6%
UNITEDHEALTH	5,223,099	5,374,488	151,389	2.9%
AETNA	1,942,160	2,072,879	130,719	6.7%
EXPRESS SCRIPTS	2,671,445	2,758,961	87,516	3.3%
WELLCARE	1,032,185	1,104,443	72,258	7.0%

MAGELLAN HLTH	42,140	95,970	53,830	127.7%
Subtotal	20,908,477	22,012,066	1,103,589	5.3%
All Others	3,769,584	3,108,864	-660,720	-17.5%
Total	24,678,061	25,120,930	442,869	1.8%

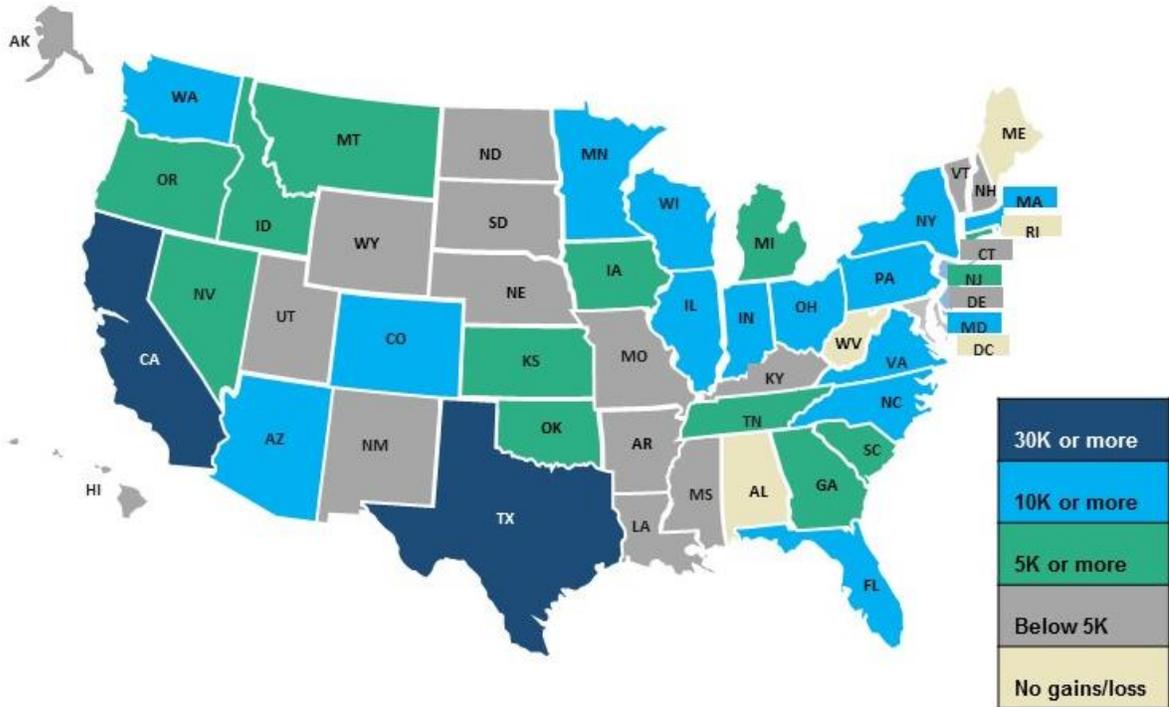
Sources: Medicare Business Online™, Mark Farrah Associates, presenting data from CMS enrollment reports

PDP Enrollment Growth by State

Year-over-year market penetration for stand-alone prescription drug plans varied across the U.S. and the number of PDPs being offered nationally continues to decline. However, PDP enrollment increased in most states as of March 1, 2017, with the exception of Maine, West Virginia, Rhode Island, Alabama and the District of Columbia. Net membership gains totaled approximately 460,000 nationally.

Per the map below, Texas and California experienced the most significant enrollment gains with increases of 30,000 members or more. Texas saw the most sizeable increase of 72,000 more PDP members from the prior year. Alabama experienced the largest aggregate decrease of over 82,000 members, year-over-year. This was primarily a result of Alabama's state retirement system switching Medicare-eligible retirees and dependents who were previously covered by a PDP to a new Group Medicare Advantage (PPO) plan which contains prescription drug coverage, effective January 1, 2017.

PDP Membership Growth March 2016 to March 2017



Source: Medicare membership data (CMS), Medicare Business Online™, Mark Farrah Associates

Many companies are evaluating how their 2017 Medicare Advantage and PDP results compared to expectations and to the local competition by using tools such as Mark Farrah Associates' (MFA) Medicare Business Online™ and Health Coverage Portal™. Additionally, using MFA's Medicare Benefits Analyzer (MBA), health companies are comparing and analyzing 2017 benefit packages and developing strategies to offer 2018 products that will attract and benefit seniors while ensuring the company is not adversely selected.

About this Data

This brief is based on an analysis of enrollment data for PDPs released by the Centers for Medicare & Medicaid Services (CMS). Mark Farrah Associates' [Medicare Business Online™](#) simplifies the tracking of monthly Medicare Advantage and PDP enrollment by competitor. Enrollment data is updated monthly as soon as CMS releases new data to save organizations from having to aggregate and organize data themselves.

About Mark Farrah Associates (MFA)

Mark Farrah Associates (MFA) is a leading provider of health plan market data and analysis tools for the healthcare industry. If your company relies on accurate assessments of health plan market share to support business planning, we encourage you to [contact us](#) to learn more about our products. Our portfolio includes Health Coverage Portal™, County Health Coverage™, Medicare Business Online™, Medicare Benefits Analyzer™ and Health Plans USA™ - www.markfarrah.com .

Healthcare Business Strategy is a free monthly brief that presents analysis of important issues and developments affecting healthcare business today. If you would like to be added to our email distribution list, please submit your email to the "*Subscribe to MFA Briefs*" section in the grey area at the bottom of the page.