



Medicare Advantage Enrollment Exceeds 12 Million

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Nearly 12.2 million people were enrolled in Medicare Advantage (MA) plans as of February 2011, roughly 26% of the 46.4 million people eligible for Medicare, according to data from The Centers for Medicare and Medicaid Services (CMS). In spite of a shorter open enrollment period, flat reimbursement rates from Medicare, cancellation of the popular Private-Fee-For-Service (PFFS) products in most areas, and marketing suspensions for some leading plans, aggregate enrollment in MA plans increased by 290,232 net new members between December 2010 and February 2011. Furthermore, the 257 companies active in MA as of February 2011, added nearly 791,000 Medicare beneficiaries from February 2010. This brief, using enrollment data through February 1, 2011, takes a look at how companies have performed during this challenging time.

Market Overview

Total Medicare Advantage (MA) plan enrollment as of February 1, 2011 stood at 12,164,793, with a gain of 790,702 net new members from February 2010 to February 2011. The 7.0% growth rate was up significantly from 5.8% for the same timeframe one year ago. Ten organizations still cover 60% of the market; however there were changes in the line-up. As of February 2009 there were 10 companies with more than 250,000 Medicare Advantage members. In February 2010 only 8 companies had that distinction and today there are only 7. Universal American, one of the 8 companies last year, saw MA enrollment fall from 275,825 members as of February 2010 to 175,035 as of February 2011. Currently, UnitedHealth Group and Humana together control 33.4% of the market, up 0.7% from one year ago.

February 2011 Top Ten MA Organizations with Greater than 250,000 Members				
Parent	Feb-10	Feb-11	% Growth	Feb-2011 Market Share
UnitedHealth	1,988,470	2,159,798	8.6%	17.8%
Humana	1,729,852	1,901,262	9.9%	15.6%
Kaiser Foundation	963,012	1,015,055	5.4%	8.3%
WellPoint	461,752	543,549	17.7%	4.5%
Aetna	437,097	396,361	-9.3%	3.3%
Highmark	305,935	326,142	6.6%	2.7%
Health Net	270,993	253,965	-6.3%	2.1%
Subtotal >250,000	6,157,111	6,596,132	7.1%	54.2%
All Others	5,216,980	5,568,661	6.7%	45.8%
Total	11,374,091	12,164,793	7.0%	100%

Source: Mark Farrah Associates (MFA) analysis of CMS enrollment data;
data is available in Medicare Business Online™

Aetna and Health Net remained among the top plans in the MA market even with marketing and enrollment suspensions imposed by CMS during the full open enrollment period. Sanctions were also imposed on Medicare Advantage plans sponsored by Arcadian Management Services and Universal American Corporation however the suspensions for Arcadian and Universal American took effect December 5, 2010 after the open enrollment period was already underway.

As of February 2011 there were 257 companies offering MA plans, two less than last year. Five companies joined the group, down from fourteen new companies last year, and seven left the market. Four of the five new Medicare Advantage companies offer PACE (Program of All-Inclusive Care for the Elderly) type plans. The seven companies that withdrew from the MA market had a total of 41,883 MA members as of December 2010. Approximately 57% of the companies doing business in this market as of February 2011 have less than 10,000 members. Ten organizations saw growth of more than 20,000 members between February 2010 and February 2011.

MA Organizations with the Largest Gains from February 2010 to February 2011				
Parent	Feb-10	Feb-11	Growth 2010-2011	Percent Change
Humana	1,729,852	1,901,262	171,410	9.9%
UnitedHealth	1,988,470	2,159,798	171,328	8.6%
BCBS of Michigan	105,403	238,593	133,190	126.4%
WellPoint	461,752	543,549	81,797	17.7%
Kaiser Foundation	963,012	1,015,055	52,043	5.4%
Universal Health Care	45,844	96,422	50,578	110.3%
XLHealth	67,928	98,828	30,900	45.5%
Bravo Health	89,666	117,054	27,388	30.5%
BCBS of Minnesota	32,393	55,601	23,208	71.6%
Highmark	305,935	326,142	20,207	6.6%
Total	5,790,255	6,552,304	762,049	13.2%

Source: Mark Farrah Associates (MFA) analysis of CMS enrollment data;
data is available in Medicare Business Online™

Five companies lost more than 20,000 members during the same time frame. Harvard Pilgrim Health Care withdrew from the Medicare Advantage market, choosing to offer Medicare Supplement products only. Aetna and Munich American lost 40,736 and 36,172 MA members respectively. CIGNA and Universal American each lost more than 100,000 MA members, primarily from their PFFS products.

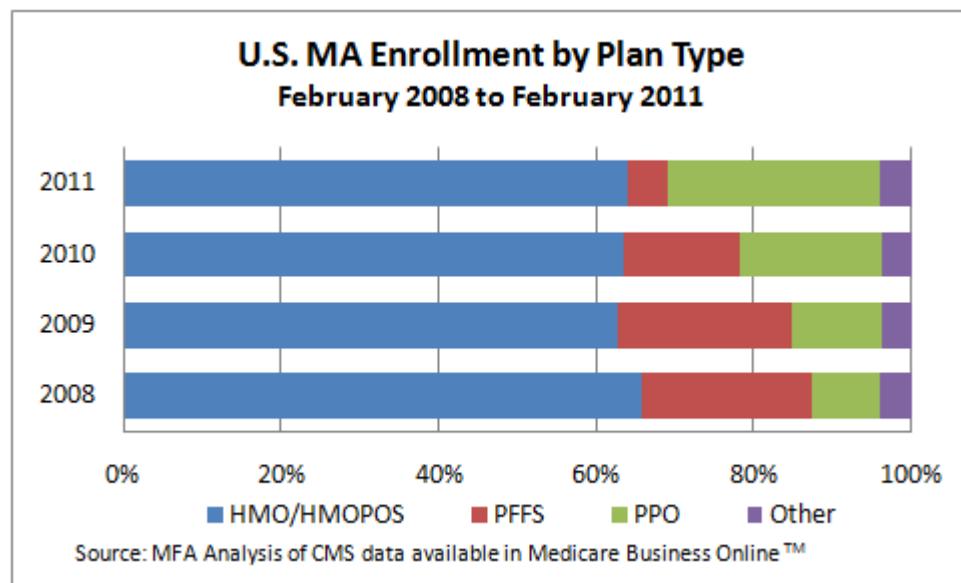
PPO Models Gain PFFS Membership

The Medicare Improvements for Patients and Providers Act of 2008 (MIPPA) called for Private-Fee-For-Service (PFFS) plans to have contracts with hospitals and providers in most areas beginning in 2011. In essence this meant the elimination of PFFS plans, except in the most rural areas of the United States, by January 2011. As of February 2011, fifteen companies continued to offer PFFS plans to 601,872 people, down from 43 companies offering PFFS coverage to nearly 2.4 million in February 2009.

Local and regional preferred provider organization (PPO) plans were the recipients of PFFS plans' membership losses. PPO plans gained nearly 1.3 million members between February 2010 and February 2011. Between December 2010 and February 2011, PPO plans reported gains of 1,023,872 MA members.

Humana saw the largest gains in PPO membership and increased total MA membership by more than 171,000 from February 2010 to February 2011. Year-over-year Humana added 301,149 members in its PPO products and 81,739 seniors in its health maintenance organization (HMO) and HMO Point-of-Service (HMOPOS) options, more than offsetting the loss of 211,478 PFFS members.

Irrespective of PPO membership gains, HMOs still remain the most popular type of managed Medicare plan with 7.8 million members as of February 2011. HMO/HMOPOS market share was up slightly from 63.6% in February 2010 to 64.1% for February 2011.



UnitedHealthcare gained the most new members among companies offering MA HMO/HMOPOS products, with a gain of more than 177,000 new members between February 2010 and February 2011. Approximately 23,000 of this gain may have been the result of a transfer of Health Net's Northeast business to UnitedHealthcare. Kaiser Foundation Health Plan also added more than 50,000 new HMO MA members during the same time frame.

Other plan types, including 1876 and 1833 Cost, PACE and Provider Sponsored Organizations (PSO), increased enrollment to 471,578 as of February 2011, up 9% over February 2010. These plans continue to serve a specific niche in the senior market.

With over 550,000 people becoming eligible for Medicare during 2011 and another 400,000 in 2012, this will continue to be a growth segment for most health plans. It is difficult to assess the impact, if any, the shorter open enrollment period had on membership. It is also too early to tell if the flat reimbursement rates will adversely impact Medicare Advantage plans' financial results. In the meantime, planning is underway for the 2012 season. MA companies are evaluating how their 2011 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™. Using MFA's Medicare Benefits Analyzer (MBA), they are comparing and revising 2011 benefit packages and developing strategies to offer 2012 products that will attract and benefit seniors while ensuring the company is not adversely selected. Managed Medicare plans have shown resilience in the past to market challenges and those committed to the concept will persevere.

The senior market segment is poised for growth due to demographic trends and challenged by legislative changes. MFA is once again partnering with Strategic Solutions Network to provide insights about this growing market at Medicare Innovations 2011 which will take place July 19-21, 2011 in Newport Beach, California. The 2011 agenda will go beyond marketing strategies and include select regulatory sessions that deliver more comprehensive solutions to guide your Medicare strategy for 2012 and beyond. [Click here](http://medicaremarketinnovations.com/) (<http://medicaremarketinnovations.com/>) for a full list of speakers and information about how to register.

About This Data

This brief is based on an analysis of enrollment and premium data for Medicare Advantage plans released by The Centers for Medicare and Medicaid Services (CMS). Enrollment, premium, product and even corrective and enforcement action data can be accessed through the CMS website or Mark Farrah Associates' [Medicare Business Online™ \(/products/medicare-business-online.aspx\)](#) product. Mark Farrah Associates offers Medicare Business Online™ to make analysis of local markets, trends and competition easier. The database is updated monthly as soon as CMS releases new data to save organizations from having to aggregate and organize data themselves.

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Mark Farrah Associates (MFA) is a leading data aggregator and publisher providing health plan market data and analysis tools for the healthcare industry. We are a licensed distributor of NAIC data. MFA's Health Coverage Portal™ includes both risk-based and administrative services only (ASO) membership and financial data by plan, parent, state, region and nationally. Committed to simplifying analysis of health insurance business, our products include Medicare Business Online™, Medicare Benefits Analyzer™, Health Coverage Portal™, Health Insurer Insights™ and Health Plans USA™.

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