



Medicare Advantage Plans Surpass 11 Million Mark

8/12/2009

by Debra A. Donahue

Medicare Advantage plans enrolled 11.12 million as of July 2009, up nearly 700,000 members since January 1, 2009. Membership surpassed 11 million people in May. Despite conservative growth strategies, stricter marketing regulations and legislation which reined in popular Private-Fee-For-Service plans (PFFS), Medicare Advantage companies are still experiencing moderate growth rates. This brief, using enrollment data through July 1, 2009, released by The Centers for Medicare and Medicaid Services (CMS), takes a look at how companies have performed through mid-year 2009.

Market Overview

Total MA plan enrollment as of July 1, 2009 stood at 11,120,953, with a gain of 699,560 net new members from January to July 2009. The 6.7% growth rate through mid-year was down from 9.9% for the same timeframe one year ago. Ten organizations have collectively retained more than 60% market share for the last year and a half. Currently, UnitedHealth Group and Humana together control almost 30% of the market, up 0.8% from one year ago.

July 2009 Top MA Organizations with Greater than 250,000 Members					
Parent	Jan-09	Jul-09	Growth Jan - Jul	% Change	Jul-09 MA Market Share
UnitedHealth	1,635,840	1,799,850	164,010	10%	16%
Humana	1,453,047	1,505,099	52,052	4%	14%
Kaiser Foundation	908,490	929,323	20,833	2%	8%
Coventry	417,430	509,230	91,800	22%	5%
WellPoint	417,962	427,130	9,168	2%	4%
Aetna	388,080	423,269	35,189	9%	4%
BCBS of Michigan	294,278	307,911	13,633	5%	3%
Highmark	270,274	284,137	13,863	5%	3%
Health Net	285,959	283,629	-2,330	-1%	3%
WellCare	250,021	250,107	86	0%	2%
Subtotal >250,000	6,321,381	6,719,685	398,304	6%	60%
All Other	4,100,012	4,401,268	301,256	7%	40%
Total	10,421,393	11,120,953	699,560	7%	100%

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

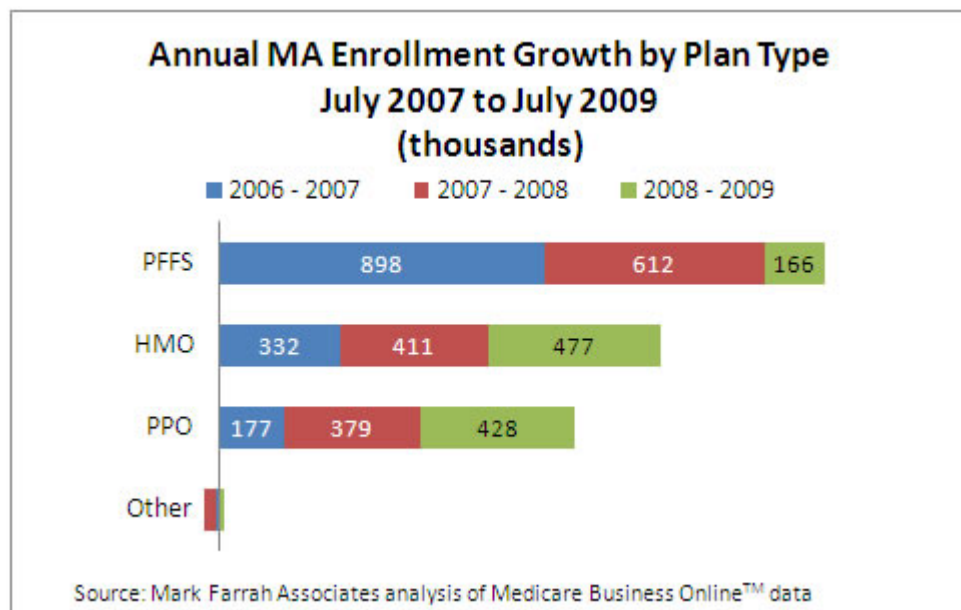
Five organizations saw growth of more than 20,000 members between January and July 2009 and they cover more than 50% of total MA growth for the period. UnitedHealth Group's nationwide PFFS plan, Secure Horizons Medicare Direct (H5435), saw the largest influx of new members gaining 74,834 during the six-month period. Humana's Regional Preferred Provider Organization (PPO) (R5826) also saw strong gains, picking up 63,476 members between January and July 2009.

MA Organizations with the Largest Gains from January 2009 to July 2009				
Parent	Jan-09	Jul-09	Growth Jan - Jul	Percent Change
UnitedHealth	1,635,840	1,799,850	164,010	10%
Coventry	417,430	509,230	91,800	22%
Humana	1,453,047	1,505,099	52,052	4%
Aetna	388,080	423,269	35,189	9%
Kaiser Foundation	908,490	929,323	20,833	2%
Total	4,802,887	5,166,771	363,884	8%

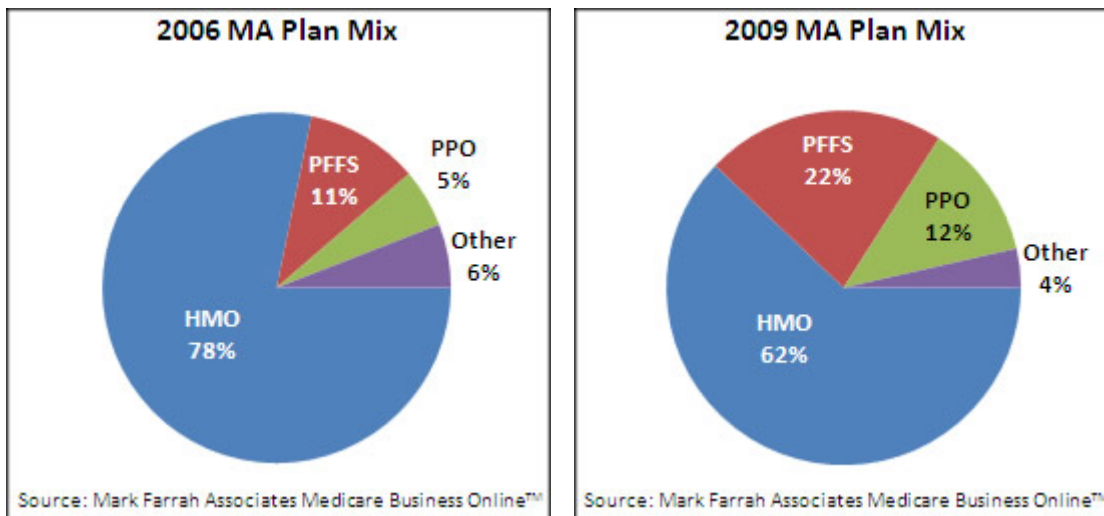
Source: Mark Farrah Associates (MFA) analysis of Medicare Business Online™ data

Humana, like many other MA companies, is in the process of shifting enrollment from PFFS plans to network-based options such as PPOs and health maintenance organizations (HMOs). Congress, concerned about the alarming growth rate of PFFS plans and the lack of consumer and provider understanding regarding the limitations of PFFS plans, voted on July 15, 2008 to override President Bush's veto of H.R. 6331, the Medicare Improvements for Patients and Providers Act of 2008 (MIPPA). MIPPA requires PFFS plans to have contracts with hospitals and providers in most areas beginning in 2011. In addition, the legislation requires PFFS plans to report data on the same quality measures as reported by other MA plans, which is intended to help patients in choosing a plan, beginning January 1, 2010. Rather than modify PFFS plans to comply with the legislation, several companies have opted to terminate this product line and transition members to PPO and HMO options.

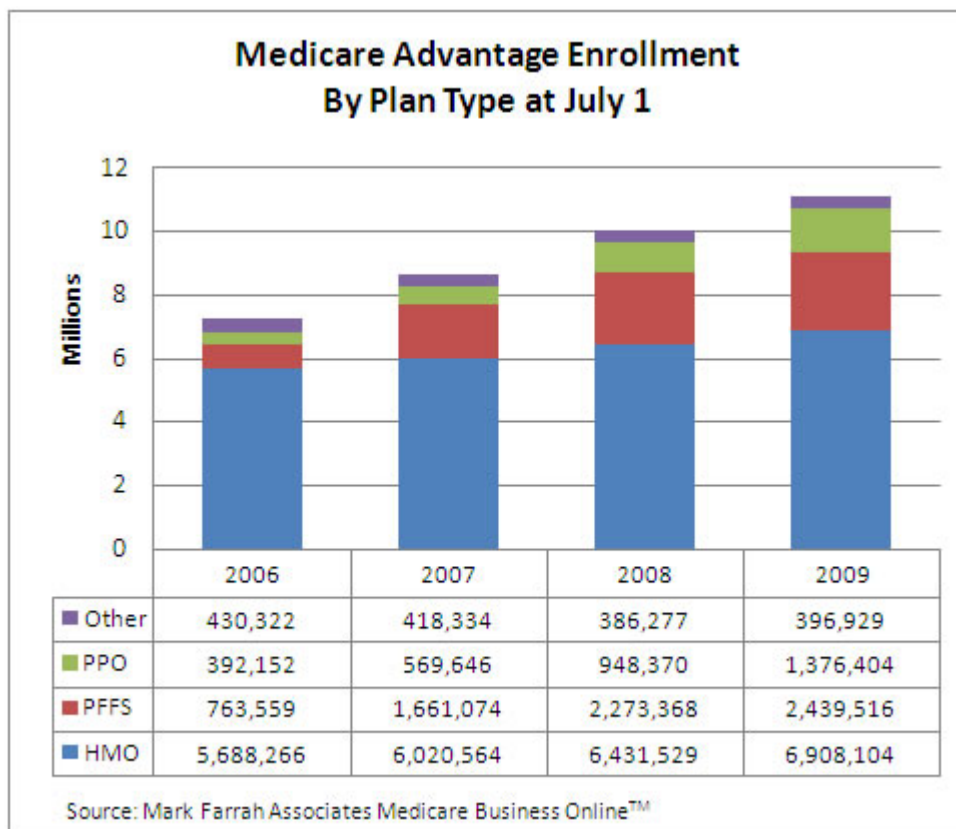
Congress' decision to curtail growth in PFFS plans has been successful. Between July 2008 and July 2009, PFFS plans added 166,000 new members compared to 477,000 for HMO products and 428,000 in PPO plans for the same period.



HMOs still remain the most popular type of managed Medicare plan with more than 6.9 million members however, they have lost market share to other types of MA organizations. When the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA) took effect in 2006, HMO's covered 78% of the managed Medicare market. As of July 2009, HMO market share fell to 62%. This may change without competition from PFFS plans.



While HMOs have lost market share since July 2006 they have gained 1.2 million new members, growing from 5.7 million members as of July 2006 to 6.9 million as of July 2009. In comparison, PFFS plans grew almost 1.7 million from a mere 764,000 to 2.4 million during the same time frame. Though PFFS growth tempered significantly in the last year due to government reigning in of these plans, most had already amassed significant membership by 2008. Other plan types such as 1876 Cost, National PACE and Continuing Care Retirement Community plans have lost enrollment over the last four years.



Many companies in the Medicare Advantage market offer multiple plan types to consumers. UnitedHealth and Humana offer HMOs, PPOs and PFFS plan types and both companies rank in the top five for each plan type. There are a few surprises when looking at enrollment by plan type. For instance, Aveta Inc. is currently the fifth largest MA HMO in the country. Aveta primarily serves the Puerto Rico market and operates two Medicare HMOs, MMM Healthcare (MMM) and PMC Medicare Choice. Founded in 2001, MMM was the first Medicare Advantage provider in Puerto Rico.

Coventry and UnitedHealth, which added 85,000 and 156,000 new PFFS members respectively between July 2008 and July 2009, are now ranked second and fourth in terms of PFFS enrollment. First place Humana had losses of 114,000 members in this product line. Blue Cross Blue Shield (BCBS or Blues) of Michigan, which added over 10,000 new PFFS members between January and July 2009, moved from the second largest to third place among PFFS companies.

Three Blues companies, The Regence Group, Highmark and BCBS Alabama, follow Humana and United as the top five PPO companies as of July 2009. All three Blues companies saw PPO enrollment gains of 25,000 members or more. First place Humana added 176,000 new PPO members between July 2008 and July 2009, offsetting its PFFS membership losses.

Legislative changes and publicity surrounding the impact of health care reform on managed Medicare notwithstanding, it has been an interesting year for MA plans. With only 24% of eligible Medicare beneficiaries enrolled in MA plans as of July 2009 there is still a great deal of growth potential available. As health plans make participation, pricing and product decisions that will impact 2010 enrollment it is a market that bears watching.

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.

Medicare Business Online™

Medicare Business Online™ (</products/medicare-business-online.aspx>) simplifies the tracking of Medicare Advantage and PDP growth and competition. Moderately priced at \$1,200 for a company site license, Medicare Business Online™ provides our clients with timely, real value and up-to-date coverage within one convenient online portal.

About Mark Farrah Associates (MFA)

Since 1997, Mark Farrah Associates (MFA) ([/](#)) has been recognized as a leader in analyzing health insurance business. Committed to simplifying analysis of health insurance business by providing market data and analysis tools, our products include Medicare Business Online™, the Health Coverage Portal™, Health Insurer Insights™, and Health Plans USA™.

Call us at 207.985.8484 to schedule a live demo of our products.

Healthcare Business Strategy is a FREE monthly brief that presents analysis of important issues and developments affecting healthcare business today. If you aren't on our email distribution list, [click here \(/email-options/subscribe-to-healthcare-business-strategy.aspx\)](/email-options/subscribe-to-healthcare-business-strategy.aspx) to subscribe now.

Debra A. Donahue is Vice President Market Analysis and Online Products for Mark Farrah Associates



Mark Farrah Associates

Phone: 724.338.4100

Web: www.markfarrah.com

© Copyright 1997-2018. All rights reserved. Unauthorized use is prohibited. Healthcare Business Strategy™ is the product of Mark Farrah Associates. No part of this product may be reproduced, in any form or by any means, including posting in its entirety in blogs or other media applications, without permission in writing from Mark Farrah Associates - (724) 338-4100.