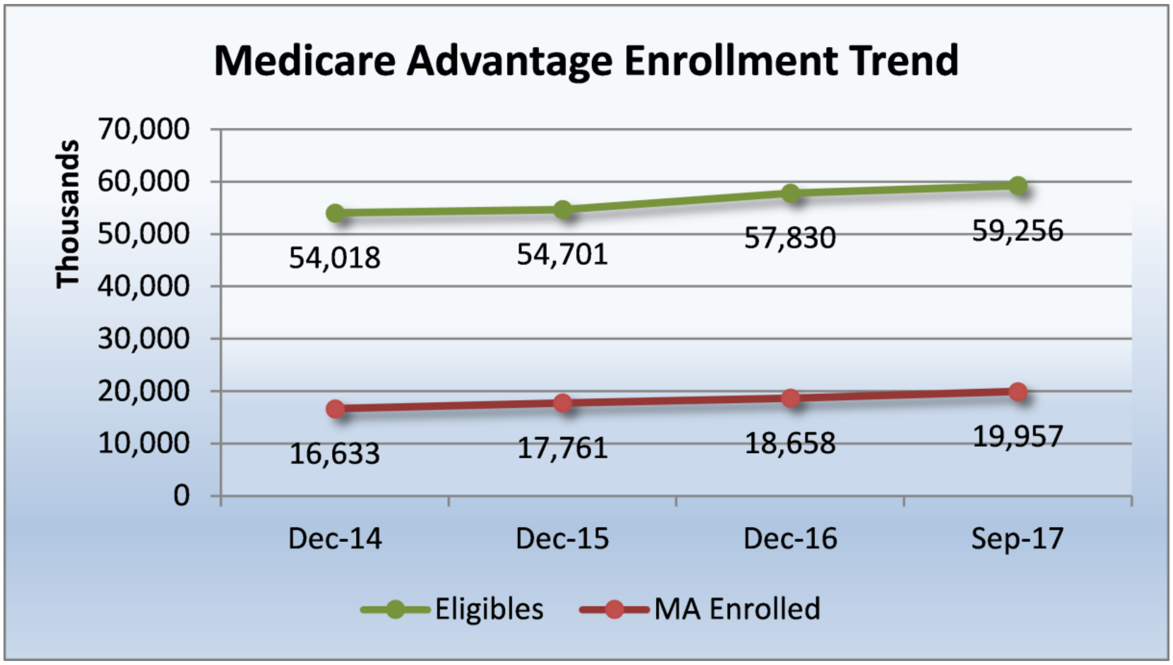
Spotlight on the 2018 Competitive Medicare Market

October 10, 2017

Medicare Advantage (MA) plans continue to be a popular option for seniors, providing medical coverage for nearly 20 million beneficiaries. In the last three years, MA plans picked up approximately 3.3 million members and these carriers currently cover almost 34% of the 59 million people eligible for Medicare benefits. With the Annual Election Period (AEP) approaching, health plans invested in this segment have been preparing to diligently market their products in anticipation of enrolling more members.

As Medicare companies finalize sales and marketing strategies, they analyze data from Medicare Plan Finder (MPF), an online tool that makes it easy for seniors to review options and shop for new Medicare plans. Medicare Benefits Analyzer™ , a Mark Farrah Associates' database, helps simplify the analysis of the Medicare Plan Finder data for companies competing in this segment. This brief presents a snapshot of the 2018 Medicare Advantage market with insights from the Centers for Medicare and Medicaid Services (CMS) Medicare Landscape reports and discusses the plans that will be vying for business during the upcoming AEP.



Source: Mark Farrah Associates' Medicare Business Online ™ presenting data from CMS monthly enrollment reports.

Medicare Landscape Observations

Between October 15 th and December 7 th , MA plans, along with stand-alone PDPs (prescription drug plans), will be immersed in competitive assessments as beneficiaries begin to choose plans that best fit their needs. According to CMS, Medicare Advantage average monthly premiums will decrease by $1.91 in 2018, plan offerings will increase and enrollment is projected to experience 9% growth, as compared to 2017. Medicare Advantage enrollees remaining in their current plan will have the same or lower premium for 2018 and there will be more plans offering zero out-of-pocket premium payments for members.

Based on an aggregate analysis of CMS Landscape reports, a total of 3,259 distinct Medicare Advantage (MA) plan offerings are in the market lineup for the onset of the 2018 AEP. During the AEP, Medicare beneficiaries can choose to change MA plans or switch from Original Medicare to MA, and plan benefits will become effective on January 1, 2018. MFA's analysis of CMS landscape data found a total of 2,619 distinct MA plans being offered for 2018, including Medicare/Medicaid plans, up from 2,311 this year. In addition, a total of 640 Special Needs Plans (SNPs) are available in 2018, up from 589 in 2017. HMOs continue to be the most prevalent plan type with over 2,300 offerings, representing 71% of all MA plans and SNPs being offered for next year. Stand-alone PDPs nationwide increased for 2018 with 795 plan offerings, as compared to 757 plans in 2017.

Medicare Advantage Plan Counts (MA & MAPD)

Year	Cost	Local HMO	Local PPO	MMP	MSA	PFFS	Regional PPO	Total
2017	77	1,532	529	62	4	58	49	2,311
2018	84	1,739	636	54	3	54	49	2,619

Special Needs Plan Counts (SNPs)

Year	Local HMO	Local PPO	Regional PPO	Total
2017	531	46	12	589
2018	574	53	13	640

Stand-alone Prescription Drug Plan Counts (PDPs)

Year	PDP
2017	757
2018	795

Source: Mark Farrah Associates' Medicare Benefits Analyzer™ presenting data from CMS Medicare Plan Finder and Landscape Source Files; excludes employer-sponsored plans. For this assessment, plans were counted as distinct company records by Contract-Plan-Segment ID without geographic distribution.

2018 Medicare Advantage Part D Coverage		
	Count	Percent
Total Number of Plans	2,619	100%
Plans without Part D	287	11%
Plans with Part D	2,332	89%

Source: Mark Farrah Associates' Medicare Benefits Analyzer ™ presenting data from CMS Medicare Plan Finder and Landscape Source Files; excludes employer-sponsored plans. For this assessment, plans were counted as distinct company records by Contract-Plan-Segment ID without geographic distribution.

Eighty-nine percent, for a total of 2,332 MA plans, include Part D benefits and monthly premiums range from $0 to $375. Forty percent of 2018 MA plans (excluding SNPs), are available at the $0 plan premium level. Per the breakdown in the table below, 27% of all plans will be charging monthly premiums ranging from $2 to $50 while 18% of plan premiums are in the $51 to $100 range.

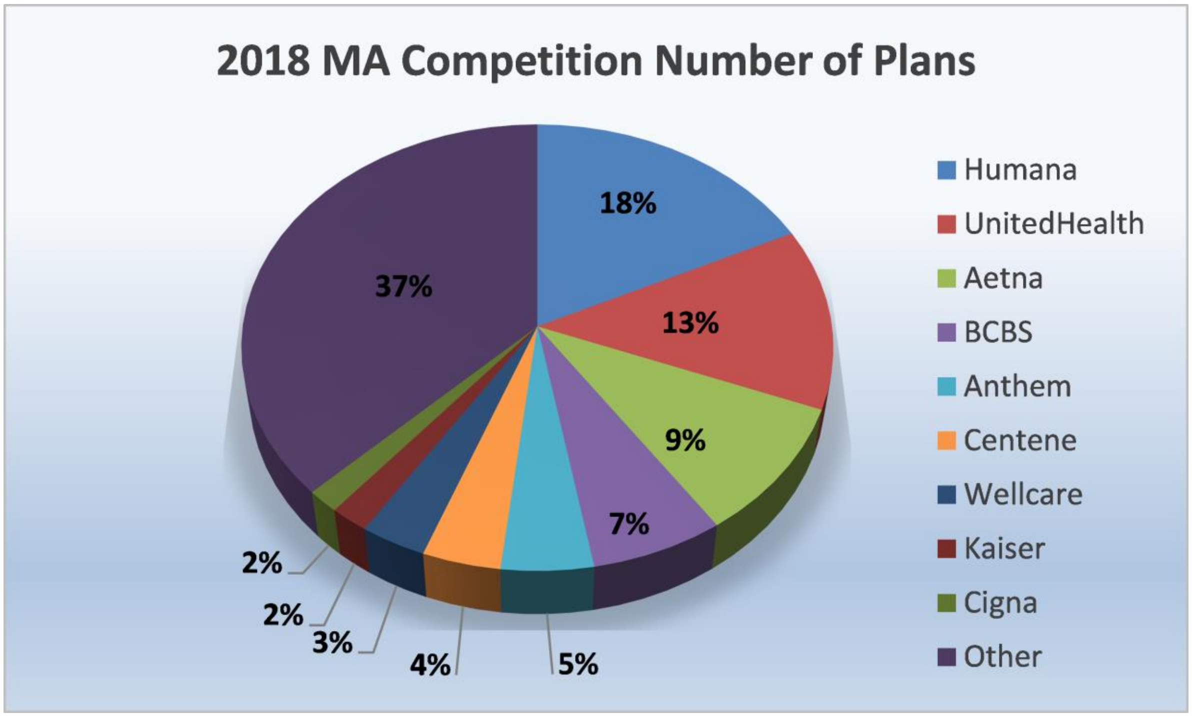
2018 Medicare Advantage Premium Spread		
	Count	Percent
Total Number of Plans	2,619	100%
$0 Premium	1,053	40%
$2-$50 Premium	706	27%
$51 - $100 Premium	479	18%
$101 - $200 Premium	315	12%
Greater than $200 Premium	63	2%
Null Premium Value	3	0%

Source: Mark Farrah Associates' Medicare Benefits Analyzer ™ presenting data from CMS Medicare Plan Finder and Landscape Source Files; excludes employer-sponsored plans. For this assessment, plans were counted as distinct company records by Contract-Plan-Segment ID without geographic distribution.

Only 2% or 63 plans are charging monthly premiums greater than $200. These benefits-rich plans typically have low copays and as a result estimated out-of-pocket expenses are often minimal. For the second year in a row, the highest premium plan for 2018 is HealthPartners Freedom Ultimate with Enhanced Rx cost plan being offered in Minnesota. This plan promotes no copays for in-network PCP and specialist office visits.

MA Plan Competition for 2018

The 2018 Medicare Advantage market is comprised of national health plans, Blue Cross Blue Shield organizations, prominent regional health plans and specialized Medicare companies. Based on the 2018 CMS Landscape reports, Humana continues to market more MA plans nationwide than any other company with 466 distinct plans identified in MFA's assessment. UnitedHealth continued to increase its MA plan offerings for the 2018 calendar year with 344 distinct plans identified, up 62 plans from last year. Aetna (including Coventry and other affiliates) is offering 251 plans for 2018. Anthem and the vast majority of other Blue Cross Blue Shield plans as well as Cigna, WellCare, Centene and Kaiser also continue to have a notable plan offerings presence, respectively.



Source: Mark Farrah Associates' Medicare Benefits Analyzer ™ presenting data from CMS Plan Finder and Landscape Source Files; excludes employer-sponsored plans. For this assessment, plans were counted as distinct company records by Contract-Plan-Segment ID without geographic distribution.

Medicare Benefits Analyzer ™ for Comparing Medicare Benefits

Analysts often use Plan Finder benefits data from the Medicare.gov website to compare plan premiums, copays and star rating awards, market by market. Identifying plan-by-plan benefits details such as annual Out-of-Pocket Limits and Deductibles; Primary Care Doctor Visit Copays; Specialist Doctor Visit Copays; Inpatient Hospital Copays; Ambulance and Emergency Room Copays; and Drug Tier Copays helps companies to assess competitive advantages across markets. This type of comparative analysis provides invaluable intelligence that prepares Medicare plans to promote and sell their products.

In order to help Medicare plans access and use Medicare Plan Finder (MPF) data more efficiently, Mark Farrah Associates (MFA) maintains this data in its Medicare Benefits Analyzer™ product. 2018 Plan Finder data is online now and Star Quality Ratings, soon to be released by CMS, will complement the benefits detail. Subscribers may query tables presenting plan benefit comparisons by state and county or download large datasets using the file export interface. Subscribers also have access to Medicare Business Online™ for tracking month-to-month MA and PDP enrollment changes. Visit our website at www.markfarrah.com or call 724-338-4100 for more information.

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