



## Thirty Percent of People Eligible for Medicare Enrolled in Medicare Advantage Plans

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by Debra A. Donahue

Nearly 16 million people were enrolled in Medicare Advantage (MA) plans as of February 2014, 30.2% of the 52.7 million people eligible for Medicare, according to data from the Centers for Medicare and Medicaid Services (CMS). Aggregated enrollment in MA plans increased by 1.342 million members between February 2013 and February 2014. Roughly 19% of MA enrollment is from employer group health plans (EGHPs), up from 17.6% in February 2013. Health maintenance organizations (HMO) and HMO point-of-service (HMOPOS) plans cover 63.4% of the Medicare Advantage population, down 1.0% from last year. The decrease in the percentage of total MA enrollees with HMO/HMOPOS coverage was unexpected. This brief, using enrollment data through February 1, 2014, takes a look at how companies have performed in the Medicare Advantage market.

### Market Overview

Total Medicare Advantage (MA) plan enrollment as of February 1, 2014 stood at 15,918,069, with a gain of 1,341,982 net new members from February 2013 to February 2014. The 9.2% growth rate was slightly lower than the 9.5% last year. Carriers with more than 250,000 members cover close to 67% of all Medicare Advantage enrollees and added 925,438 members year-over-year; some growth among these plans was due to industry consolidation.

As of February 2014, ten companies have more than 250,000 MA members, up from nine last year. There were a few changes in the line-up from last year, with WellCare and Health Net joining the leading plans. WellCare's acquisition of California-based, Easy Choice Health Plan helped bring its enrollment above the 250,000 mark. Health Net, which had been among the top MA plans in 2010 -- prior to the sale of its Eastern U.S. business to UnitedHealthcare, has rejoined the list. Aetna's acquisition of Coventry Health Care helped to keep it in fourth place behind Kaiser.

February 2014 Top MA Organizations with Greater than 250,00 Members				
Parent	Feb-13	Feb-14	Percent Growth	Feb-2014 Market Share
UnitedHealth	3,037,520	3,167,629	4.3%	19.9%
Humana	2,422,958	2,797,121	15.4%	17.6%
Kaiser Foundation	1,149,866	1,222,737	6.3%	7.7%
Aetna	934,762	1,091,408	16.8%	6.9%
WellPoint	611,114	663,693	8.6%	4.2%
Cigna	442,355	455,744	3.0%	2.9%
BCBS of Michigan	298,163	357,152	19.8%	2.2%
Highmark	344,279	341,369	-0.8%	2.1%

WellCare	250,983	300,792	19.8%	1.9%
Health Net	231,389	251,182	8.6%	1.6%
<b>Subtotal &gt;250,000</b>	<b>9,723,389</b>	<b>10,648,827</b>	<b>9.5%</b>	<b>66.9%</b>
All Others	4,852,698	5,269,242	8.6%	33.1%
<b>Total</b>	<b>14,576,087</b>	<b>15,918,069</b>	<b>9.2%</b>	<b>100%</b>

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

Humana saw the largest gain, adding over 374,000 new members, and increasing nationwide market share from 16.7% in February 2013 to 17.6% in February 2014. UnitedHealth remained the top MA organization in the country as of February 2014, with a gain of more than 130,000 new members. UnitedHealth's market share declined from 20.8% in February 2013 to 19.9% in February 2014.

<b>MA Organizations with the Largest Gains from February 2013 to February 2014</b>				
<b>Parent</b>	<b>Feb-13</b>	<b>Feb-14</b>	<b>Growth 2013-2014</b>	<b>Percent Change</b>
Humana	2,422,958	2,797,121	374,163	15.4%
Aetna	934,762	1,091,408	156,646	16.8%
UnitedHealth	3,037,520	3,167,629	130,109	4.3%
Kaiser Foundation	1,149,866	1,222,737	72,871	6.3%
BCBS of Michigan	298,163	357,152	58,989	19.8%
WellPoint	611,114	663,693	52,579	8.6%
WellCare	250,983	300,792	49,809	19.8%
BCBS of North Carolina	113,110	157,756	44,646	39.5%
Medical Card System	120,153	157,234	37,081	30.9%
BCBS of Florida	98,917	132,494	33,577	33.9%
<b>Total</b>	<b>9,037,546</b>	<b>10,048,016</b>	<b>1,010,470</b>	<b>11.2%</b>

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

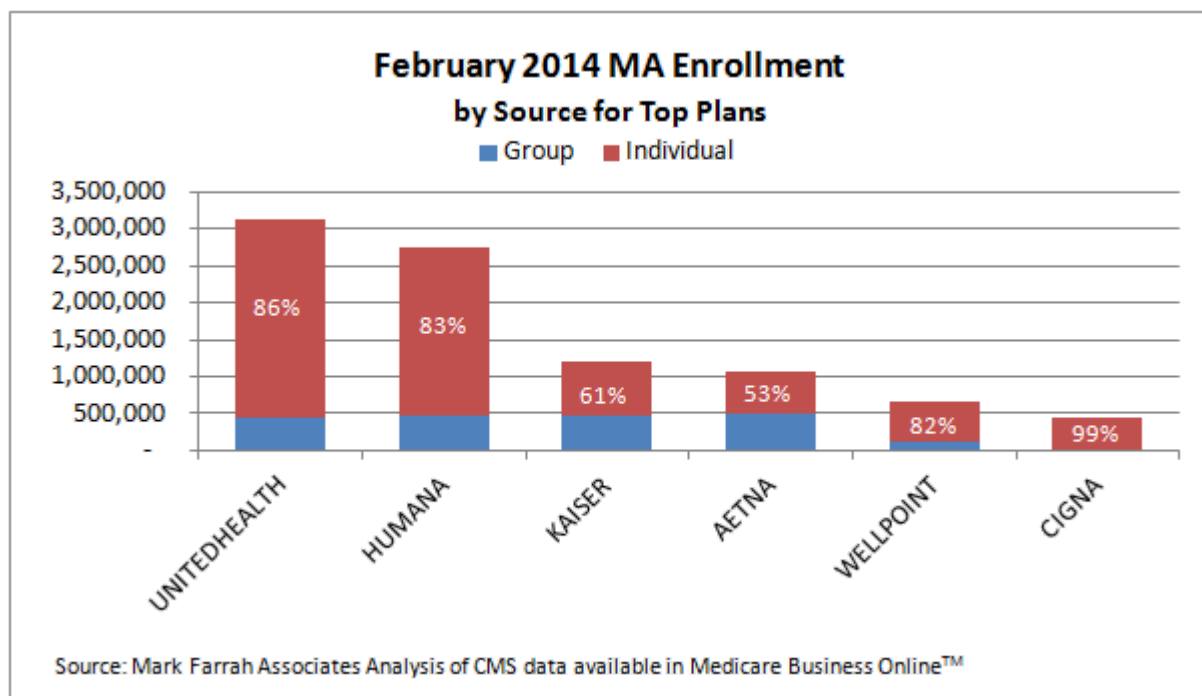
Six companies lost more than 12,000 members from February 2013 to February 2014. Universal Health Care's MA health plans were terminated April 1, 2013, by CMS when the company entered receivership and liquidation proceedings. Universal Health Care's nearly 80,000 members were transferred to other plans. Horizon Blue Cross Blue Shield (BCBS) of New Jersey lost close to 33,000 members between February 2013 and February 2014. It appears Horizon withdrew its most popular individual product from the market in 2014, but has currently retained the employer-based enrollment under the same contract number. Innova Health Systems, which operates MA plans primarily in Puerto Rico, lost nearly 26,000 members year-over-year. Munich American, which operates MA plans under the market name of Windsor Sterling; Fallon Community Health Plan in Massachusetts; and Universal American, lost over 21,000, 12,300, and 12,000 members respectively.

### **Individual versus Group Enrollment**

Enrollment in Medicare Advantage plans is primarily through two sources, direct purchase by individuals or from an employer/group retiree plan. As of February 2014, 18.8% of MA enrollment comes from group plans, up from 17.6% of MA enrollment in February 2013. Aetna, with over 500,000 members from group plans, has the largest MA enrollment from this source. Kaiser Foundation Health Plans, Humana and UnitedHealthcare, are not far behind. All have more than 430,000 members from group plans.

Much of the growth in employer/group retiree plans is due to the conversion of municipal- and state-sponsored retiree health benefit plans from supplemental options to Medicare Advantage coverage. These large public retiree plans represent a significant source of membership for some carriers. For example, UnitedHealth saw the largest increase in MA group membership from February 2013 to February 2014, with the addition of nearly 137,000 net new group members. This was up from a gain of only 9,000 members from employer/group retiree plans last year. UnitedHealth saw significant increases, primarily from two accounts: the Illinois State Employees Group Health Insurance Plan and North Carolina's State Health Plan for Teachers and State Employees. Gains from these two accounts were offset by a large decline which occurred when the Georgia State Health Benefit Plan switched from UnitedHealthcare to Blue Cross Blue Shield of Georgia. Nearly 14% of UnitedHealth's MA enrollment is from group plans and more than 86% is from direct purchase by individuals.

While the sluggish economy delayed many baby boomers' plans to retire, the gradual recovery is expected to increase the number of people leaving the workforce for retirement significantly over the next year or two. This change should increase enrollment from both sources of MA business. Most of the leading plans have membership from both sources.

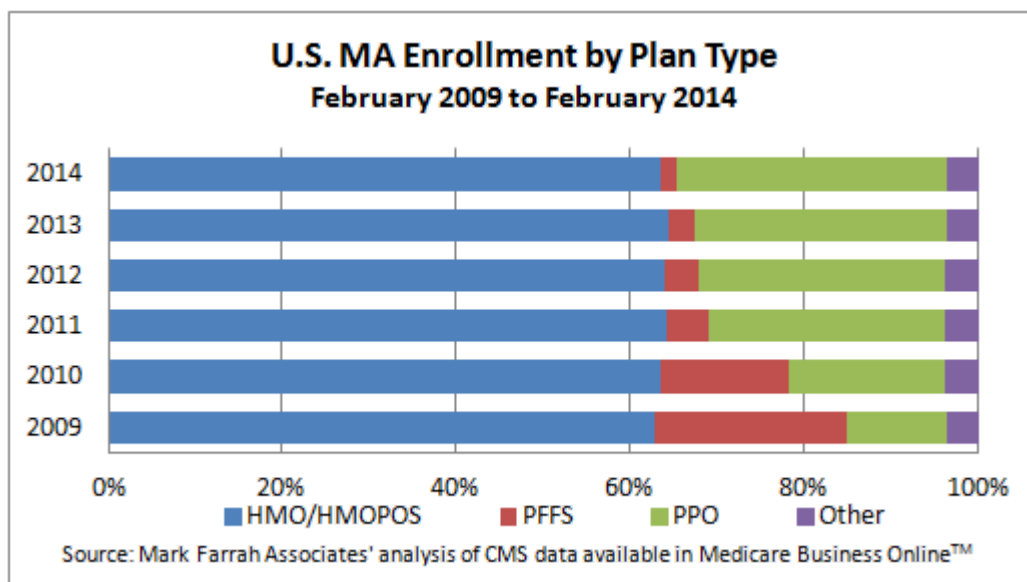


## HMO's Remain Dominant Plan Type

Health maintenance organizations (HMO) and HMO point-of-service (HMOPOS) plans cover 63.4% of the Medicare Advantage population, down 1.0% from last year. The decrease in the percentage of total MA people with HMO/HMOPOS coverage was unexpected. Due to expected declines in Federal MA reimbursement rates for 2014 and 2015, many MA health plans announced various strategies to move enrollees into highly managed products with more limited networks. These strategies were expected to yield a higher percentage of enrollees in HMO/HMOPOS plans, not less.

Preferred Provider Organization (PPO) plans now cover 31.0% of all MA enrollees, up from 29.1% as of February 2013. Private-fee-for-service (PFFS) plan enrollment declined 0.9% year-over-year. Less than 2% of MA enrollees are now in PFFS plans, down from 22% in 2009. The percentage of enrollment in Other plan

types, such as Cost or Medical Savings options, remained the same at 3.6% from February 2013 and February 2014.



The 2014 annual enrollment period appears to have been a success for many plans, primarily due to the large number of seniors aging into the Medicare program. Many companies are evaluating how their 2014 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 2014 benefit packages and developing strategies to offer 2015 products that will attract and benefit seniors while ensuring the company is not adversely affected. The Centers for Medicare and Medicaid (CMS) reported 52.7 million people were eligible for Medicare as of February 2014. With only 30.2% enrolled in MA plans, there is still a lot of opportunity for growth in this highly competitive market.

### About this Data

This brief is based on an analysis of enrollment 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>) and Medicare Benefits Analyzer™. Mark Farrah Associates offers these products to make analysis of local markets, trends and competition easier. Enrollment data is updated monthly as soon as CMS releases new data to save organizations from having to aggregate and organize data themselves. Premiums and benefit attributes are updated each year.

### About Mark Farrah Associates (MFA)

Mark Farrah Associates (MFA) is a leading data aggregator and publisher providing health plan market data and analysis tools for the healthcare industry. MFA's Medicare Business Online™ (MBO) product simplifies the tracking of Medicare Advantage and PDP growth and competition on a monthly basis. MBO coupled with Medicare Benefits Analyzer™ provides a full suite of business intelligence for the competitive Medicare Advantage market. Committed to simplifying analysis of health insurance business, our products include Medicare Business Online™, Medicare Benefits Analyzer™, Health Coverage Portal™, County Health Coverage™, Health Insurer Insights™, and Health Plans USA™.

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