



## Analyzing Medicare Advantage Competition

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by Debra A. Donahue

Medicare Advantage (MA) and Part D plans are in the midst of marketing their 2012 products to consumers, analyzing how their products compare to competitors and determining how best to deploy sales force resources to maximize opportunities and win new business. With a slightly longer selling season for health plans and an abbreviated election period for consumers, plans are busy campaigning to retain members and prospecting for new ones.

Medicare companies typically begin intensive market analysis in October when CMS (The Centers for Medicare & Medicaid Services) uploads new plan benefits and co-pays to Medicare Plan Finder. This online tool, designed to help beneficiaries compare coverage options and assess out-of-pocket expenses, is also a valuable source of market intelligence for the Medicare plans' themselves. In addition to benefit attributes, Plan Finder also includes the star ratings that measure the relative quality of all Medicare Advantage and Part D plans. However users beware, the site doesn't lend itself to easy data analysis nor does it help in determining what plan attributes changed from last year to this.

This brief presents some interesting snapshots of the 2012 Medicare marketplace using the 2012 Landscape data and Plan Finder data from CMS. Data from these sources is available, in a more user friendly and time saving medium, through Mark Farrah Associates' Medicare Business Online™ and [Medicare Benefits Analyzer™](#) ([./products/images/About\\_MBA\\_2011-21.pdf](#)) products.

With 48.4 million people eligible for Medicare<sup>1</sup> as of September 2011 and an estimated 3.3 million aging into the program<sup>2</sup> there is ample opportunity for health plans to gain membership during the 2012 open enrollment period. Modest premium rate changes also suggest that MA and PDP plans should do well. "On average, Medicare Advantage premiums will be 4 percent lower in 2012 than in 2011, and plans project enrollment to increase by 10 percent", according to the Department of Health and Human Services (HHS).<sup>3</sup> "This follows an earlier announcement that average prescription drug plan premiums will remain virtually unchanged in 2012."<sup>3</sup>

The time period during which people can choose to change plans or shift from Medicare Advantage to Traditional Medicare, known as Open Enrollment, starts earlier — on October 15, 2011 — and lasts longer (7 full weeks) to give beneficiaries enough time to review and make changes to their coverage. As a result, however, beneficiaries will need to make their elections for next year's Medicare coverage by December 7, 2011 rather than the usual December 31.<sup>3</sup>

### Number of MA Plans Increased for 2012

Overall, there are 14% more Medicare Advantage (MA) plans for 2012 as the number of unique plans<sup>4</sup> offered nationwide increased from 1,735 to 1,974 (excludes Special Needs Plans (SNP) and Medicare plans offered exclusively through employer groups (EGHP)).<sup>5</sup> The number of stand-alone prescription drug plans (PDPs) declined by 6% from 1,134 in 2011 to 1,063 for 2012.

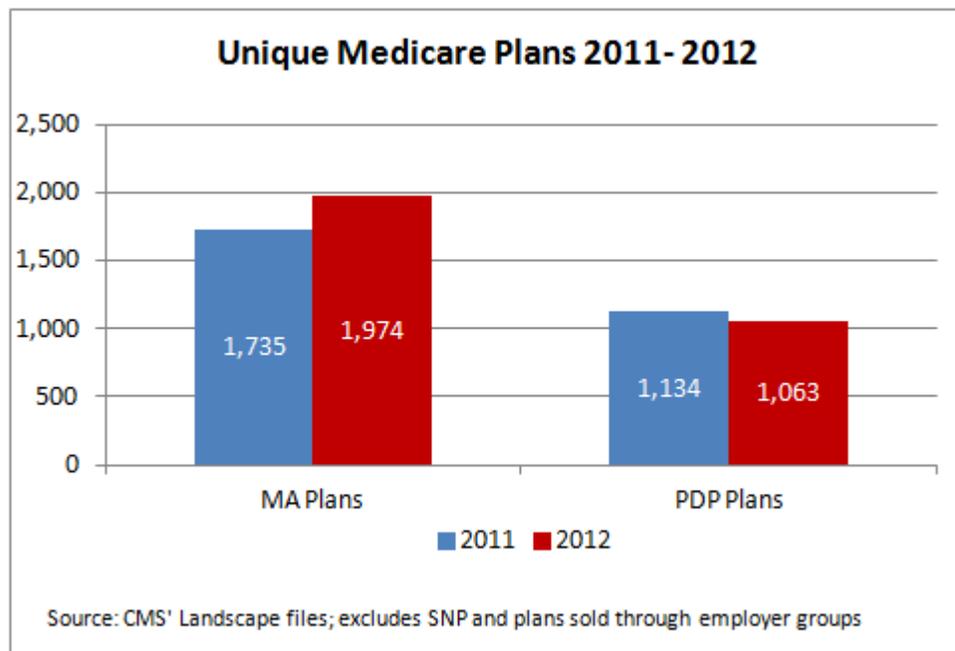
<sup>1</sup>The Centers for Medicare & Medicaid Services, MA State/County Penetration 2011-09, data available in Mark Farrah Associates' Medicare Business Online

<sup>2</sup>The projected number of people that will be 65 in 2012 based on U.S. Census Bureau, Population Division, Interim State Population Projections, released in 2005 (based on Census 2000) , data available in Mark Farrah Associates' Medicare Business Online

<sup>3</sup>Source: U.S. Department of Health & Human Services, News Release dated September 15, 2011, "2012 Medicare Advantage premiums fall and projected enrollment rises"

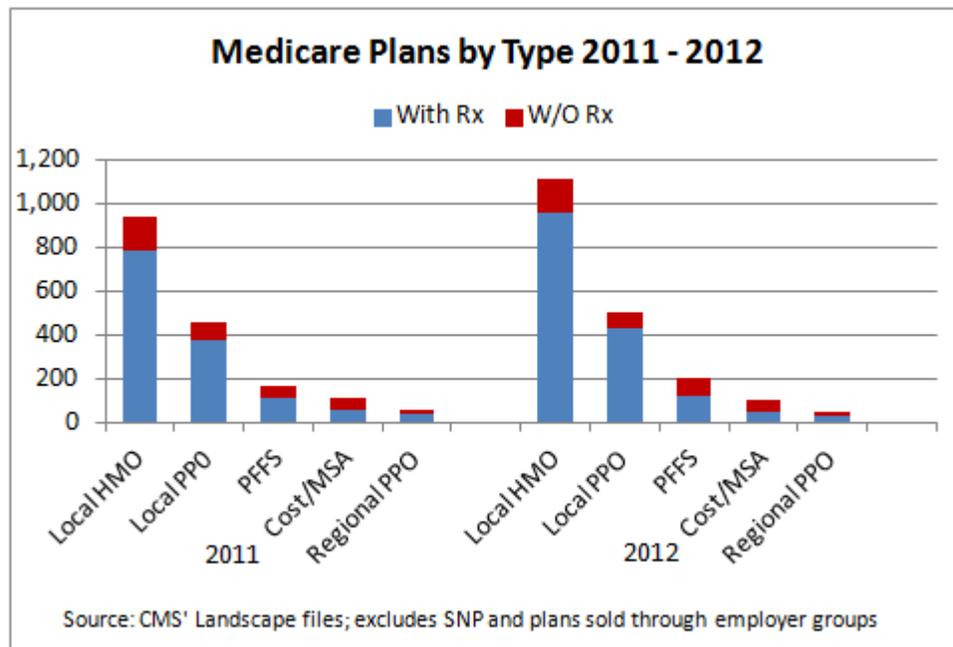
<sup>4</sup>Counting unique plans can be challenging because Parent organizations, such as UnitedHealth and WellPoint, offer coverage through marketing agreements or subsidiaries, such as AARP and Empire Blue Cross Blue Shield. The subsidiaries have contracts with CMS and offer separate benefit plans under each contract. In some cases, these plans are also further sub-divided into segments. Plan segments often have different price points. For the above analysis, segments of plans were aggregated to determine unique plans.

<sup>5</sup>Data for SNPs and EGHPs are available in Mark Farrah Associates' Medicare Business Online™ product.



Medicare beneficiaries may choose coverage from several types of plans. In 2012, the number of plans competing in the HMO, Local PPO and Private-Fee-For-Service (PFFS) segments increased. There are 172 net new HMO plans and 49 net new Local PPO plans being offered in 2012. Universal American, in a bold move, has added several new Private-Fee-For-Service (PFFS) plans under four new contracts with CMS for 2012. Universal American's new plans will serve rural areas from Maine to California. The number of Regional PPO plans offered continues to remain small with 54 unique plans available in 2012, down from 59 in 2011.

The vast majority of Medicare Advantage plans continue to offer prescription drug (Rx) coverage. The number of HMO plans offering drug coverage increased from 83% in 2011 to 86% in 2012. Local PPO plans had a similar change, with 82% of PPO plans offering prescription drug coverage in 2011 to 86% of plans including prescription coverage in 2012.



## Comparing Health Plan Benefits

Medicare plans report premiums, benefit details and co-pays in the Plan Finder to help seniors compare coverage choices. The information and data points are presented within these broad categories: Estimated health plan costs; Health plan benefits; Estimated drug costs; Prescription drug coverage; and Optional supplemental benefits. Visit MFA's [website \(/products/medicare-benefits-analyzer.aspx\)](/products/medicare-benefits-analyzer.aspx) to access detailed lists of data elements available.

When comparing Medicare Advantage options using Plan Finder data, the disparity in monthly premiums and out-of-pocket expense estimates can be quite significant across plans. In any given market, beneficiaries generally have many plans to choose from with varying copay levels across a wide array of health benefits.

The following examples demonstrate cost and premium ranges for 2011, from Low to High for Miami-Dade, Florida and Allegheny County, Pennsylvania. Annual beneficiary cost estimates for HMO plan options in the Miami-Dade area range from a low of \$1,700 for Humana Gold Plus to mid-range WellCare Choice at \$2,450 on up to BlueMedicare at \$3,000. In Allegheny County, HMO options range from low-cost SecurityBlue HD at \$2,950 to mid-range UPMC for Life (\$4,550) to the higher-cost plan, UPMC Enhanced with an estimated annual out-of-pocket cost of \$5,800.

2011 HMO Plan Cost Estimates - Miama-Dade - Florida			
	Low	Mid-range	High
Plan ID	<i>Humana Gold Plus H1036-054</i>	<i>WellCare Choice H1032-008</i>	<i>BlueMedicare H1026-001</i>
Oct 2010 Members	28,722	757	2,909
Annual Beneficiary Out-of-pocket Est	\$1,700	\$2,450	\$3,000
<u>Monthly Est</u>			
Part B	\$96	\$96	\$96
Health Premium	\$0	\$0	\$0
Drug Premium	\$0	\$0	\$0
Inpatient Care	\$11	\$11	\$33
Outpatient Drugs	\$17	\$67	\$96
Dental	\$6	\$24	\$12
Other Svcs	\$12	\$5	\$11

2011 HMO Plan Cost Estimates - Allegheny County - Pennsylvania			
	Low	Mid-range	High
Plan ID	<i>SecurityBlue HD H3957-036</i>	<i>UPMC for Life HMO Rx H3907-029</i>	<i>UPMC HMO Rx Enhanced H3907-006</i>
Oct 2010 Members	-	32,043	-
Annual Beneficiary Out-of-pocket Est	\$2,950	\$4,550	\$5,800
<u>Monthly Est</u>			
Part B	\$96	\$96	\$96
Health Premium	\$0	\$12	\$140
Drug Premium	\$0	\$47	\$54
Inpatient Care	\$11	\$19	\$14
Outpatient Drugs	\$96	\$116	\$116
Dental	\$23	\$34	\$34
Other Svcs	\$103	\$56	\$31

**Source:** Medicare Benefits Analyzer™ presenting data from Medicare Plan Finder

Drilling into benefit 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 can explain differentials in cost estimates. This type of comparative analysis provides invaluable competitive intelligence for Medicare plans preparing to promote and sell products.

The following comparison of key benefit attributes for two UPMC plans makes it easier to understand the differences in total estimated out-of-pocket costs from one plan to the other. Although the monthly premium is significantly more for the higher-cost plan, doctor visit and inpatient hospital copays are considerably less than

the lower-cost plan.

2011 HMO Plans - UPMC Comparison		
Plan ID	UPMC for Life HMO Rx <u>H3907-029</u>	UPMC for Life HMO Rx Enhanced <u>H3907-006</u>
Annual Beneficiary Out-of-pocket Est	\$4,550	\$5,800
Monthly Premium	\$59	\$194
Annual Max OOP Limit	\$3,400	\$3,200
PDP Copay	\$15	\$5
Specialist Copay	\$40	\$20
Inpatient Hospital Copay	\$300 per stay \$900 maximum	\$100 per stay \$200 maximum

For companies in need of in-depth Medicare market analysis, take note the 2012 Plan Benefits Information is available now in Medicare Benefits Analyzer™. The database also includes 2010 and 2011 Plan Benefits for comparative analysis. When CMS releases 2012 Star Quality Ratings on or around October 12th, this highly important data will immediately complement the 2011 ratings available now in Medicare Benefits Analyzer™. If you'd like more information about this useful database, please call Mark Farrah Associates at 207.985.8484.

To help Medicare companies with this essential market analysis, Mark Farrah Associates in partnership with Strenuous organizes Plan Finder data in an easy-to-use database ([click here \(/products/medicare-benefits-analyzer.aspx\)](/products/medicare-benefits-analyzer.aspx)) for more information about Medicare Benefits Analyzer™.

### 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™, Health Insurer Insights™, Health Plans USA™ and the new County Health Coverage™, which offers population and health plan enrollment data by county nationwide.

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