



Medicare Advantage Enrollment Covers Over 18 Million Members

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by Mark Farrah Associates

Total Medicare Advantage (MA) enrollment as of February 1, 2016 stood at 18,203,676, with a net gain of 927,534 members, year-over-year. According to data from the Centers for Medicare and Medicaid Services (CMS), 33% of the 54.8 million people eligible for Medicare are enrolled in MA plans across the United States and U.S. territories. Managed Medicare continues to be an attractive growth market for health insurance companies. This brief assesses company performance in the Medicare Advantage market as of February 2016 and analyzes market share for individually purchased and employer-sponsored benefits. We also evaluate changes in Medicare Advantage plan type preferences, e.g. HMO, PPO.

As of February 2016, ten carriers with more than 250,000 members covered over 67% of all Medicare Advantage enrollees. UnitedHealth and Humana lead the segment with more than 3.8 and 3.1 million MA members, respectively. Kaiser Family Foundation and Aetna also command significant market share with each enrolling more than 1.3 million.

Competitive Dynamics

Medicare, with 54.8 million people eligible for health and drug benefits, is big business and MA market penetration is still growing at a robust pace. Yet, with only 33% of eligibles enrolled, there is still ample opportunity for growth in this highly competitive market. Each year between October 15 and December 7, during the Annual Election Period (AEP) for Medicare Advantage and prescription drug plans, companies vie for a competitive advantage by offering new pricing and product options. Plans then look for February and March enrollment reports to evaluate their standing and also assess which competitors gained and lost members during the last AEP. Many companies conduct their post-AEP competitive assessments by using tools such as Mark Farrah Associates' (MFA) Medicare Business Online™ and Health Coverage Portal™.

According to CMS Medicare Advantage enrollment reports aggregated by MFA in Medicare Business Online™, total Medicare Advantage (MA) plan enrollment as of February 1, 2016 increased 5.4% from February 2015. The top ten companies, each with more than 250,000 members, have a sizeable stake in this segment and they collectively provide coverage for 67% of the market. Per the reference tables below, most leading MA companies realized year-over-year growth except for Anthem, WellCare and HealthNet. The overall net gain for the ten companies was 5.4%.

UnitedHealth retained its position as the top Medicare Advantage organization in the country. With over 3.8 million enrolled, UnitedHealth owns 21% of the market. Humana ranks second with 17.5% market share and nearly 3.2 million lives. Kaiser Family Foundation is positioned as third on the leader board, enrolling 1.36 million and Aetna closely follows with 1.35 million lives.

February 2016 Top MA Organizations with Greater than 250,00 Members				
Parent	Feb-15	Feb-16	Percent Growth	February 2016 Market Share
UNITEDHEALTH	3,453,148	3,814,103	10.5%	21.0%
HUMANA	3,176,498	3,181,956	0.2%	17.5%
KAISER FOUNDATION	1,291,292	1,360,691	5.4%	7.5%
AETNA	1,250,930	1,355,071	8.3%	7.4%
ANTHEM	579,888	568,466	-2.0%	3.1%
CIGNA	496,544	563,966	13.6%	3.1%
BCBS OF MICHIGAN	392,779	420,021	6.9%	2.3%
HIGHMARK	354,114	375,446	6.0%	2.1%
WELLCARE	338,139	326,380	-3.5%	1.8%
HEALTH NET	292,732	269,226	-8.0%	1.5%
Subtotal >250,000	11,626,064	12,235,326	5.2%	67.2%
All Others	5,650,078	5,968,350	5.6%	32.8%
Total	17,276,142	18,203,676	5.4%	100.0%
Source: Medicare Business Online™, Mark Farrah Associates, presenting data from CMS enrollment reports				

This year, UnitedHealth experienced the largest gain in terms of membership, adding 360,955 members for a net gain of 10.5%. Aetna experienced the second most gains with 104,141 new members, or an 8.3% increase year-over-year. Per the chart below, membership gains were also fairly substantial for other growth leaders in this segment. Highmark gained over 20,000 new members primarily due to growth in its Community Blue product offering and early results of the AEP. New York State Catholic Health Plan (Fidelis Care) saw a 58.3% membership increase between February 2015 and February 2016. This was mostly due to its expansion of MA product offerings in nine new counties last year as well as competitors exiting markets.

MA Organizations with the Largest Gains from February 2015 to February 2016				
Parent	Feb-15	Feb-16	Growth 2015 - 2016	Percent Change
UNITEDHEALTH	3,453,148	3,814,103	360,955	10.5%
AETNA	1,250,930	1,355,071	104,141	8.3%
KAISER FOUNDATION	1,291,292	1,360,691	69,399	5.4%
CIGNA	496,544	563,966	67,422	13.6%
BCBS OF MN	166,736	197,885	31,149	18.7%
HCSC	73,720	102,497	28,777	39.0%
BCBS OF MICHIGAN	392,779	420,021	27,242	6.9%
MEDICAL CARD SYSTEM	172,394	195,287	22,893	13.3%
HIGHMARK	354,114	375,446	21,332	6.0%
NY STATE CATHOLIC HLTH PLAN	33,452	52,970	19,518	58.3%
Total	7,685,109	8,437,937	752,828	9.8%
Source: Medicare Business Online TM , Mark Farrah Associates, presenting data from CMS enrollment reports				

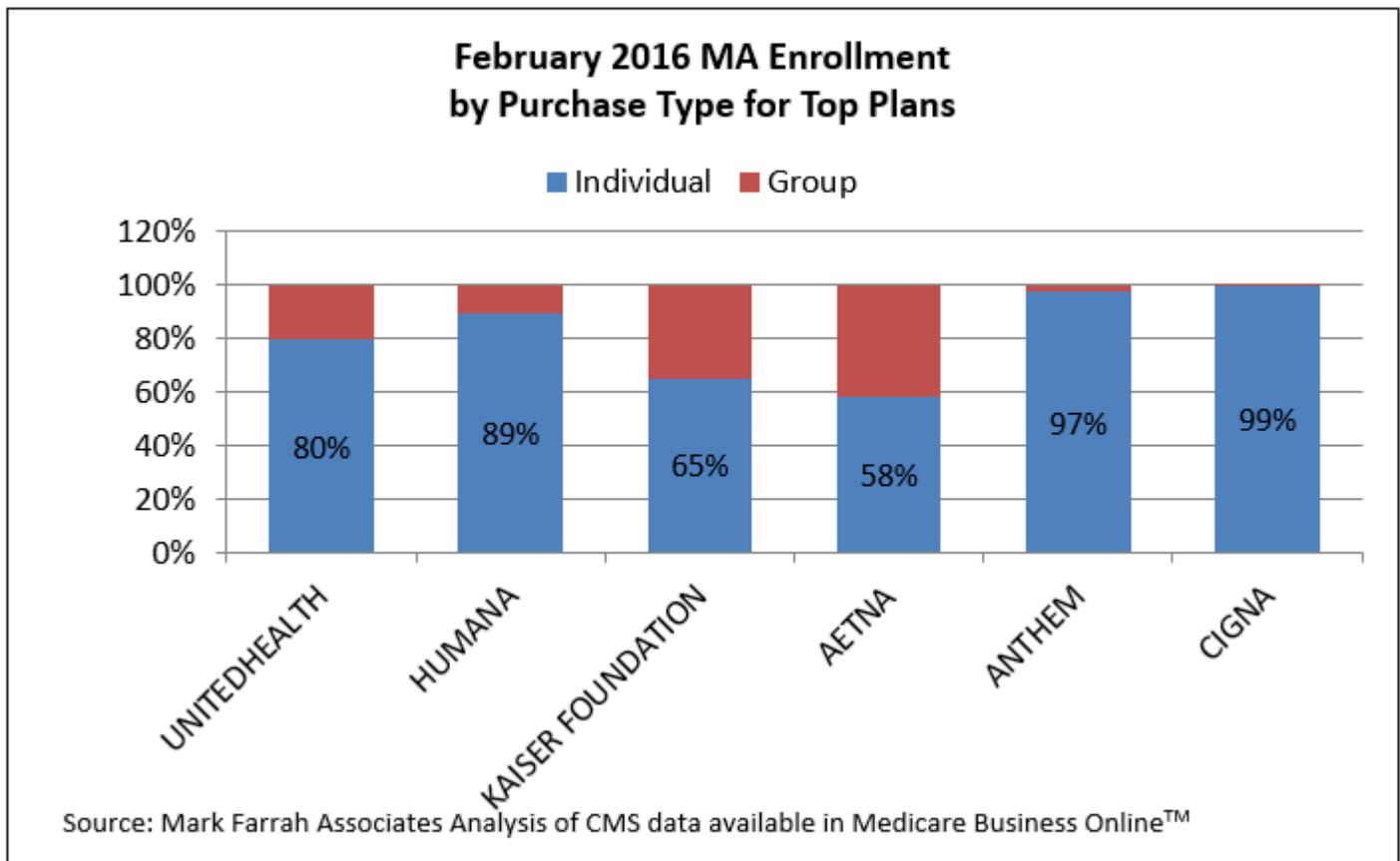
Of all MA plans, seven, including HealthNet, lost more than 12,000 members between February 2015 and February 2016. HealthNet's loss of over 23,000 members was partly attributed to a loss of members in Arizona and California and its intentional exit from under-performing counties.

Individual versus Group Enrollment

The majority of people with Medicare Advantage purchased a plan directly from the company and this is referred to as individual or direct purchase policy. As of February 2016, about 82% (approximately 15 million) of MA membership was individual. This speaks to why plans invest considerable time to devise direct market and selling strategies in preparation for the AEP every year.

Only 18% of total MA membership, slightly more than 3 million, originated through an employer group health plan or retirement health benefit. Nonetheless, group membership continues to grow year-over-year primarily driven by UnitedHealth plan gains which has over 772,168 group plan members to date. Aetna, Kaiser Foundation Health Plans, and Humana all have more than 330,000 members from group plans. Aetna's MA membership is comprised of 42% group enrolled.

Some companies strategically target group MA business because employers are interested in the cost savings MA plans can offer. Though many employers are shifting away from providing retirement benefits, many health plans still consider group Medicare Advantage to be a viable opportunity.



It is important to note that MA enrollment counts by company or geography for the same reporting period may be slightly different, depending on the CMS enrollment source. In a nutshell, CMS county-level reports do not output enrollment for plans with 10 or fewer members per county. In addition, February 2016 membership figures reflect business accepted and booked through January 8th. There may likely be additional competitive shifts in enrollment and market observations through March.

HMO's Remain Dominant Plan Type

HMO plans, including those with point-of-service options, are the most common type of Medicare Advantage plan, nationally. As of February 2016, about 63% of all members were enrolled in an HMO plan. PPOs, including local and regional plans, covered 30% of MA enrollees which was consistent with the same time period the prior year.

Private-fee-for-service (PFFS) plan enrollment declined 0.9% points, year-over-year. Only 1% of MA enrollees are now in PFFS plans. The percentage of enrollment in "Other" plan types, such as Cost or Medical Savings options, remained the same at 3% from February 2015 and February 2016.

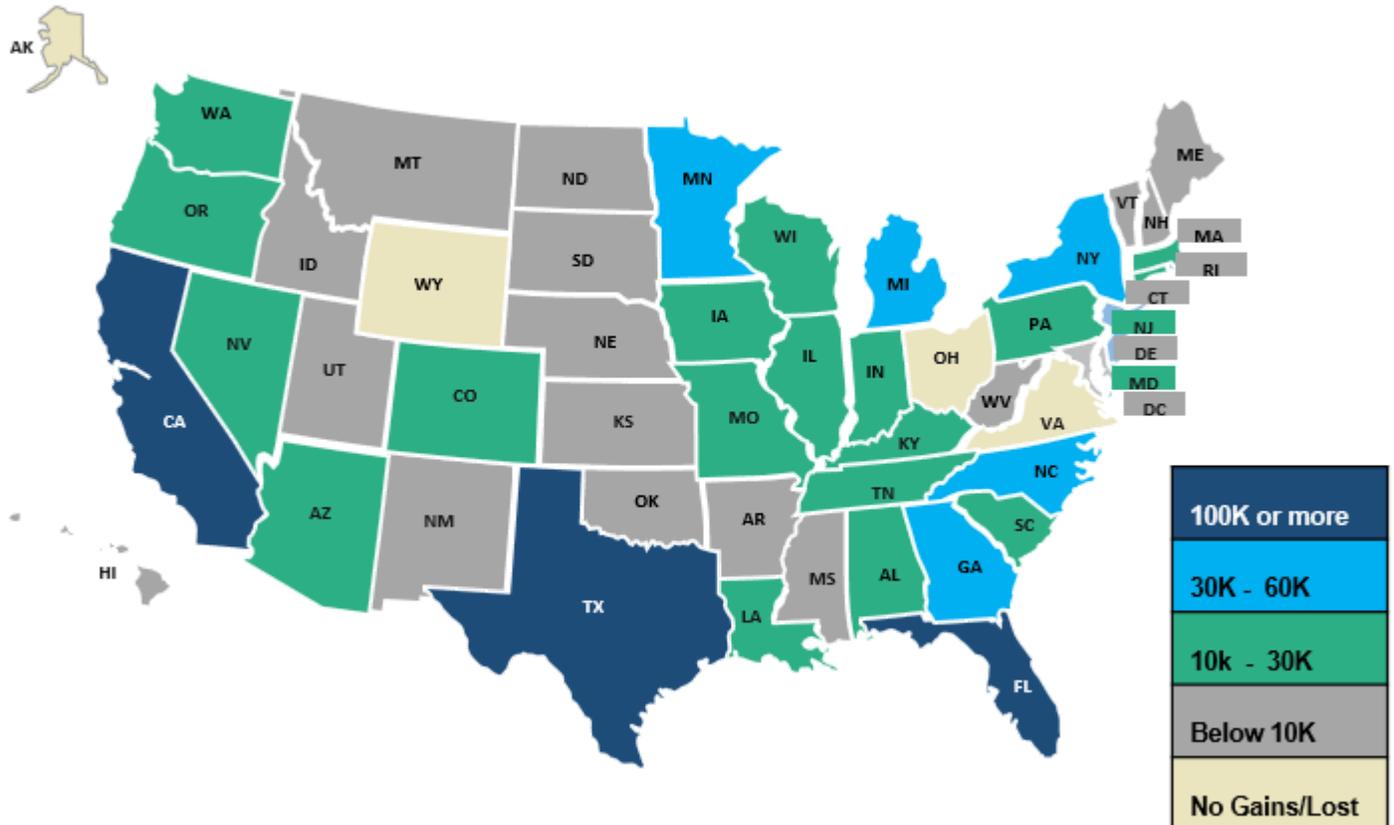
Medicare-Medicaid HMO enrollment continues to rise as CMS and state Medicaid agencies build new programs to cover the dual eligible population. These plans enrolled over 370,000 members as of February 2016, up from 310,000 in 2015. Dual eligible beneficiaries are among the poorest and sickest beneficiaries and consequently account for higher health care costs. Various health plan designs, in addition to SNPs (Special Needs Plans) have emerged in recent years to address the needs of this high cost population.

MA Enrollment Growth by State

Medicare Advantage enrollment continues to increase across U.S. states and its territories. Geographic location and population can be key determinates of the most substantial growth markets for this segment. As of February 2016, Medicare Advantage enrollment increased in most states with the exception of Virginia, Wyoming, Alaska and Ohio. Net membership gains and losses totaled over 927,000, nationally.

Texas, California and Florida all experienced significant enrollment gains with increases of 100,000 members or more. Texas saw the most sizeable increase of 126,226 members from the prior year in February. Per the map below, there was a notable gap in enrollment growth across the states that ranged between 60,000 in Michigan to over 100,000 in Florida. Ohio experienced the largest aggregate decrease of over 67,000 members, year-over-year. This was primarily due to the loss of Humana's group Medicare Advantage offerings with Ohio Public Employees Retirement System which converted to a private insurance exchange as of January 2016.

Medicare Advantage Membership Growth February 2015 to February 2016



Source: Medicare membership data (CMS), Medicare Business Online™, Mark Farrah Associates

Medicare companies closely evaluate MA enrollment trends as they continually analyze market share to identify new business opportunities. As long as industry support for managed care Medicare options remains strong, insurers will continue to invest in these growth opportunities. Mark Farrah Associates continues to monitor the Medicare market and industry shifts in this highly competitive segment.

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 monthly Medicare Advantage and PDP enrollment by competitor. The Medicare Benefits Analyzer™ presents benefit copay comparisons across hundreds of benefit attributes by plan as reported in the Plan Finder on Medicare.gov. Med Supp Market Data™ offers enrollment and financial insights for companies interested in Medicare Supplement business. Our product portfolio also includes Health Coverage Portal™ (with Supplemental Health Care Exhibit data), County Health Coverage™, Health Insurer Insights™, and Health Plans USA™.

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