



Medicare Advantage Market Penetration

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by Mark Farrah Associates

Total Medicare Advantage (MA) enrollment as of June 1, 2016 stood at 18,344,445, up 3.3% as health plans added 583,407 in the first five months of 2016. According to data from the Centers for Medicare and Medicaid Services (CMS), approximately 57 million people are currently eligible for Medicare, up 4% from 54.7 million at the end of 2015. The aging of the Baby Boomers plays an obvious role in overall MA growth but plans have also experienced steady gains in market penetration. In fact, over the past three years, increasing market penetration, whereby plans have attracted seniors formerly enrolled in traditional Medicare as well as new eligibles, has been a significant membership driver. This brief assesses company performance in key states where MA penetration growth exceeded the national rate.

MA Penetration Rates

Medicare Advantage Penetration Rates					
State	Dec-13	Dec-14	Dec-15	Jun-16	Percent Growth Dec-13 - Jun-16
Illinois	11.0%	19.2%	20.9%	21.8%	49.4%
North Carolina	20.6%	28.4%	29.7%	30.5%	32.5%
Georgia	26.9%	29.2%	31.6%	32.9%	18.2%
Texas	27.3%	29.4%	32.0%	32.9%	17.2%
Michigan	27.7%	30.7%	33.7%	34.4%	19.5%
Other States & Territories	30.0%	31.4%	32.9%	32.3%	7.1%
Industry Average	28.7%	30.60%	32.3%	32.0%	10.5%

Source: Medicare Business Online™, Mark Farrah Associates, presenting data from CMS enrollment reports

Market penetration, calculated by dividing MA customers by Medicare eligibles, has grown significantly over the last 3 ½ years. Companies offering Medicare Advantage plans have increased market penetration from 28.7% on average to 32%, a growth of 10.5% across the U.S. A large portion of this growth occurred in five states, Illinois, North Carolina, Georgia, Texas and Michigan. Without the impact from these states, the overall change from 2013 would fall to 7.1% from 10.5%.

Illinois Competitor Insights

Top Medicare Advantage Organizations by Membership - Illinois					
Parent	Dec-13	Dec-14	Dec-15	Jun-16	Percent Growth Dec-13 - Jun-16
UnitedHealth	49,157	135,948	141,128	154,094	213.5%
Humana	78,090	93,440	106,967	111,250	42.5%

Aetna	32,667	51,100	47,885	51,443	57.5%
HCSC	2,534	18,748	41,422	46,542	1736.7%
Cigna Health	13,989	25,319	25,567	24,898	78.0%
Subtotal - Illinois Top 5	176,437	324,555	362,969	388,227	120.0%
All Others	44,475	68,793	71,733	72,816	63.7%
Total	220,912	393,348	434,702	461,043	108.7%
MA Market Penetration Rates	11.0%	19.2%	20.9%	21.8%	97.5%
<i>Source: Medicare Business Online™, Mark Farrah Associates, presenting data from CMS enrollment reports</i>					

Since 2013, market penetration increased in Illinois from 11% to almost 22%, according to CMS Medicare Advantage enrollment reports aggregated by MFA in Medicare Business Online™. While MA companies have made substantial progress in enrolling new members in Illinois, the state's 21.8% market penetration trails that of the national average of 32% signaling there is room for continued membership growth for MA companies within the state.

UnitedHealth leads the state with 154K members while Health Care Service Corporation's membership (HCSC) has grown considerably. The top five companies combined accounted for 212K of the 240K new members enrolled in Illinois MA plans since December 2013.

North Carolina Competitor Insights

Top Medicare Advantage Organizations by Membership - North Carolina					
Parent	Dec-13	Dec-14	Dec-15	Jun-16	Percent Growth Dec-13 - Jun-16
UnitedHealth	116,663	174,154	175,357	182,170	56.2%
Humana	73,729	116,388	166,045	181,962	146.8%
BCBS of NC	122,471	167,997	127,090	107,188	-12.5%
Aetna	17,347	20,171	39,907	51,098	194.6%
Cigna Health	0	1,298	7,491	8,698	
Subtotal - North Carolina Top 5	330,210	480,008	515,890	531,116	60.8%
All Others	14,395	12,515	13,525	22,651	57.4%
Total	344,605	492,523	529,415	553,767	60.7%
MA Market Penetration Rates	20.6%	28.4%	29.7%	30.5%	48.2%
<i>Source: Medicare Business Online™, Mark Farrah Associates, presenting data from CMS enrollment reports</i>					

With overall growth of 48.2%, market penetration has increased in North Carolina from 20.6% to 30.5% since 2013. North Carolina's MA penetration is closer to the national average of 32%. UnitedHealth leads the state with 182.2K members, closely followed by Humana's 182K. Humana has captured the largest share of new membership over the period assessed, adding 108K members or 51.7% of the new members in the state since 2013.

Georgia Competitor Insights

Top Medicare Advantage Organizations by Membership - Georgia					
Parent	Dec-13	Dec-14	Dec-15	Jun-16	Percent Growth Dec-13 - Jun-16

UnitedHealth	222,687	132,609	233,134	237,491	6.6%
Humana	79,904	96,475	106,115	113,772	42.4%
Aetna	20,981	35,082	44,130	54,842	161.4%
Cigna Health	2,479	4,132	23,775	42,117	1599.0%
WellCare	28,024	30,994	35,223	37,367	33.3%
Subtotal - Georgia Top 5	354,075	299,292	442,377	485,589	37.1%
All Others	30,253	133,942	43,305	32,100	6.1%
Total	384,328	433,234	485,682	517,689	34.7%
MA Market Penetration Rates	26.9%	29.2%	31.6%	32.9%	22.2%
<i>Source: Medicare Business Online™, Mark Farrah Associates, presenting data from CMS enrollment reports</i>					

Medicare Advantage market penetration has increased in Georgia from 26.9% in 2013 to 32.9% as of mid-year 2016. The overall growth rate of 22.2% resulted in Georgia's MA penetration now exceeding the national average of 32%. UnitedHealth leads the state with 237.5K members, almost 46% of the market share in the state. However they have lost market share in the last three years as Aetna and Cigna experienced aggressive growth. The top five plans enrolled 132K of the 133K new GA members over the past 3 1/2 years.

Texas Competitor Insights

Top Medicare Advantage Organizations by Membership - Texas					
Parent	Dec-13	Dec-14	Dec-15	Jun-16	Percent Growth Dec-13 - Jun-16
UnitedHealth	327,249	346,049	370,089	387,667	18.5%
Humana	208,229	243,375	280,549	285,651	37.2%
Aetna	116,531	133,400	138,681	160,919	38.1%
Cigna Health	104,816	104,381	110,050	114,572	9.3%
Universal American Finance	56,750	62,662	66,411	68,314	20.4%
Subtotal - Texas Top 5	813,575	889,867	965,780	1,017,123	25.0%
All Others	120,360	154,410	208,561	218,000	81.1%
Total	933,935	1,044,277	1,174,341	1,235,123	32.2%
MA Market Penetration Rates	27.3%	29.4%	32.0%	32.9%	20.7%
<i>Source: Medicare Business Online™, Mark Farrah Associates, presenting data from CMS enrollment reports</i>					

In 2013, MA market penetration in Texas was 27.3% as compared to the national average of 28.7%. As of June, 2016 the penetration rate in Texas grew to 32.9% exceeding the 32% national average. Four of the top five plans experienced double digit membership growth over the 3 1/2 year period. Collectively, the top plans added approximately 68% of the new members since 2013, however the smaller plans have taken a 4.8 % bite out of their market share.

Michigan Competitor Insights

Top Medicare Advantage Organizations by Membership - Michigan					
Parent	Dec-13	Dec-14	Dec-15	Jun-16	Percent Growth Dec-13 - Jun-16

BCBS of Michigan	273,224	318,424	344,165	355,091	30.0%
Spectrum Health	80,812	90,855	100,876	111,794	38.3%
Humana	57,642	58,766	60,570	58,615	1.7%
Henry Ford Health System	47,346	47,844	53,319	54,129	14.3%
Molina Healthcare	10,064	11,562	18,953	20,206	100.8%
Subtotal - Michigan Top 5	469,088	527,451	577,883	599,835	27.9%
All Others	36,861	46,071	66,043	67,819	84.0%
Total	505,949	573,522	643,926	667,654	32.0%
MA Market Penetration Rates	27.7%	30.7%	33.7%	34.4%	24.2%
<i>Source: Medicare Business Online™, Mark Farrah Associates, presenting data from CMS enrollment reports</i>					

Market penetration in Michigan has increased from 27.7% in 2103 to 34.4% as of June, 2016. This represents a 24.2% growth in penetration pushing the state above the national average of 32%. Michigan's market is dominated by two plans controlling 70% of the market share; BCBS of Michigan and Spectrum Health. Both plans maintained their combined market share over the period adding 112.8K members.

Conclusion

Given the increasing number of Medicare eligible citizens coupled with numerous states who lag behind the national penetration averages, growth opportunities abound in the Medicare Advantage market. 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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