



Medicare PDP Growth Rate Declined

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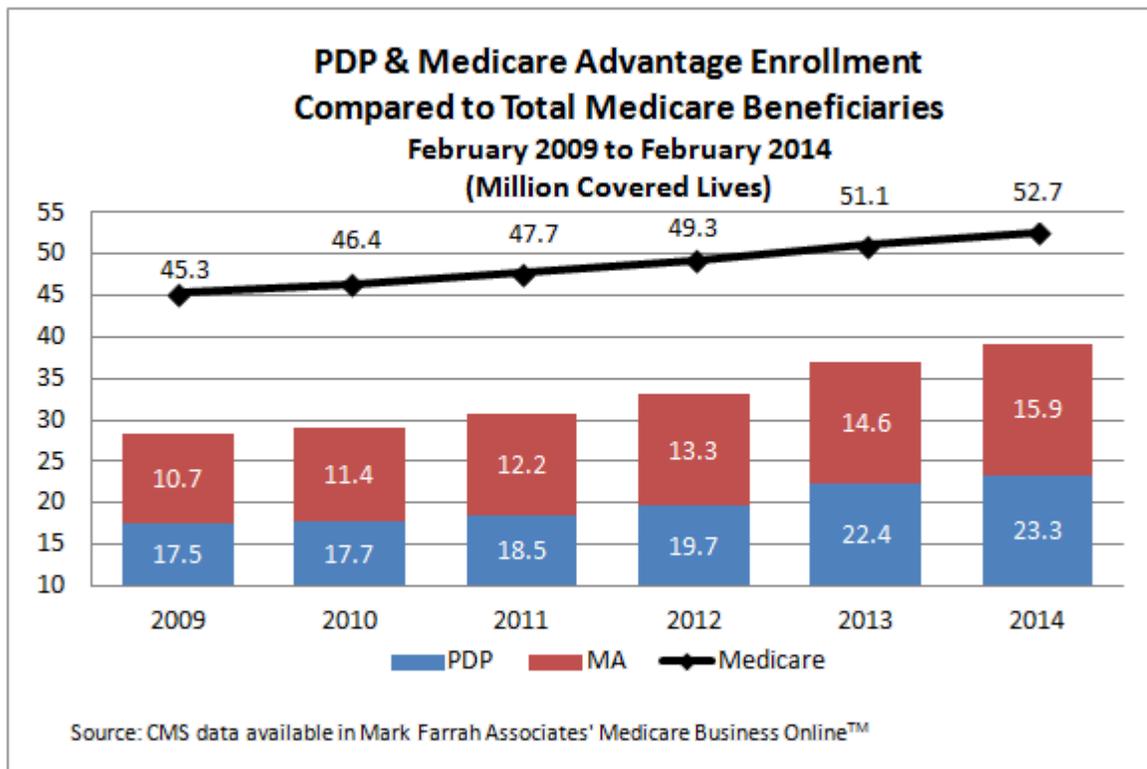
by Debra A. Donahue

Medicare stand-alone prescription drug plans (PDPs) covered almost 23.3 million people as of February 1, 2014. With an aggregate gain of nearly 858,000 (3.8%) net enrollees between February 2013 and February 2014, PDP growth is down significantly from the 2.7 million (14.7%) net enrollees gained between February 2012 and February 2013. Six companies still control 80% of the PDP market and UnitedHealthcare continues to cover the largest number of people in PDPs. However, Humana saw the late largest increase in PDP enrollment year-over-year and increased market share from 14% in February 2013 to 16% in February 2014.

PDP Enrollment Growth

Stand-alone prescription drug plans (PDPs), also referred to as Medicare Part D plans, enrolled 23.3 million people as of February 1, 2014, an increase of 857,583 enrollees from February 1, 2013. The 3.8% growth rate is a significant decline from the 14.7% increase PDPs experienced the previous year. Between February 2012 and February 2013, employer group plans drove much of the growth whereby PDP plans gained more than 2.7 million covered lives. During the 2012 to 2013 period enrollment from employer plans increased nearly 2.2 million, while enrollment in products sold to individuals increased by 560,000. From 2013 to 2014 enrollment from employer plans increased only 300,000 and enrollment from individual plans increased 528,000. It appears the conversion of employer plans resulted in a onetime spike and now that most have converted to managed care plans overall enrollment gains for PDP plans has leveled off.

There are currently 62 organizations competing in this segment as of February 2014, down from 63 in 2013. The percentage of Medicare beneficiaries served by PDPs increased 0.4%, from 43.8% as of February 2013 to 44.2% as of February 2014. Together PDPs and Medicare Advantage plans cover 74.4% of the 52.7 million people eligible for Medicare in 2014, up from 62.4% in 2009 and 72.4% in 2013.



Few Changes among Top Plans

Six companies still control 80% of the PDP market. UnitedHealth with 5.1 million PDP subscribers continues to lead the market in terms of overall membership. It serves 22.1% of all PDP enrollees, up slightly from 22.0% one year ago. Five additional companies covered more than 1 million PDP members each as of February 2014: CVS Caremark, Humana, Express Scripts, Aetna and Cigna.

February 2014 Top PDP Organizations with Greater than 1 Million Members				
Parent	Feb-13	Feb-14	Percent Growth	Feb-2014 Market Share
UnitedHealth	4,923,799	5,146,787	4.5%	22.1%
CVS Caremark	4,520,948	4,235,960	-6.3%	18.2%
Humana	3,128,892	3,709,151	18.5%	15.9%
Express Scripts	2,751,104	2,633,288	-4.3%	11.3%
Aetna	2,003,474	1,652,534	-17.5%	7.1%
Cigna	1,226,807	1,253,978	2.2%	5.4%
Subtotal >1 Million	18,555,024	18,631,698	0.4%	80.0%
All Others	3,864,314	4,645,223	20.2%	20.0%
Total	22,419,338	23,276,921	3.8%	100%

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

Aetna's acquisition of Coventry Health Care is the primary change among the top PDP carriers from 2013 to 2014. Since the acquisition, the combined Aetna/Coventry enrollment declined 17.5%, a loss of approximately 351,000, from February 2013 to February 2014. Express Scripts, which joined the top PDP organizations

through acquisitions in 2012, and CVS Caremark also experienced enrollment declines year-over-year.

Humana saw the largest increase among PDP with a gain of 580,259 members year-over-year and increased market share from 14% in February 2013 to 16% in February 2014.

PDP Organizations with the Largest Gains from February 2013 to February 2014				
Parent	Feb-13	Feb-14	Growth 2013-2014	Percent Change
Humana	3,128,892	3,709,151	580,259	18.5%
WellCare	753,768	1,138,237	384,469	51.0%
Catamaran	8,484	267,855	259,371	3057.2%
UnitedHealth	4,923,799	5,146,787	222,988	4.5%
Aegon	119,603	178,722	59,119	49.4%
Total	8,934,546	10,440,752	1,506,206	16.9%
Source: Mark Farrah Associates (MFA) analysis of CMS enrollment data; data is available in Medicare Business Online™				

WellCare's growth between February 2013 and February 2014, of over 384,000 members, more than made up for the loss of nearly 150,000 members between February 2012 and February 2013. The decline in 2013 was primarily due to the loss of auto-assigned, low income subsidy membership in California.

Catamaran, primarily a prescription benefit management company (PBM) formerly called Catalyst Rx, reported significant growth between February 2013 and February 2014. Catamaran primarily offers PDP products to employer/union group sponsored plans. The company's impressive year-over-year gains came from two large state accounts that it won from Express Scripts: the South Carolina Public Employee Benefit Authority and the Michigan Public School Employee Retirement System.

Aegon, a multinational insurance company headquartered in the Netherlands, also did well. Aegon's subsidiary, Stonebridge Life Insurance Company, markets its PDP plans under the name Medicare GenerationRx to employer groups only and has enrollment in every state within the U.S., with the possible exception of North Dakota.

While more than half of all PDPs saw growth between 2013 and 2014, there were some companies that experienced significant losses. Aetna, CVS Caremark and Express Scripts had the most notable losses year-over-year.

PDP Organizations with the Largest Losses from February 2013 to February 2014				
Parent	Feb-13	Feb-14	Loss 2013-2014	Percent Change
Aetna	2,003,474	1,652,534	-350,940	-17.5%
CVS Caremark	4,520,948	4,235,960	-284,988	-6.3%
Express Scripts	2,751,104	2,633,288	-117,816	-4.3%
Envision	462,786	390,976	-71,810	-15.5%
WellPoint	451,365	428,841	-22,524	-5.0%
Total	10,189,677	9,341,599	-848,078	-8.3%

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

The large number of seniors aging into the Medicare program presents a significant opportunity but precarious risk for some organizations. 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 selected. The Centers for Medicare and Medicaid (CMS) reported 52.7 million people were eligible for Medicare as of February 2014. With only 44.2% enrolled in PDP plans, there is still opportunity for growth in this highly competitive market.

About This Data

This brief is based on an analysis of enrollment data for PDPs released by the Centers for Medicare & 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™](#) (</products/medicare-benefits-analyzer.aspx>). 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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