



Preview of 2015 Medicare Advantage Competition

9/30/2014

by Mark Farrah Associates

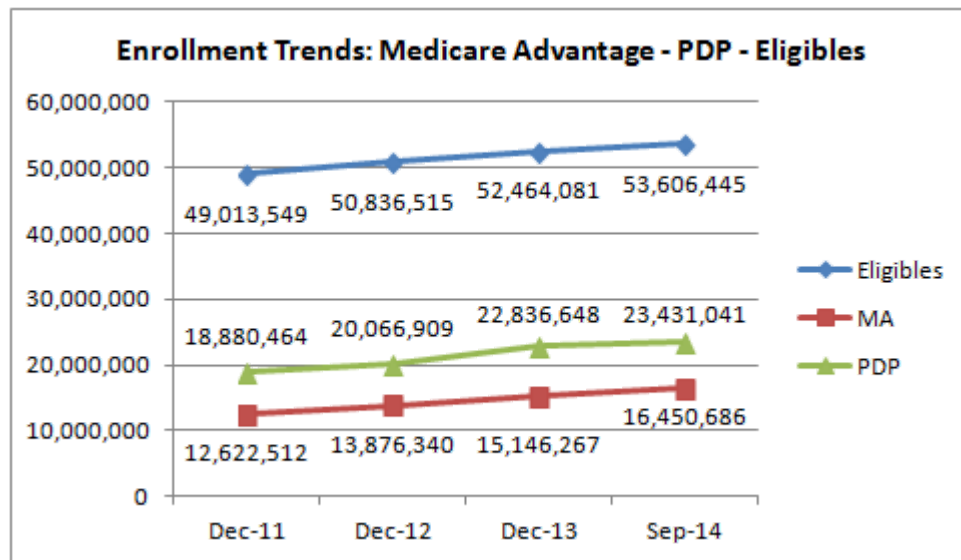
The Annual Election Period (AEP) or open enrollment for Medicare Advantage and PDP plans will begin on October 15, 2014 and organizations start marketing 2015 benefit plans this week. As Medicare companies finalize sales and marketing strategies this time of year, they look forward to the release of the Medicare Plan Finder (MPF), an online tool that makes it easier for seniors to shop for new Medicare plans. The MPF is also inherently an analysis tool used by the Medicare plans themselves to evaluate their competitive position in the industry. Analysts within the plans use the detailed benefit attributes including copays and cost-sharing, plan by plan, to drill down to local market assessments. In preparation for this week's anticipated release (October 1, 2014) of the 2015 MPF, CMS (Centers for Medicare & Medicaid Services) released the 2015 landscape reports in mid-September. These summary reports provide a first look at the "landscape" of approved Medicare Advantage and PDP plans for the coming year.

This brief presents a snapshot of the 2015 Medicare Advantage market with insights from the Medicare landscape reports and discusses the companies that will be competing for business during the upcoming AEP. It also touches on the Medicare Benefits Analyzer™, a Mark Farrah Associates' database that simplifies analysis of the Medicare Plan Finder for companies competing in this segment.

The Managed Medicare Market

Managed Medicare plans have solidified a strong foothold in the industry. Currently more than 23.43 million seniors are enrolled in Medicare Advantage (MA) plans while stand-alone PDPs (prescription drug plans) enroll an additional 16.45 million. Nevertheless, with a senior population of 53.60 million people and growing, there continues to be ample opportunity for health plans to gain membership during this 2015 open enrollment period.

The number of seniors enrolled in MA plans has increased by 30% since December 2011, more than keeping pace with overall growth in the number of people eligible for Medicare. Stand-alone PDPs have also realized significant growth in recent years, with total membership increasing by 24% since December 2011. Given the CMS-estimated 53.60 million individuals that are currently eligible for Medicare benefits, there is an untapped market of 30 million for MA plans looking to convert those currently enrolled in Original Medicare.



Source: MFA analysis of CMS Landscape Source Files; excludes sanctioned plans, SNPs and employer-sponsored plans. Plans are counted as distinct company records by Contract-Plan-Segment ID without geographic distribution.

During the upcoming open enrollment period, MA plans and PDPs will be competing for market share across the competitive spectrum of beneficiary choices. Some plans will offer zero or low premium plans, appealing to more price-sensitive seniors. Others will present higher premium plans with richer benefits and perhaps lower cost-sharing. As beneficiaries begin to shop for a Medicare plan that best meets their health needs and budget, Medicare plans will be scrutinizing MPF data, comparing premiums and copays to assess their competitive advantage.

2015 Medicare Advantage Lineup

Based on an aggregate analysis of CMS landscape reports, a total of 2,084 distinct Medicare Advantage (MA) plan offerings are in the market lineup for the onset of the 2015 AEP. From October 15th through December 7th each year (AEP), Medicare beneficiaries can choose to switch MA plans or shift from Original Medicare to MA and all decisions take effect on January 1st. This high-level assessment looks at distinct plans or unique CMS-approved plans (contract + plan + segment) and does not delve into geographic distribution.

Many plans are designed to be marketed in select, targeted geographic regions while others are approved to be offered on a broader, nationwide basis. In line with prior years, the HMO plan type is most prevalent in 2015, comprising 65% of all MA plans on the market. Twenty-five percent of plans are Local PPOs while Cost, PFFS plans and Regional PPOs have a smaller presence in the marketplace.

MA Plan Type	2015 Count	Percent
HMO	1,358	65%
Local PPO	521	25%
Cost	86	4%
PFFS (Private Fee for Service)	69	3%
Regional PPO	43	2%
MSA (Medical Savings Account)	7	0%
Total	2,084	100%

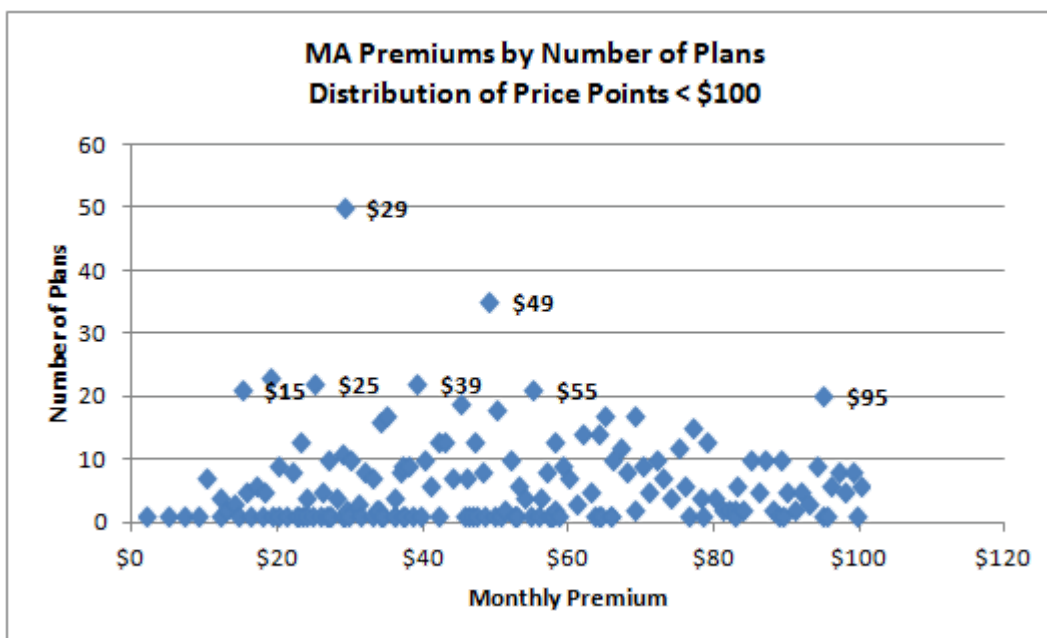
Source: MFA analysis of CMS Landscape Source Files; excludes sanctioned plans, SNPs and employer-sponsored plans.

Plans are counted as distinct company records by Contract-Plan-Segment ID without geographic distribution.

The majority of MA offerings include Part D coverage (86%) and monthly premiums range from \$0 to \$347. Thirty-seven percent of all plans are offering zero premium rates. The average 2015 premium for plans without Part D is \$80 while the average for plans that include Part D is \$116.

2015 Medicare Advantage Landscape		
	Number	Percent
Total Number of Plans	2,084	100%
\$0 Premium	772	37%
\$2-\$50 Premium	521	25%
\$51 - \$100 Premium	428	21%
\$101 - \$200 Premium	289	14%
Greater than \$200 Premium	67	3%
Null Premium Value	7	0%
Without Part D	298	14%
Average Premium without Part D	\$80	
With Part D	1,786	86%
Average Premium with Part D	\$116	
Source: MFA analysis of CMS Landscape Source Files; excludes sanctioned plans, SNPs and employer-sponsored plans. Plans are counted as distinct company records by Contract-Plan-Segment ID without geographic distribution.		

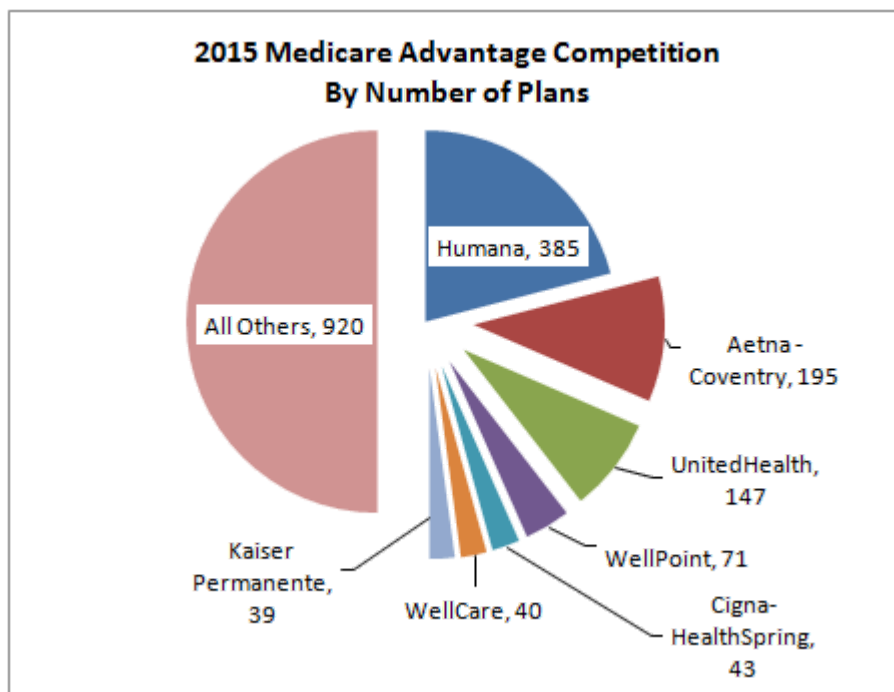
Eighty-three percent of all plans are offering premiums in the \$100 or less range. Not counting the 772 zero-premium plans, the distribution of premiums in the \$2 to \$100 range is quite varied. The scatterplot below makes it easier to identify some of the more popular price points for 2015 AEP. For example, fifty plans are priced at \$29 premium, thirty-five plans are \$49 premium and 20 plans are charging \$95 premiums per month.



Source: MFA analysis of CMS Landscape Source Files; excludes sanctioned plans, SNPs and employer-sponsored plans. Plans are counted as distinct company records by Contract-Plan-Segment ID without geographic distribution.

2015 Medicare Advantage Competition

The makeup of competitors in the MA marketplace includes a wide array of national health plans, Blue Cross Blue Shield organizations, prominent regional health plans and specialized Medicare companies. Based on the 2015 CMS landscape reports, Humana is marketing more MA plans nationwide than any other company with 385 distinct plans. The Aetna – Coventry organization is offering 195 plans and UnitedHealth has 147 plans in the lineup.



Source: MFA analysis of CMS Landscape Source Files; excludes sanctioned plans, SNPs and employer-sponsored plans. Plans are counted as distinct company records by Contract-Plan-Segment ID without geographic distribution.

A quick look at state and county plan distribution in the landscape reports indicates Humana is offering 2015 MA plans in every state except five. It appears Aetna-Coventry plans are being offered in 29 states and the District of Columbia. UnitedHealth plans are available in all but 11 states across the country.

The vast majority of Blue Cross Blue Shield plans offer Medicare Advantage products in their respective markets and a few MA plans are collaborative efforts supported by multiple Blues. Some 340 distinct MA plans are being offered by Blues plans in 2015.

The CMS landscapes provide an important first look at the array of plans that will be competing for Medicare business this fall. However, when CMS releases the 2015 Medicare Plan Finder (MPF) this week, far more detailed information about MA medical costs by plan across an extensive list of medical services becomes available. Additionally, MPF presents detailed comparisons of PDP premiums and drug tier copays that take into account plan formulary information.

Medicare Benefits Analyzer™ for Comparing Medicare Benefits

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.

In order to make it easier for Medicare plans to access and use MPF data, Mark Farrah Associates (MFA) assembles the data in comparative database format. MFA's [Medicare Benefits Analyzer™ \(/products/medicare-benefits-analyzer.aspx\)](#) will give customers access to the 2015 Medicare Plan Finder data in early October.

Subscribers may query tables presenting plan benefit comparisons by state and county or download large datasets using the file export interface. When CMS releases the 2015 Star Quality Ratings on or around October 10th, this highly important data will immediately complement the 2015 data available in Medicare Benefits Analyzer™. Subscribers also have access to Medicare Business Online™ for tracking month-to-month MA and PDP enrollment changes. Visit our website at [www.markfarrah.com \(/default.aspx/\)](http://www.markfarrah.com(/default.aspx/)) or call 724.338.4100 for more information.

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