



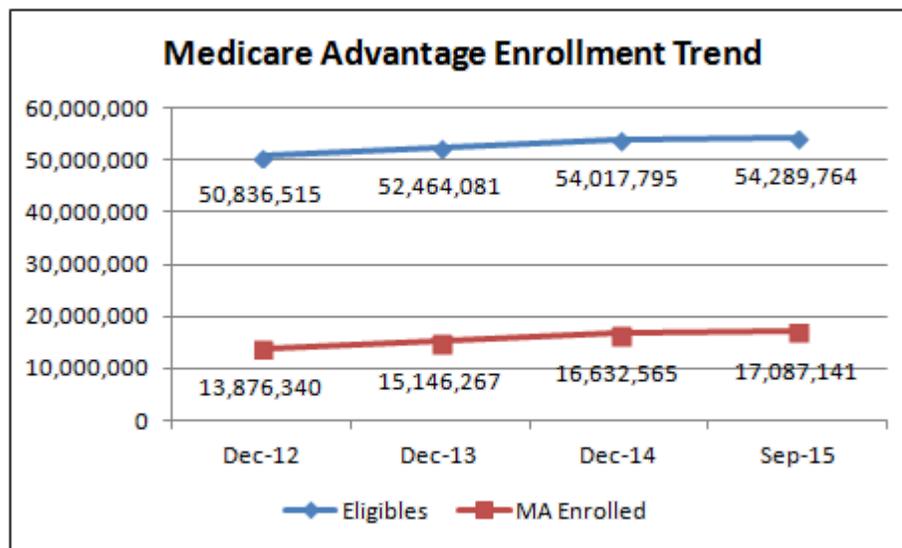
The Competitive Landscape for 2016 Medicare Business

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by Mark Farrah Associates

Medicare Advantage (MA) plans have established a strong foothold in the industry, providing medical coverage for more than 24 million seniors. In the last three years, MA plans picked up about 3.2 million members and these carriers currently cover 31% of all those eligible for Medicare benefits. The Medicare market, comprised of 54.3 million people and growing, is one of the most attractive growth targets in the health insurance industry today. With open enrollment 2016 kicking off last week, health plans invested in this segment are getting down to business to enroll their fair share of beneficiaries shopping for a new plan.

This brief presents a snapshot of the 2016 Medicare Advantage market with insights about the leading companies vying for business in this competitive segment.



Source: Mark Farrah Associates' Medicare Business Online™ presenting data from CMS monthly enrollment reports.

Through December 7th, MA plans, along with stand-alone PDPs (prescription drug plans), 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 are knee-deep in competitive assessments. Analysts typically use Plan Finder benefits and star ratings data from the Medicare.gov website to compare plan premiums, copays and star rating awards market by market. This is essential information for companies preparing to run successful sales campaigns during the AEP (Annual Election Period).

The Medicare Landscape

Based on an analysis of CMS landscape data, a total of 2,174 MA plans are in the direct-to-consumer market lineup for 2016 (78 more plans than 2015). Additionally, for people with special health care needs, a total of 620 Special Needs Plans (SNPs) and dual Medicare – Medicaid plans are available in 2016, up from 581 special plans in 2015.

From October 15th through December 7th each year, Medicare beneficiaries can choose to change MA plans or switch from Original Medicare to MA and all decisions take effect on January 1st. 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 is the most prevalent plan type, comprising 71% of all MA plans and SNPs being offered for next year.

The number of stand-alone PDPs being offered for 2016 is 897, down from 1,013 last year. Though seniors nationwide will generally have fewer PDPs to choose from, the increase in MA plan choices should result in a healthy level of competition in most markets.

Medicare Advantage Plan Counts (MA & MAPD)

Year	Cost	Local HMO	Local PPO	MSA	PFFS	Regional PPO	Total
2015	86	1,368	523	7	69	43	2,096
2016	81	1,463	516	4	63	47	2,174

Special Needs Plan Counts (SNPs)

Year	Local HMO	Local PPO	Regional PPO	Medicare-Medic	Total
2015	510	28	11	32	581
2016	517	26	11	66	620

Stand-alone Prescription Drug Plan Counts (PDPs)

Year	PDP
2015	1,013
2016	897

Source: Mark Farrah Associates' Medicare Benefits Analyzer™ presenting data from CMS Landscape Source Files; excludes employer-sponsored plans. Plans are counted as distinct company records by Contract-Plan-Segment ID without geographic distribution.

Per the breakdown in the table below, thirty-seven percent of 2016 MA plans (excluding SNPs), are available at the \$0 plan premium level. Twenty-five percent of all plans will be charging monthly premiums ranging from \$2 to \$50 while 21% of plan premiums are in the \$51 to \$100 range.

2016 Medicare Advantage Premium Spread

	Count	Percent
Total Number of Plans	2,174	100%
\$0 Premium	798	37%
\$2-\$50 Premium	548	25%
\$51 - \$100 Premium	464	21%
\$101 - \$200 Premium	295	14%
Greater than \$200 Premium	65	3%
Null Premium Value	4	0%

The vast majority, 87% for a total of 1,887 MA plans, include Part D benefits.

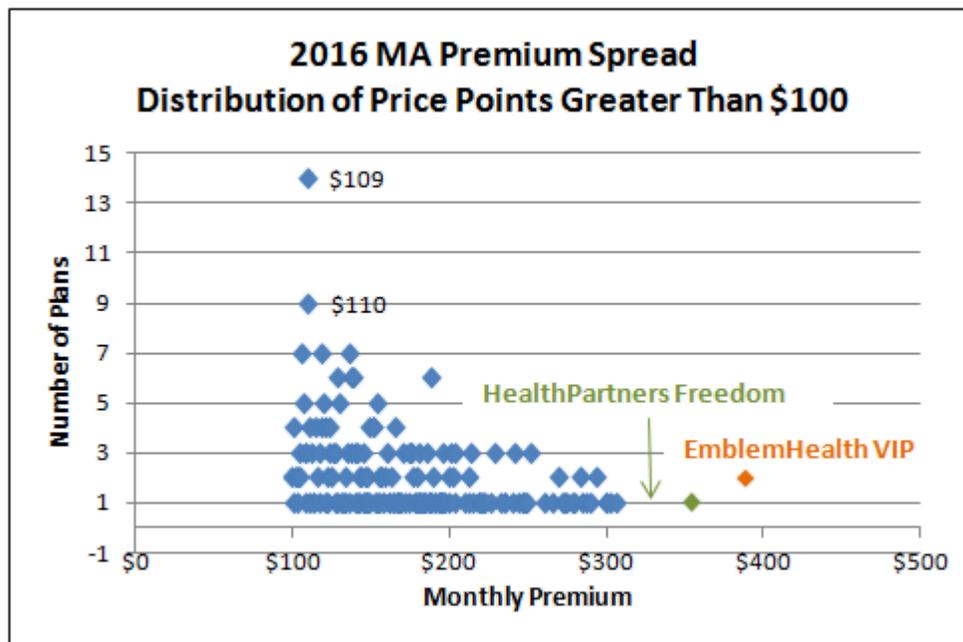
2016 Medicare Advantage Part D Coverage

	Count	Percent
Total Number of Plans	2,174	100%
Plans without Part D	287	13%
Plans with Part D	1,887	87%

Source: Mark Farrah Associates' Medicare Benefits Analyzer™ presenting data from CMS Landscape and Plan Finder; excludes employer-sponsored plans. Plans are counted as distinct company records by Contract-Plan-Segment ID without geographic distribution.

Only 17% or 360 plans are charging monthly premiums greater than \$100. These benefits-rich plans typically have low copays and as a result estimated out-of-pocket expenses are minimal. The highest premium plan for 2016 is the EmblemHealth VIP High Option (HMO) being offered in New York's upscale Suffolk and Westchester counties. This plan features no copays for in-network PCP and specialist office visits in addition to \$0 copays across many additional medical benefits. HealthPartners Freedom Ultimate with Enhanced Rx cost plan in Minnesota is the 2nd highest priced MA plan for 2016. This plan promotes lower Rx costs, dental coverage and also claims 100% coverage for most outpatient services.

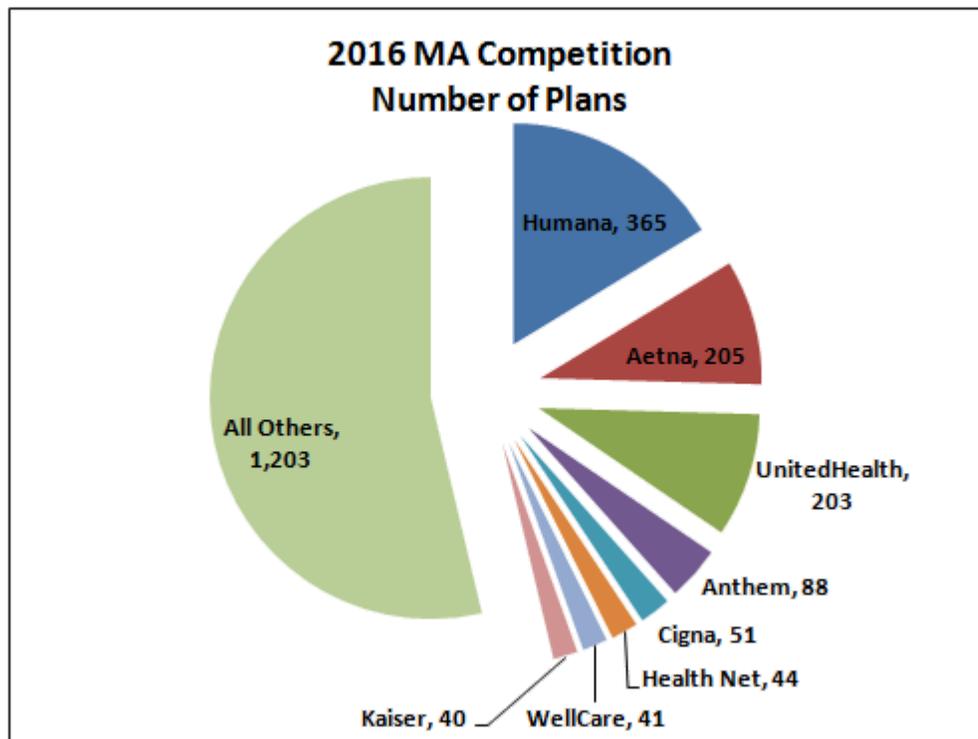
The scatter plot below presents the spread of higher cost premium plans for 2016. The premium points clustered in the lower section of the chart demonstrate a fairly broad array of premiums in this price range. The \$109 plan premium point is most prevalent among higher-priced plans with 14 plans listed.



Source: Mark Farrah Associates' Medicare Benefits Analyzer™ presenting data from CMS Landscape and Plan Finder; excludes employer-sponsored plans. Plans are counted as distinct company records by Contract-Plan-Segment ID without geographic distribution.

2016 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 2016 CMS landscape reports, Humana once again is marketing more MA plans nationwide than any other company with 365 distinct plans. Aetna (including Coventry and other affiliates) is offering 205 plans. UnitedHealth significantly increased its MA plan offerings for 2016 with 203 distinct plans, up from 147 plans last year. Anthem affiliates and the vast majority of other Blue Cross Blue Shield plans offer Medicare Advantage products in their respective markets and some MA plans are collaborative Blues offerings. Cigna, WellCare, Health Net and Kaiser also have a notable presence with respect to their number of plan offerings.



Source: Mark Farrah Associates' Medicare Benefits Analyzer™ presenting data from CMS Landscape and Plan Finder; excludes employer-sponsored plans. Plans are counted as distinct company records by Contract-Plan-Segment ID without geographic distribution.

Star Quality Ratings are now an important factor in the promotion of Medicare Advantage plans. These ratings showcase plans with stellar performance and they also pinpoint poor performers. CMS now attaches financial incentives to the ratings for plans earning four or more stars and Medicare companies often engage consultants to help them improve outcomes and services to boost star ratings.

For 2016, twelve MAPD plans, those that include drug coverage, achieved five star ratings for overall plan performance:

- Cigna Healthcare of Arizona
- Essence Healthcare (IL, MO)
- Group Health Plan (MN, WI)
- Gundersen Health Plan (IA, WI)
- Kaiser Foundation Health Plan of the Mid-Atlantic (VA, MD, DC)
- Kaiser Foundation Health Plan of Colorado
- Kaiser Foundation Health Plan of the NW (OR, WA)
- Kaiser Foundation Health Plan (CA)
- Kaiser Foundation Health Plan (HI)
- Martin's Point Generations (ME, NH)
- Sierra Health and Life Insurance Company (NJ, CO, KS, MA, MD, MI, PA, TX, VA)
- Tufts Associated HMO (MA)

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) maintains data in a comparative database format. MFA's Medicare Benefits Analyzer™ (</products/medicare-benefits-analyzer.aspx>) provides customers with access to the latest Medicare Plan Finder data. 2016 Plan Finder

and Star Quality Ratings data is online now. Subscribers may query tables presenting plan benefit comparisons by state and county or download large datasets using the file export interface. 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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