THE HENRY J. KAISER FAMILY FOUNDATION

MEDICARE ADVANTAGE 2010 DATA SPOTLIGHT

PLAN AVAILABILITY AND PREMIUMS

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The Centers for Medicare and Medicaid Services (CMS) recently released information about the Medicare Advantage plans that will be available in 2010.[1] On average, Medicare beneficiaries will be able to choose from more than 30 Medicare Advantage plans in 2010 -- in addition to the traditional Medicare program. Between 2009 and 2010, the mix of plans offered to beneficiaries will change as firms respond to current and anticipated program changes. Enrollees in Medicare Advantage Prescription Drug (MA-PD) plans who remain in the same plan will see premiums rise by 32 percent, on average.[2] The following summary provides an overview of the Medicare Advantage marketplace, and highlights key changes between 2009 and 2010.

Plan Availability Nationwide

- Nationwide, 2,314 Medicare Advantage plans will be offered in 2010.[3] Of this total, 79 percent are Medicare Advantage Prescription Drug plans (MA-PDs). **(Exhibit 1)**
- Between 2009 and 2010, the total number of Medicare Advantage plans declined by 18 percent, disproportionately reflecting fewer Private Fee-For-Service (PFFS) plan offerings, from 696 PFFS plans in 2009 to 413 PFFS plans in 2010.
    - The drop in PFFS plans is due to the departure of Coventry, Wellcare, and Health Net from the PFFS market, partly in response to a new requirement established by MIPPA,[4] requiring PFFS plans to have formal arrangements with providers (networks) by 2011 unless they operate in a county with two or fewer other plans.
    - The reduction in the number of all types of plans (including PFFS plans) is also due to efforts made by CMS to encourage consolidation of small (fewer than 100 enrollees) and duplicative plans.
- Health Maintenance Organizations (HMOs) remain the most common type of plan in 2010. Fewer HMOs will be offered in 2010 than in 2009 (1,218 versus 1,451) but they account for 53 percent of all Medicare Advantage plans in 2010, about the same share as they did in 2009.[5]
- Fewer Special Needs Plans (SNPs) will be offered in 2010 than in 2009 (435 versus 705). SNPs are available exclusively to beneficiaries who are dually eligible for Medicare and Medicaid (known as the dual eligibles), institutionalized, or have specific chronic conditions.[6] In 2010, nearly half (48 percent) of all SNPs are for the dual eligibles, 35 percent are for beneficiaries with specific chronic conditions, and 17 percent are for institutionalized beneficiaries. **(Exhibit 2)**
    - The reduction in the number of SNPs and the mix of SNPs is likely due to changes in rules for 2010, including new requirements for quality improvement programs, limitations on the types of chronic disease SNPs, and a requirement by MIPPA for many dual-eligible SNPs to contract with State Medicaid agencies.

Medicare Advantage Plan Choices

- All Medicare beneficiaries will have access to a Medicare Advantage plan as an alternative to the traditional fee-for-service Medicare program in 2010; most beneficiaries in both urban and rural areas will have access to a number of different types of plans. Virtually all beneficiaries have access to ten or more Medicare Advantage plans in 2010.[7] **(Exhibit 3)**
- On average, Medicare beneficiaries will be able to choose from among 33 Medicare Advantage plans in 2010, 35 plans in urban areas and 24 plans in rural areas. In addition to Medicare Advantage plans, Medicare beneficiaries can choose from among 45 stand-alone prescription drug plans in 2010, on average.[8] **(Exhibit 4)**
    - The average beneficiary can choose from among 10 HMOs, 13 PFFS plans, 3 local PPOs, and 6 regional PPOs in 2010.[9]

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Market Changes

- Plan withdrawals, like plan offerings, are concentrated among relatively few firms. Changes vary by firm, as each firm implements a unique strategy they perceive will best position them for the future. (**Table A1**) Although some firms are leaving the PFFS market, others are maintaining a large PFFS market presence. For example, Universal American's PFFS plans will be available to 97 percent of beneficiaries, Humana's plans will be available to 78 percent of beneficiaries, and Wellpoint's plans will be available to 64 percent of beneficiaries in 2010. **(Table A2)**
- Firms withdrawing from the PFFS market (such as Coventry and HealthNet) are continuing to offer coordinated care plans (mainly HMOs) and new plans of various types.[10]
- Many firms are expanding their local HMO and PPO offerings in 2010, but incrementally. New plans will be available to only a small additional share of beneficiaries in 2010 compared to 2009. This likely reflects the fact that (1) network development is resource intensive and difficult to do in some areas; (2) HMOs and local PPOs are often offered in many of the same markets because they are often markets that will support provider networks; and (3) insurers may be reluctant to expand significantly when payment reforms are under discussion.
- Some firms, like Kaiser Permanente, are making no changes in their offerings in 2010. Kaiser Permanente will continue to offer only HMO and cost plans.

Monthly Premiums[11]

Medicare beneficiaries enrolled in Medicare Advantage plans generally pay the Part B premium ($110.50 per month in 2010, up from $96.40 in 2009) and often pay an additional monthly premium directly to the plan.[12]

- Among MA-PDs, the average *unweighted* plan premium will be $56 per month in 2010, an increase of $4 per month, or 8 percent, since 2009.[13] This estimate includes the portion of the premium attributable to Part D. Unweighted premiums are simple averages across plans offered in a given year. They show what beneficiaries have available but not necessarily what they prefer or choose. On average, the plans chosen by beneficiaries tend to have lower premiums. Thus, weighted premiums tend to be lower than unweighted premiums. **(Exhibit 5)**
  - The increase in *unweighted* premiums ranges from 1 percent for PFFS plans to 16 percent for HMOs. However, *unweighted* premiums will continue to be lower for HMOs ($40 per month) than PFFS and other plan types in 2010.
- In 2010, the average premium, *weighted by 2009 enrollment,* is $48 per month, up from $36 per month in 2009 for plans continuing in 2010 --- a 32 percent increase.[14] *Weighted* premiums reflect premiums enrollees will pay if they remain in the same plan in 2010; *unweighted* premiums are the average premium of plans that are *available* to beneficiaries without regard to enrollment choices. **(Exhibit 6)**
- Premiums are rising faster for some types of Medicare Advantage plans than others.
  - The average weighted premium for continuing MA-PDs increased 22 percent for HMOs, 37 percent for local PPOs, 55 percent for regional PPOs, and 78 percent for PFFS plans in 2010. **(Table A3)**
- Among MA-PDs offered in both 2009 and 2010, HMOs are far more likely to have no additional premium (other than Part B) than other plan types in 2010; more than half (56%) of current HMO enrollees are in plans that will have no premium in 2010, as compared to 36 percent of enrollees in regional PPOs, 15 percent of enrollees in local PPOs, and only 5 percent of enrollees in PFFS plans.
  - Fewer MA-PD enrollees will be in plans with no premium in 2010 than in 2009, if they stay in their plans --- a decline from 50 percent in 2009 to 43 percent in 2010. A plan with no premium does not necessarily represent the best value for enrollees because out-of-pocket costs are affected by a combination of premiums, covered benefits and cost-sharing requirements. **(Exhibit 7)**
  - The *weighted* average premium for MA-PDs offered in both 2009 and 2010, excluding plans with no premium, will be $82.83 in 2010, up from $72.27 in 2009.

Discussion

Medicare beneficiaries will continue to be able to choose from among dozens of Medicare Advantage plans in 2010, and will have, on average, 33 Medicare Advantage plans from which to choose; some will have as many as 73 Medicare Advantage plans offered in their area, in addition to traditional Medicare. Beneficiaries who decide to remain in their same Medicare Advantage plan in 2010 can expect premium increases of 32 percent, on average, although the magnitude of the increase will obviously vary from plan to plan.

Overall, the total number of Medicare Advantage plans declined from 2009 to 2010. This decline can be attributed to efforts by CMS to simplify the marketplace by eliminating duplicative and low-enrollment plans, and strategic decisions made by insurance companies in anticipation of new requirements for PFFS plans to establish provider networks by 2011. Currently, PFFS plans, unlike HMOs and PPOs, are not required to establish networks, which has made it easier for companies to launch PFFS plans, especially in rural areas.

Looking to the future, it is not clear how insurers will respond to the Medicare Advantage provisions that are under discussion as part of broader health reform legislation. Nor is it clear how their response will vary by plan type or location. Thus, beneficiaries may find it in their interests to review and compare coverage options each year, taking into account premiums, benefits, cost-sharing, and provider networks, to choose the option most likely to meet their individual needs and circumstances.

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[1] See Centers for Medicare and Medicaid Services press release, "Robust Medicare Health and Drug Plan Coverage Continues in 2010; Beneficiary Protections Strengthened," October 1, 2009. CMS indicates that about seven percent of beneficiaries enrolled in MA plans will need to choose a new health plan in 2009. Our estimate differs because this analysis excludes group plans, SNPs, demonstrations, and other selected plans. Group enrollees, for example, were 17.7 percent of all MA enrollees in September 2009, but were not directly affected by changes in open enrollment in ways we were able to identify.

[2] Estimates exclude beneficiaries in SNPs, demonstrations, Health Care Prepayment Plans (HCPPs), Program of All Inclusive Care for the Elderly (PACE) plans, employer-sponsored plans and other plans for selected groups (e.g. Mennonites). The estimates take into account information CMS provided in CMS's "Part C & D Plan Crosswalk" file that shows which 2009 plans are equivalent to those in 2010. The estimates also take into account service area changes. The 2010 Part C & D Plan Crosswalk is available from CMS at [http://www.cms.hhs.gov/PrescriptionDrugCovGenIn/]; last accessed November 3, 2009.

[3] Plan counts and premium calculations exclude SNPs, demonstrations, Health Care Prepayment Plans (HCPPs), Program of All Inclusive Care for the Elderly (PACE) plans, employer-sponsored plans and other plans for selected groups (e.g. Mennonites).

[4] The Medicare Improvements for Patients and Providers Act of 2008 (MIPPA), P.L.110-275.

[5] These counts exclude SNPs, most of which are HMOs.

[6] SNPs are excluded from the description of plans available to beneficiaries and the premiums associated with them because they are only available to beneficiaries that meet the eligibility requirements.

[7] Based on the 99th percentile.

[8] Kaiser Family Foundation, "Medicare Part D Spotlight: Part D Plan Availability in 2010 and Key Changes Since 2006," Oct. 2009.

[9] These numbers are not additive because the mix of plans differs across counties.

[10] Wellcare was still suspended from Medicare Advantage at the time the Landscape file was released by CMS; as a result, the file shows no plans being offered by Wellcare in 2010, but this may not be the case.

[11] Premium calculations are based on Medicare Advantage plans that provide Part D benefits, and include zero premium plans.

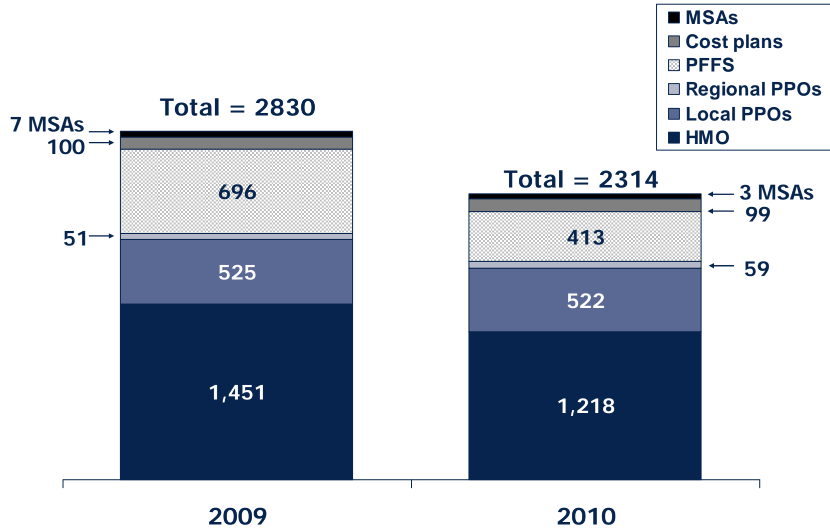
[12] Beneficiaries with high incomes ($85,000/individuals and $170,000/couples) are required to pay a higher premium. Since there is no Social Security cost-of-living adjustment (COLA) in 2010, the "hold harmless provision" would result in most beneficiaries paying in 2010 the same Part B premium they paid in 2009. For more information, see Kaiser Family Foundation, "The Social Security COLA and Medicare Part B premium: Questions, Answers, and Issues," May 2009.

[13] CMS reports average Medicare Advantage premiums will be about $39 per month in 2010, a $7 difference from 2009. The CMS premium estimates may be lower than those reported in this spotlight because this analysis focuses on Medicare Advantage Prescription Drug plans, excluding Medicare Advantage plans that do not cover prescription drugs and thus do not incur those costs. The monthly premiums presented in this spotlight also exclude SNPs and group plans (many of which have no premiums).

[14] Weighted monthly premiums are based on plans available in both 2009 and 2010, weighted for 2009 enrollment, and assume that enrollees remain in the same plan from one year to the next. Final weighted premiums for 2010 will differ if beneficiaries elect to switch plans. The average weighted premium in 2009 was $37 per month for all MA-PD plans.

Exhibit 1

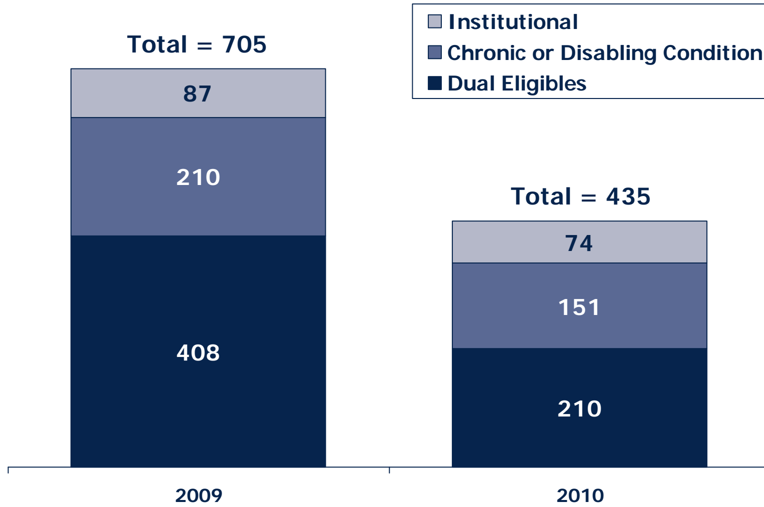
Distribution of Medicare Advantage Plans by Plan Type, 2009-2010



NOTE: Excludes Special Needs Plans (SNPs), demonstrations, Health Care Prepayment Plans (HCPPs), Program of All Inclusive Care for the Elderly (PACE) plans, employer-sponsored (i.e., group) plans, and other plans for selected populations (e.g. Mennonites).
SOURCE: MPR analysis of CMS's Landscape Files for 2009 and 2010 for the Kaiser Family Foundation.

Exhibit 2

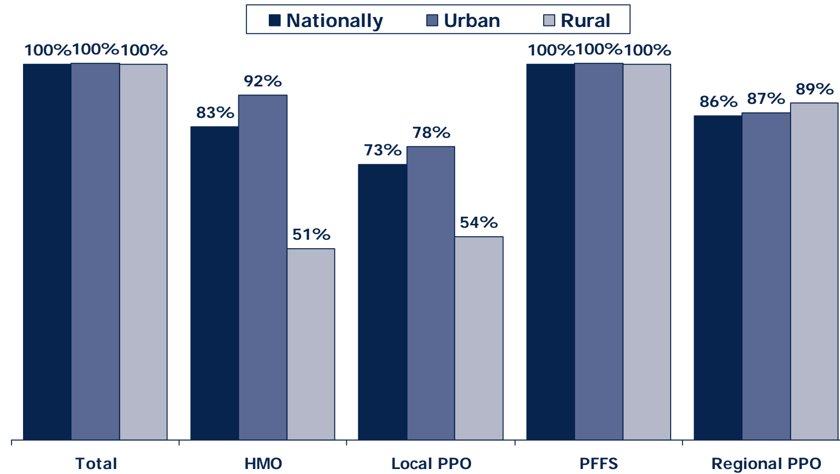
Distribution of Special Needs Plans by Plan Type, 2009-2010



NOTE: Excludes Special Needs Plans (SNPs), demonstrations, Health Care Prepayment Plans (HCPPs), Program of All Inclusive Care for the Elderly (PACE) plans, and employer-sponsored (i.e., group) plans, and other plans for selected populations (e.g. Mennonites).
SOURCE: MPR analysis of CMS's Landscape Files for 2009 and 2010 for the Kaiser Family Foundation.

Exhibit 3

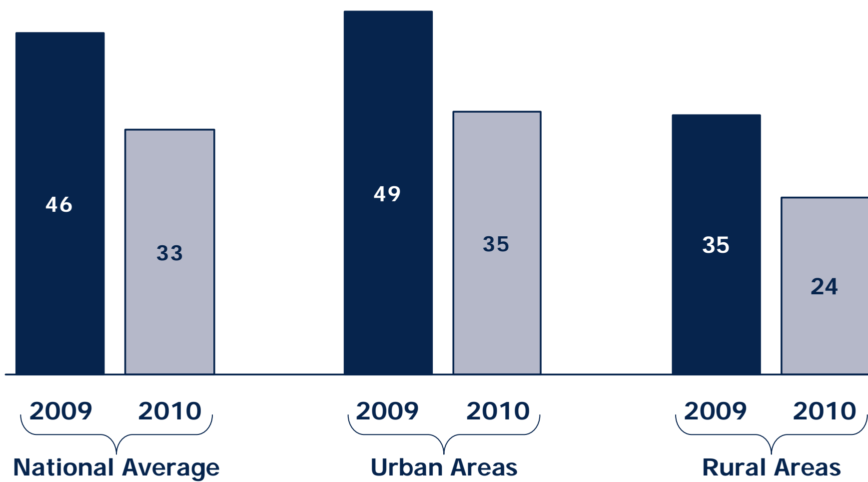
Share of Medicare Beneficiaries with Access to One or More Medicare Advantage Plans, By Plan Type, and Urban/Rural County, 2010



NOTE: Excludes Special Needs Plans (SNPs), demonstrations, Health Care Prepayment Plans (HCPPs), Program of All Inclusive Care for the Elderly (PACE) plans, and employer-sponsored (i.e., group) plans, and other plans for selected populations (e.g. Mennonites), and plans that do not offer Part D benefits. The total includes cost plans, which are not shown separately.
SOURCE: MPR analysis of CMS's Landscape Files for 2009 and 2010 for the Kaiser Family Foundation.

Exhibit 4

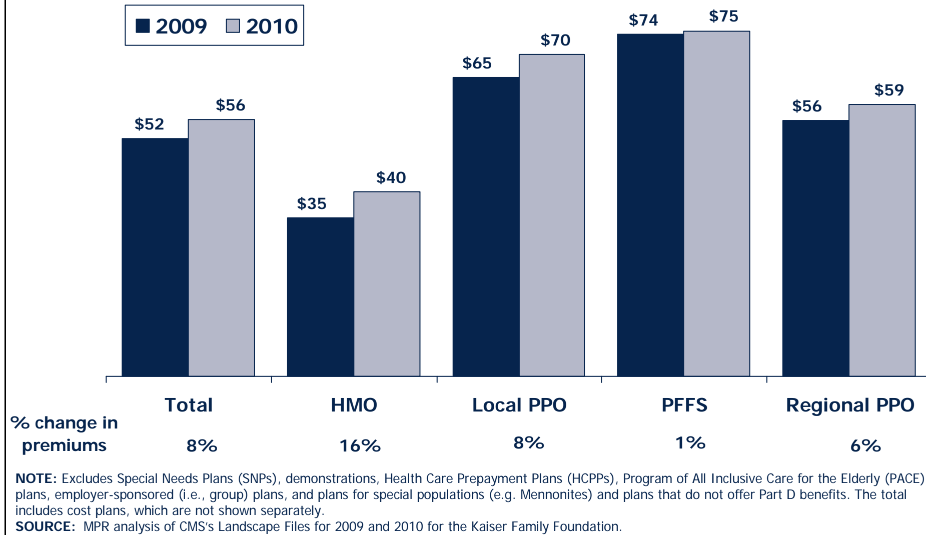
Average Number of Medicare Advantage Plans Available to Beneficiaries in Addition to Traditional Medicare, by Urban/Rural County, 2010



NOTE: Excludes Special Needs Plans (SNPs), demonstrations, Health Care Prepayment Plans (HCPPs), Program of All Inclusive Care for the Elderly (PACE) plans, or employer-sponsored (i.e., group) plans.
SOURCE: MPR analysis of CMS's Landscape Files for 2009 and 2010 for the Kaiser Family Foundation.

Exhibit 5

Unweighted Average Monthly Premiums for Medicare Advantage Prescription Drug Plans, 2009-2010

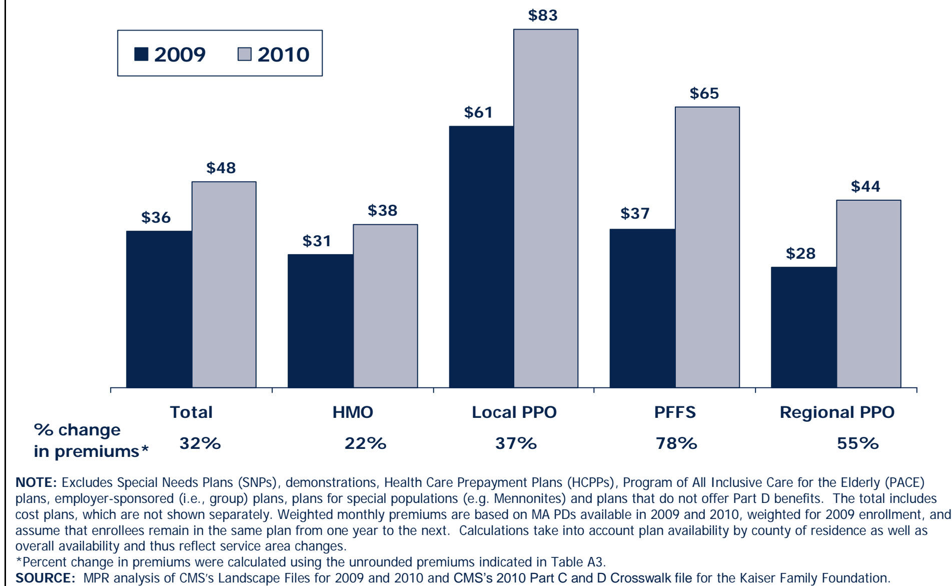


NOTE: Excludes Special Needs Plans (SNPs), demonstrations, Health Care Prepayment Plans (HCPPs), Program of All Inclusive Care for the Elderly (PACE) plans, employer-sponsored (i.e., group) plans, and plans for special populations (e.g. Mennonites) and plans that do not offer Part D benefits. The total includes cost plans, which are not shown separately.
SOURCE: MPR analysis of CMS's Landscape Files for 2009 and 2010 for the Kaiser Family Foundation.

Exhibit 6

Weighted Average Monthly Premiums for Medicare Advantage Prescription Drug Plans, Total and by Plan Type, 2009-2010

(Weighted for 2009 Enrollment, Includes Plans Available Both Years)

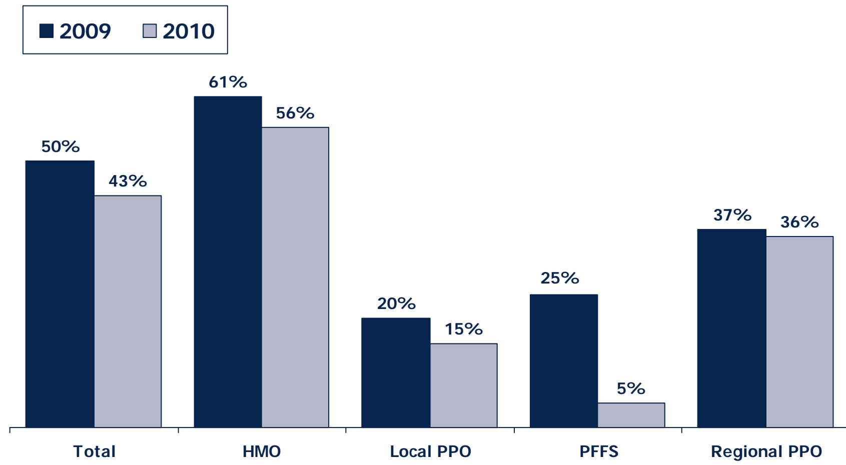


NOTE: Excludes Special Needs Plans (SNPs), demonstrations, Health Care Prepayment Plans (HCPPs), Program of All Inclusive Care for the Elderly (PACE) plans, employer-sponsored (i.e., group) plans, plans for special populations (e.g. Mennonites) and plans that do not offer Part D benefits. The total includes cost plans, which are not shown separately. Weighted monthly premiums are based on MA PDs available in 2009 and 2010, weighted for 2009 enrollment, and assume that enrollees remain in the same plan from one year to the next. Calculations take into account plan availability by county of residence as well as overall availability and thus reflect service area changes.
*Percent change in premiums were calculated using the unrounded premiums indicated in Table A3.
SOURCE: MPR analysis of CMS's Landscape Files for 2009 and 2010 and CMS's 2010 Part C and D Crosswalk file for the Kaiser Family Foundation.

Exhibit 7

Share of Enrollees in Medicare Advantage Prescription Drug Plans with No Premium, Total and by Plan Type, 2009-2010

(Weighted for 2009 Enrollment, Includes Plans Available Both Years)



NOTE: Excludes Special Needs Plans (SNPs), demonstrations, Health Care Prepayment Plans (HCPPs), Program of All Inclusive Care for the Elderly (PACE) plans, employer-sponsored (i.e., group) plans, plans for special populations (e.g. Mennonites) and plans that do not offer Part D benefits. The total includes cost plans, which are not shown separately. Number of plans with no premium are based on MA-PDs available in 2009 and 2010. Calculations take into account plan availability by county of residence as well as overall availability and thus reflect service area changes.
SOURCE: MPR analysis of CMS's Landscape Files for 2009 and 2010 and CMS's 2010 Part C and D Crosswalk file for the Kaiser Family Foundation.

Table A1. Number of Plans and Premiums for Medicare Advantage Plans, by Firm and Plan Type, 2009-2010.

	All MA		HMO		Local PPO		PFFS		Regional PPO		Cost	
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
Number of Plans												
Humana	358	396	80	84	74	125	173	149	31	38	0	0
United HealthCare	220	173	170	136	21	16	21	13	8	8	0	0
Kaiser Permanente	32	39	21	28	0	0	0	0	0	0	11	11
BCBS	262	206	83	72	117	97	52	26	1	1	9	10
WellPoint	60	68	25	25	12	19	18	16	5	8	0	0
Coventry	102	67	53	41	32	26	17	0	0	0	0	0
Health Net	117	48	40	39	7	9	69	0	1	0	0	0
Aetna	208	116	120	71	63	39	20	6	5	0	0	0
Universal American	130	178	20	14	40	48	70	116	0	0	0	0
Other	1180	1020	748	708	158	143	194	87	0	4	80	78
Average Premium (Unweighted)												
Humana	$58.66	$51.62	$12.45	$11.18	$42.94	$48.63	$82.16	$68.89	$54.18	$84.58	N/A	N/A
United HealthCare	$18.08	$17.78	$20.41	$19.55	$11.91	$7.67	$6.50	$20.57	$0.00	$2.48	N/A	N/A
Kaiser Permanente	$57.49	$56.48	$58.38	$56.61	N/A	N/A	N/A	N/A	N/A	N/A	$53.76	$55.76
BCBS	$72.70	$94.69	$58.24	$82.62	$68.11	$97.78	$98.75	$113.59	$58.60	$57.30	$86.73	$86.30
WellPoint	$21.43	$34.63	$18.67	$23.05	$31.58	$47.67	$11.11	$48.31	$27.20	$17.83	N/A	N/A
Coventry	$26.63	$13.63	$24.99	$13.38	$31.98	$14.00	$13.86	N/A	N/A	N/A	N/A	N/A
Health Net	$70.48	$81.61	$73.04	$84.56	$55.40	$67.29	$70.91	N/A	$65.00	N/A	N/A	N/A
Aetna	$71.63	$70.97	$46.01	$48.96	$100.89	$109.37	$96.20	$48.67	$164.25	N/A	N/A	N/A
Universal American	$47.14	$68.92	$11.94	$23.56	$34.23	$60.60	$70.77	$82.86	N/A	N/A	N/A	N/A
Other	$54.20	$55.55	$38.59	$41.82	$86.24	$87.82	$70.01	$75.46	N/A	$41.25	$141.73	$143.55

NOTE: Wellpoint Inc. plans are offered by the companies' Blues branded entities (e.g., Anthem and other companies among the 39 BCBS affiliated organizations) and those offered separately through non Blues branded entities (e.g., UniCare, under which most PFFS plans are offered). To avoid double-counting, BCBS' Wellpoint affiliated Blues plans are included in the Wellpoint counts and not duplicated in the BCBS totals, which therefore understate how available BCBS are nationwide. For example, in 2008, BCBS affiliated plans were available to 80% of beneficiaries versus 53% of beneficiaries when Wellpoint BCBS affiliated plans were excluded from the BCBS total. Total number of plans for Coventry excludes 3 MSAs in 2009; Coventry is not offering MSA plans in 2010. The total for "other" plans excludes 4 MSAs for 2009 and 3 MSAs for 2010. Excludes group and SNP enrollment, as well as plan types not indicated.

SOURCE: Mathematica analysis for Kaiser Family Foundation using CMS's 2010 Landscape file and various other public data files.

Table A2. Percent of Beneficiaries with Access to at least one Medicare Advantage Plan, by Selected Firms and Plan Types, 2009-2010.

	Humana		United HealthCare		Kaiser Permanente		BCBS		Wellpoint		Coventry		Health Net		Aetna		Universal American	
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
At least one plan	84%	83%	81%	73%	15%	15%	53%	48%	76%	76%	85%	16%	31%	12%	51%	35%	97%	97%
Any local CCP	35%	46%	50%	47%	12%	12%	40%	40%	19%	19%	16%	16%	12%	12%	33%	31%	5%	11%
HMO	17%	22%	46%	45%	12%	12%	25%	25%	18%	16%	10%	11%	11%	11%	33%	31%	4%	4%
Local PPO	27%	37%	11%	7%	0%	0%	29%	31%	11%	11%	11%	10%	2%	2%	27%	19%	5%	11%
PFFS	84%	78%	53%	35%	0%	0%	28%	20%	64%	64%	85%	0%	23%	0%	28%	7%	97%	97%
Regional PPO	60%	60%	19%	19%	0%	0%	4%	4%	18%	18%	0%	0%	2%	0%	5%	0%	0%	0%
Cost	0%	0%	0%	0%	3%	3%	2%	2%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

NOTE: Local CCPs are local coordinated care plans, and include HMOs, local PPOs. Wellpoint Inc. plans are offered by the companies' Blues branded entities (e.g., Anthem and other companies among the 39 BCBS affiliated organizations) and those offered separately through non Blues branded entities (e.g., UniCare, under which most PFFS plans are offered). To avoid double-counting, BCBS' Wellpoint affiliated Blues plans are included in the Wellpoint counts and not duplicated in the BCBS totals, which therefore understate how available BCBS are nationwide. For example, in 2008, BCBS affiliated plans were available to 80% of beneficiaries versus 53% of beneficiaries when Wellpoint BCBS affiliated plans were excluded from the BCBS total. Excludes group and SNP enrollment, as well as plan types not indicated.

SOURCE: Mathematica analysis for Kaiser Family Foundation using CMS's 2010 Landscape file and various other public data files.

Table A3. Average Monthly Premiums for Medicare Advantage Prescription Drug Plans (MA-PDs), Weighted by 2009 Enrollment, 2009-2010.

	All MA	HMO	Local PPO	Regional PPO	PFFS	Cost
Average Premiums, Weighted by 2009 Enrollment						
2009 Premiums, all plans	**$37.21**	**$30.79**	**$63.28**	**$29.24**	**$40.61**	**$126.38**
Departing plans, 2009	$44.04	$27.74	$94.42	$87.23	$47.09	--
Remaining plans, 2009	$36.42	$30.98	$60.78	$28.15	$36.77	$126.38
2010 Premiums for 2009 remaining plans	**$48.00**	**$37.93**	**$83.35**	**$43.69**	**$65.37**	**$138.70**
Percent change in premiums for plans available in both 2009 and 2010	**32%**	**22%**	**37%**	**55%**	**78%**	**10%**
Percent of Plans with No Premiums, Among Plans Available in Both 2009 and 2010						
2009	49.6%	61.4%	20.3%	36.8%	24.7%	2.2%
2010	43.1%	55.7%	15.5%	35.5%	4.5%	2.2%
Net change in percent of plans with no premiums	**-6.5%**	**-5.7%**	**-4.8%**	**-1.3%**	**-20.2%**	**0.0%**
Average Premiums, Among Plans with Premiums and Available in Both 2009 and 2010*						
2009	$72.27	$80.21	$76.22	$44.52	$48.81	$129.23
2010	$82.83	$88.32	$97.65	$66.08	$67.74	$141.74

NOTE: * These counts involve more enrollees in 2010 than 2009 because a larger share of plans remaining in 2010 have a premium for their MA-PD in 2010 than 2009. The 2010 counts include some enrollees in 2009 plans that are available in 2010, but the enrollees are not included in the comparable 2009 statistic because their plan had no premium in 2009. Analysis excludes group and SNP enrollment, as well as plan types not indicated.

SOURCE: Mathematica analysis for Kaiser Family Foundation using CMS's 2010 Landscape file, CMS's 2010 Part C and D Crosswalk file, and various other public data files.

This publication (#8007) is available on the Kaiser Family Foundation's website at www.kff.org.