

Medicare Advantage Enrollment Trends and Insights

1st Annual Medicare Advantage Enrollment Study & Projection

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CSG Actuarial

Introduction

Medicare Advantage (“MA”) is the private plan alternative to traditional Medicare. MA enrollment has seen significant growth over the past decade, growing from 12 million in 2011 to a little over 27 million currently. The growth in MA can be explained by a variety of factors. With the obvious demographic tailwinds, carriers are expanding into new counties to capture the opportunity. As a result of increased competition, plan benefits and supplemental benefit offerings are becoming increasingly attractive to beneficiaries especially when compared to the Original Medicare. The purpose of this report is to provide an overview of Medicare Advantage growth broken down by various levels of detail such as state, plan types and parent organization comparing to the overall Medicare population.

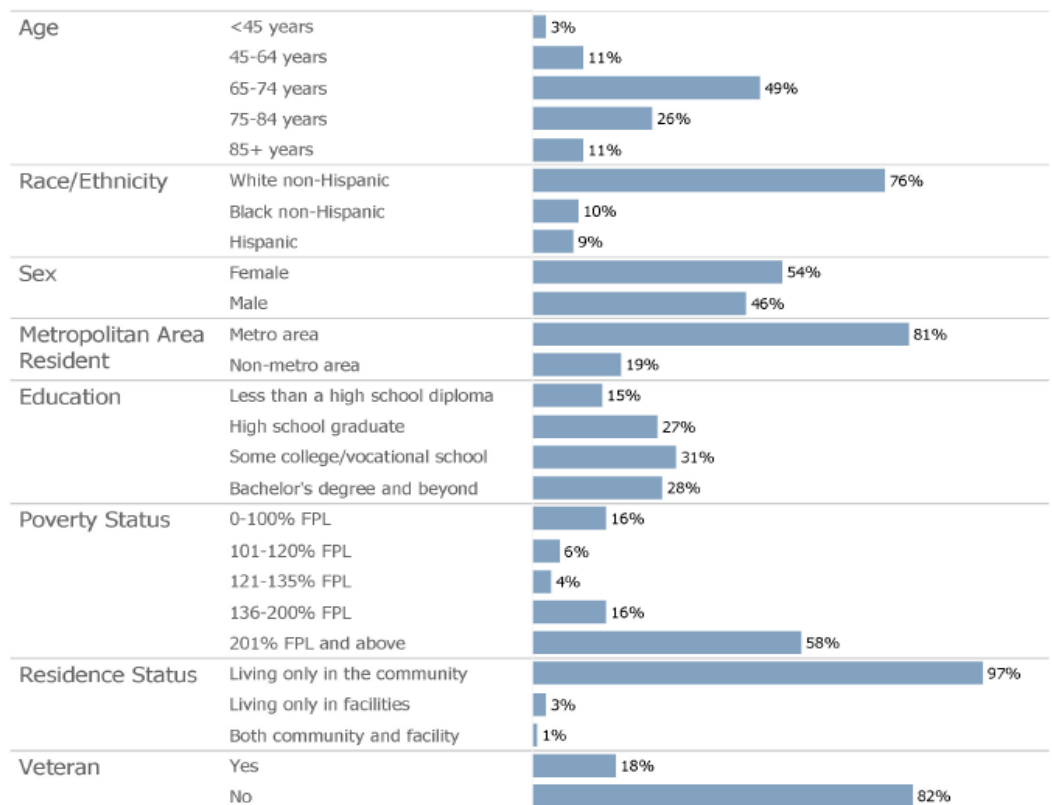
Source

1. 2018 Medicare Current Beneficiary Survey

Overall Medicare Population Demographic Statistics

First, it is important to understand the demographic characteristics of the broader Medicare population. The following table is from the 2018 Medicare Current Beneficiary Survey (“MCBS”).

Demographic and Socioeconomic Characteristics of All Medicare Beneficiaries, 2018



Notes: Percentages may not sum to 100 percent due to rounding. See the Detailed Tables for complete point estimates and standard errors in the Exhibit. For definitions of key terms and information on the construction of measures, see the Appendices. Beneficiaries who received a Community interview answered questions themselves or by proxy. A facility staff member, such

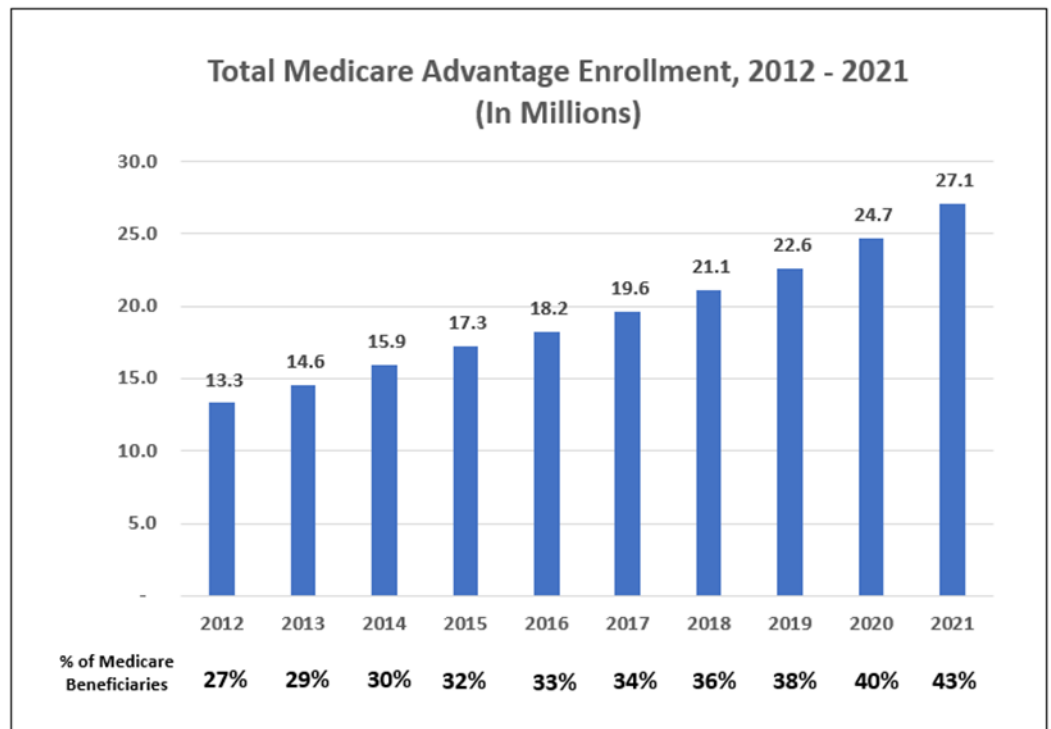
as a nurse, always answered questions about the beneficiary for Facility interviews. Estimates are not presented for the "other race/ethnicity" category, although they are included in the denominator. FPL stands for Federal Poverty Level.

Sources

1. CMS.gov, Monthly Summary Report, February file of each year. Includes beneficiaries enrolled in employer/union only group plans, SNP plans.
2. Number of Medicare Beneficiaries for % calculation from MA Penetration February file of each year

Medicare Advantage Historical Growth

MA Enrollment has more than doubled over the past decade reaching 27.1 million beneficiaries in early 2021.



A recent AHIP report cites 94% of beneficiaries who choose MA are satisfied with their plans. MA plans can offer additional benefits and coordination of care. Seniors with health conditions increasingly find the benefits of the care management that Medicare Advantage plans can provide. As Seniors increase in age may, they may find themselves in a Medicare Supplement plan that is increasingly unaffordable and with a limited flexibility to switch to a new Medicare Supplement plan due to health conditions hindering their ability to pass health underwriting. In addition, MA plans are increasingly enticing to consumers.

Source

1. Kaiser Family Foundation. <https://www.kff.org/medicare/issue-brief/medicare-advantage-2021-spotlight-first-look/>

MA Plan Choices in 2021 Continue to Increase

Medicare Advantage plans offer consumers additional benefits beyond what a consumer can receive from Original Medicare. MA plan choices and the breadth of supplemental benefits exhibited increases in 2021 plan year:

- The average Medicare beneficiary has access to 33 Medicare Advantage plans in 2021, up from 28 the prior year.
- 3,550 MA plans are available nationwide in 2021 and increase of 13% increase.
- 89% of MA plans available for individual enrollment include Prescription Drug Coverage
- 96% of Medicare beneficiaries have access to a MAPD with no monthly premium.
- Extra benefits not offered by Traditional Medicare continue to be strengthened:
 - 68% of MA plans include Fitness, Dental, Vision & Hearing benefits
 - 98% of MA plans offer telehealth.
 - 75% offer over the counter ("OTC") benefit
 - 55% offer some sort of meal benefit such as meal delivery, nutrition education.
 - 36% offer transportation services

Source

1. CMS.gov, Monthly Report by Contract, February files for each year.

Historical Growth by Plan Type

Enrollment in Local PPOs (LPPOs) has averaged year-over-year growth of around 18% since 2017. In comparison, HMOs while increasing have only averaged around 8% year-over-year growth.

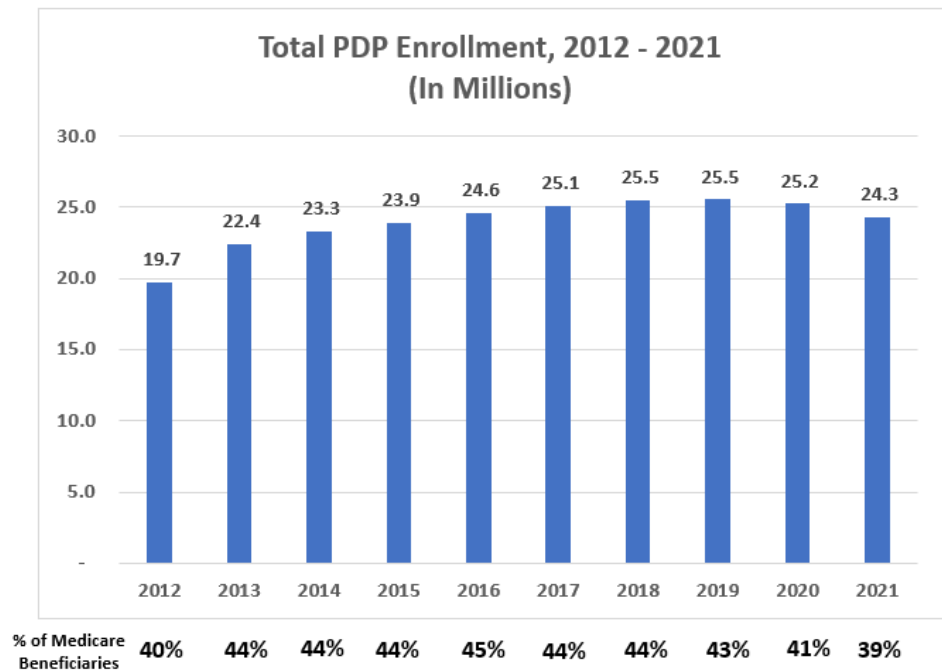
(Enrollment in Millions)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
HMO	11.8	12.3	13.1	14.0	15.2	16.3
Local PPO	4.2	5.0	5.7	6.9	7.9	9.4
Regional PPO	1.3	1.4	1.3	1.3	1.2	1.0
PFFS	0.2	0.2	0.2	0.1	0.1	0.1
Cost	0.6	0.6	0.6	0.2	0.2	0.2
Total	18.1	19.5	21.0	22.5	24.5	27.0

As noted in the table above, enrollment in local PPO plans have shown substantial growth. PPO plans offer broader provider access and the ability for beneficiaries to travel outside of service areas. Increased network flexibility coupled with rich supplemental benefits, maximum out-of-pocket protection, the ability to include prescription drug coverage and the low to \$0 premium options common in many markets make PPOs a strong option compared to Original Medicare plus a Medicare Supplement.

Prescription Drug Plan Enrollment (PDP):

In contrast to MA's explosive growth, PDP enrollment has contracted over the past few years.

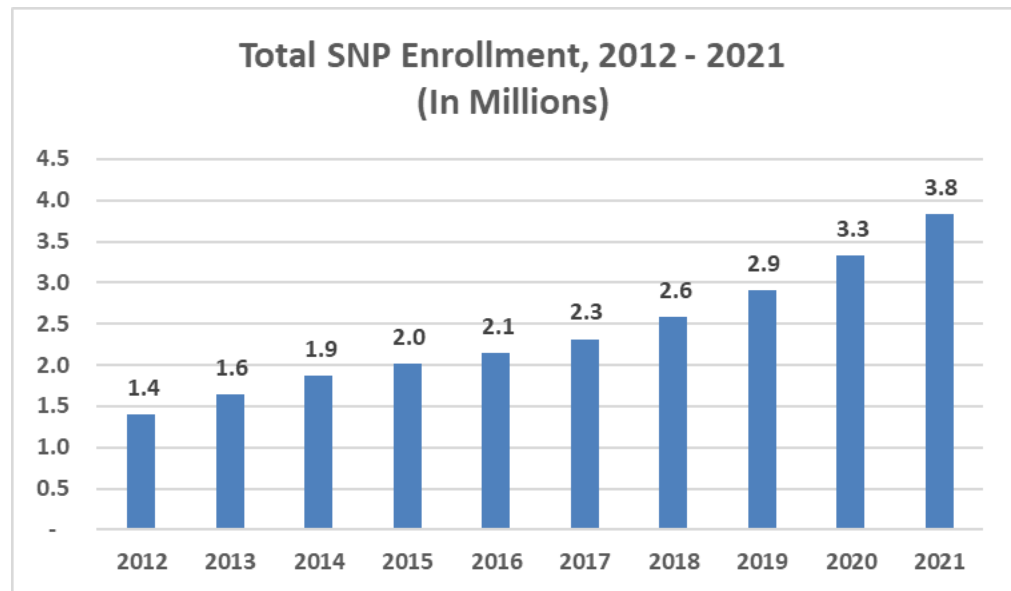


With the noted decrease in PDP membership alongside the increase in enrollment in MA local PPO plans, this would indicate a potential deceleration of Medicare Supplement growth. Med Supp data for the year ended December 31, 2020 will not be known until the National Association of Insurance Commissioners (NAIC) publishes 2020 data later this year.

One useful data point is the public comments from Medicare Supplement market leader, UnitedHealth Group. At their recent [Investor Conference](#), United made the following comment of note: "United anticipates a slowing of the Medicare Supplement market due to increased competitiveness in the Medicare Advantage market."

Special Needs Plans (SNPs):

In 2021, nearly 4 million beneficiaries are enrolled in SNPs. SNPs restrict enrollment to beneficiaries with a specific circumstance such as being dually eligible for Medicare and Medicaid (D-SNPs), individuals with specific chronic conditions (C-SNPs) or in long-term care institutions (I-SNPs). In 2021, SNP enrollment increased 15% over the prior year. Carriers continue to see the opportunity in SNPs as they offer a year-round enrollment opportunity.



Source

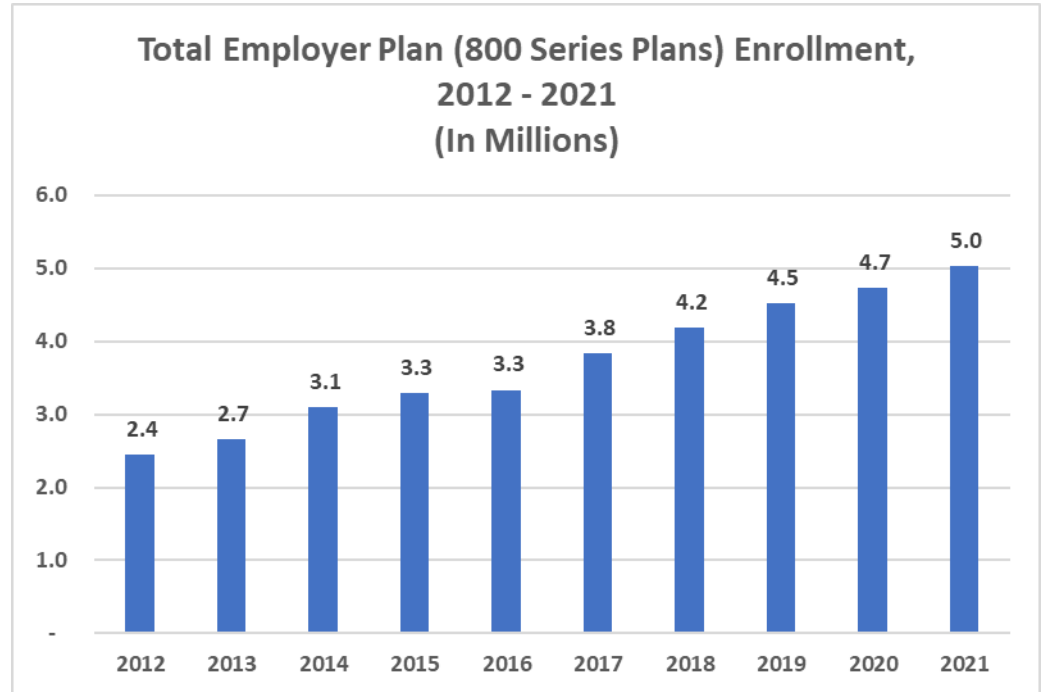
1. CMS.gov, 2021_02 SNP Comprehensive Data Report

Further breaking down the current SNP enrollment by SNP plan type as of February 2021 enrollment:

SNP Type	Number of Contracts	Number of Plans	Subtotal Enrollment
Chronic or Disabling Condition (C-SNP)	76	214	388,151
Dual-Eligible (D-SNP)	272	627	3,353,687
Institutional (I-SNP)	82	174	87,830
Totals	430	1,015	3,829,668

Employer Group Plans:

While Individual MA represents most of the enrollment, employer-group retiree programs, also known as Medicare Advantage Employer Group Waiver Plans (MA-EGWP), continue to experience steady enrollment increases.

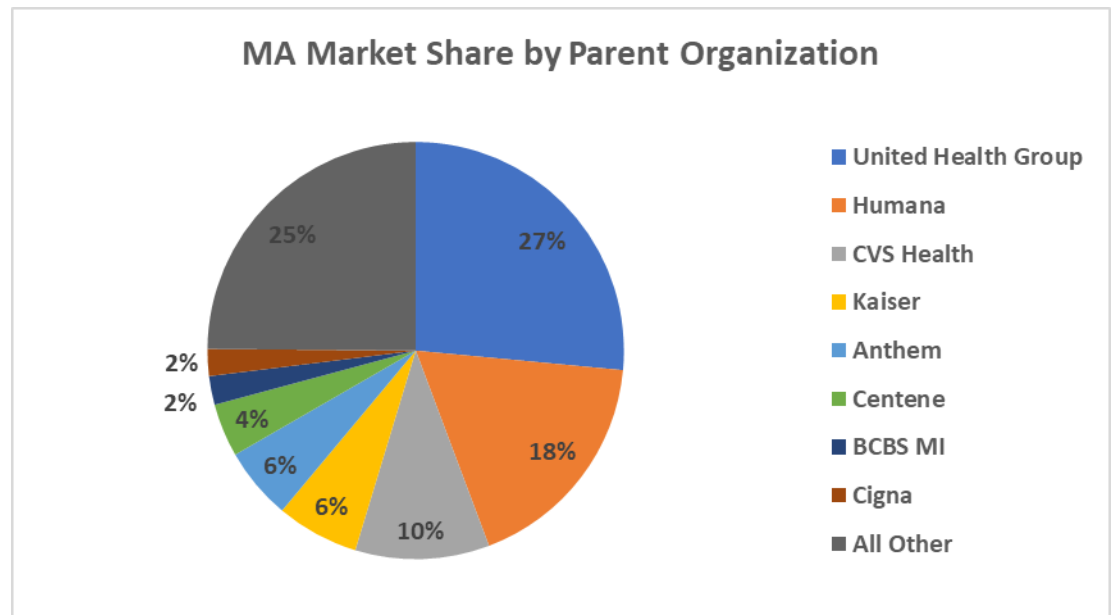


Source

1. CMS.gov, 2021_02 MA Enrollment by State/County/Contract

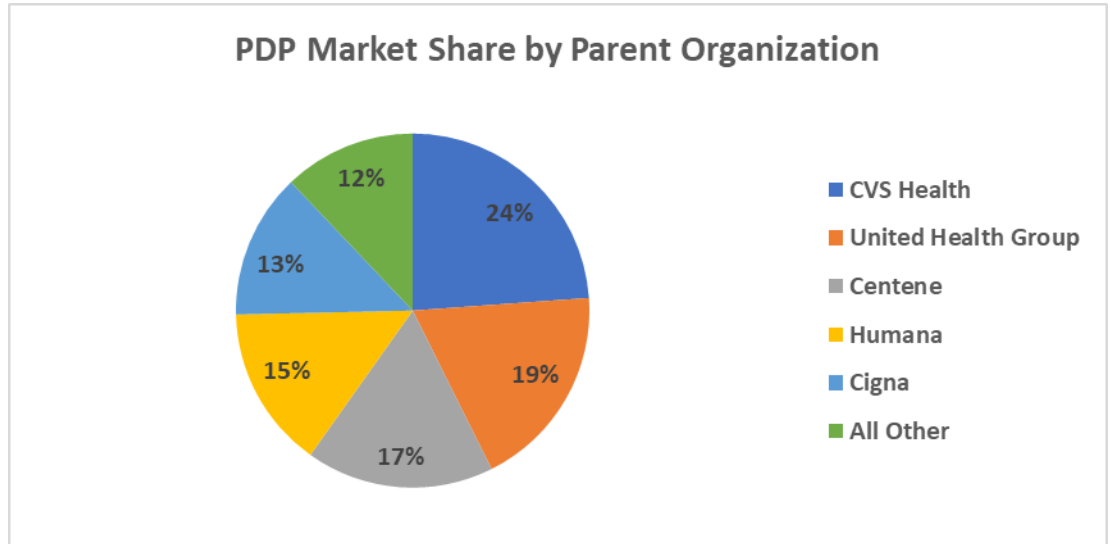
Market Share by Parent Organization

MA market share is highly concentrated among six large carriers which command over 70% market share. The following table shows Market Share at the Parent Organization level.



Source

1. CMS.gov, 2021_02 PDP Enrollment by State/County/Contract



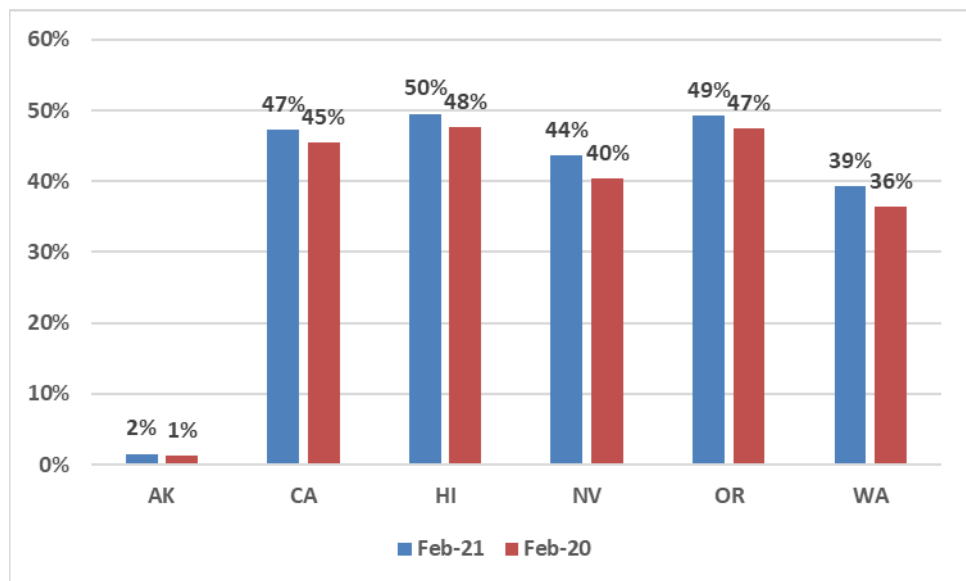
Source

1. CMS.gov, 2021_02 and 2020_02 Monthly Report by State files

Regional, State & Local Insight

Viewing the MA market on a National scale is important to understand the macro trends. However, MA is very much a competitive battle on a local level. The below tables show further insight by state. For purposes of isolating the various regions, we have grouped the states by the eight Bureau of Economic Analysis regions (New England, Mideast, Great Lakes, Plains, Southeast, Southwest, Rocky Mountain, Far West). The below tables show the February year-over-year by state percentage enrolled in Medicare Advantage. Every single state, plus D.C. exhibited an increase in the percentage enrolled in MA year-over-year.

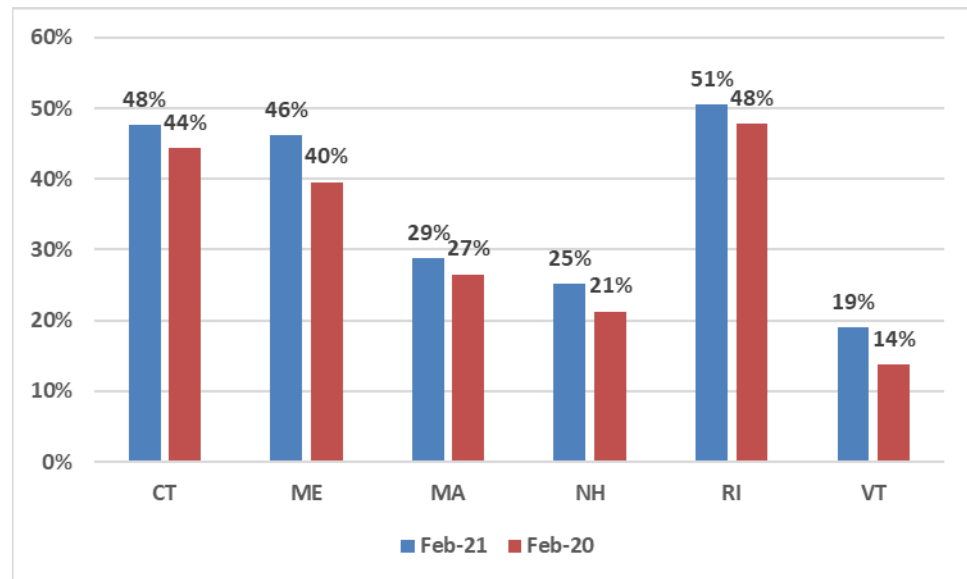
Far West (AK, CA, HI, NV, OR, WA)



The table below shows the year-over-year % change in Medicare Eligibles and MA Enrolled. All Far West states are exhibiting MA enrollment year-over-year growth at a higher pace than Medicare Eligibles:

State	Year over Year Growth		Parent Org MA Leader
	Medicare Eligibles	MA Enrolled	
AK	4%	24%	CVS Health
CA	2%	6%	Kaiser Foundation
HI	3%	7%	UnitedHealth
NV	3%	11%	UnitedHealth
OR	3%	6%	UnitedHealth
WA	3%	11%	UnitedHealth

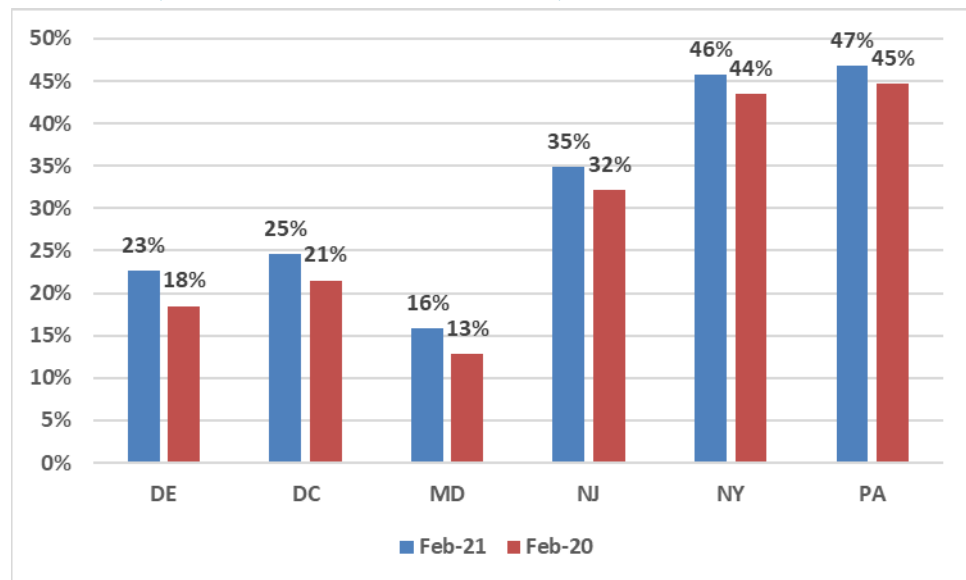
New England (CT, ME, MA, NH, RI, VT)



The table below shows the year-over-year % change from Feb 2020 to Feb 2021 in Medicare Eligibles and MA Enrolled. All New England states are exhibiting MA enrollment year-over-year growth at a higher pace than Medicare Eligibles:

State	Year over Year Growth		Parent Org MA Leader
	Medicare Eligibles	MA Enrolled	
CT	2%	9%	UnitedHealth
ME	3%	20%	Martin’s PointHealth Care
MA	2%	10%	Health PlanHoldings
NH	3%	22%	UnitedHealth
RI	2%	9%	BCBS of Rhode Island
VT	3%	41%	UnitedHealth

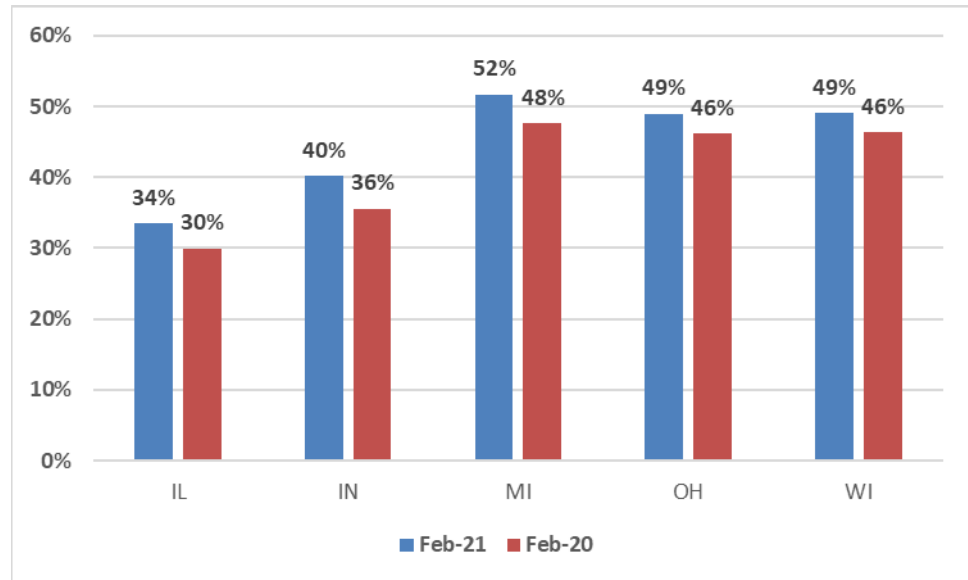
Mideast (DE, DC, MD, NJ, NY, PA)



The table below shows the year-over-year % change from Feb 2020 to Feb 2021 in Medicare Eligibles and MA Enrolled. All Mideast states are exhibiting MA enrollment year-over-year growth at a higher pace than Medicare Eligibles:

State	Year over Year Growth		Parent Org MA Leader
	Medicare Eligibles	MA Enrolled	
DE	3%	27%	CVS Health
DC	0%	14%	UnitedHealth
MD	2%	27%	Kaiser Foundation
NJ	1%	10%	CVS Health
NY	1%	6%	UnitedHealth
PA	1%	6%	CVS Health

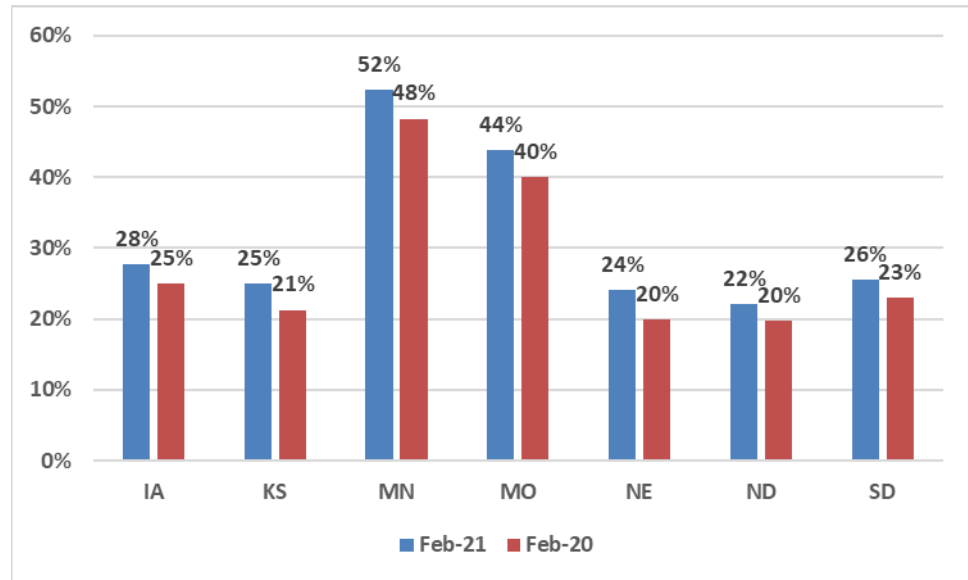
Great Lakes (IL, IN, MI, OH, WI)



The table below shows the year-over-year % change from Feb 2020 to Feb 2021 in Medicare Eligibles and MA Enrolled. All Great Lakes states are exhibiting MA enrollment year-over-year growth at a higher pace than Medicare Eligibles:

State	Year over Year Growth		Parent Org MA Leader
	Medicare Eligibles	MA Enrolled	
IL	1%	14%	UnitedHealth
IN	2%	15%	UnitedHealth
MI	2%	11%	BCBS of Michigan
OH	1%	8%	Anthem
WI	2%	9%	UnitedHealth

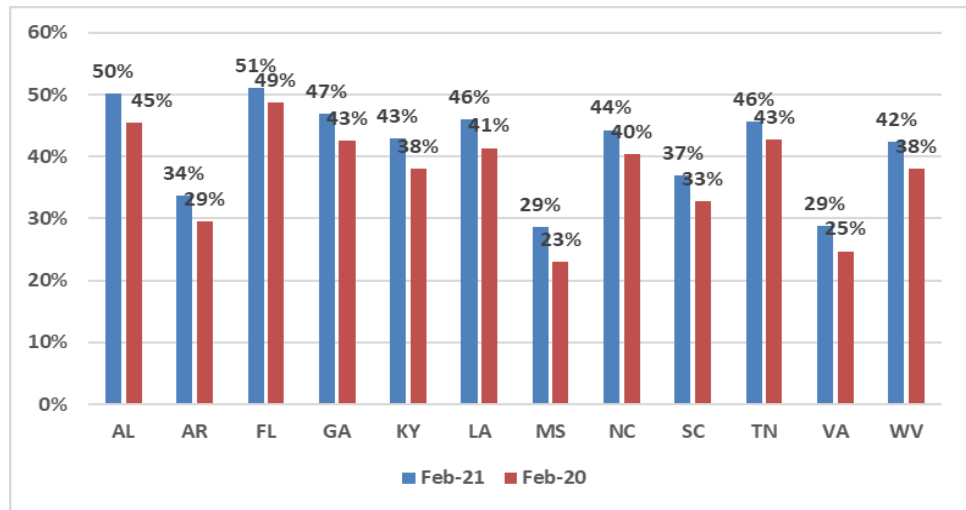
Plains (IA, KS, MN, MO, NE, ND, SD)



The table below shows the year-over-year % change from Feb 2020 to Feb 2021 in Medicare Eligibles and MA Enrolled. All Plains states are exhibiting MA enrollment year-over-year growth at a significantly higher pace than Medicare Eligibles:

State	Year over Year Growth		Parent Org MA Leader
	Medicare Eligibles	MA Enrolled	
IA	2%	13%	UnitedHealth
KS	2%	20%	CVS Health
MN	2%	12%	Aware Integrated (BCBS MN)
MO	2%	11%	UnitedHealth
NE	2%	20%	UnitedHealth
ND	2%	33%	Medica
SD	2%	12%	Medica

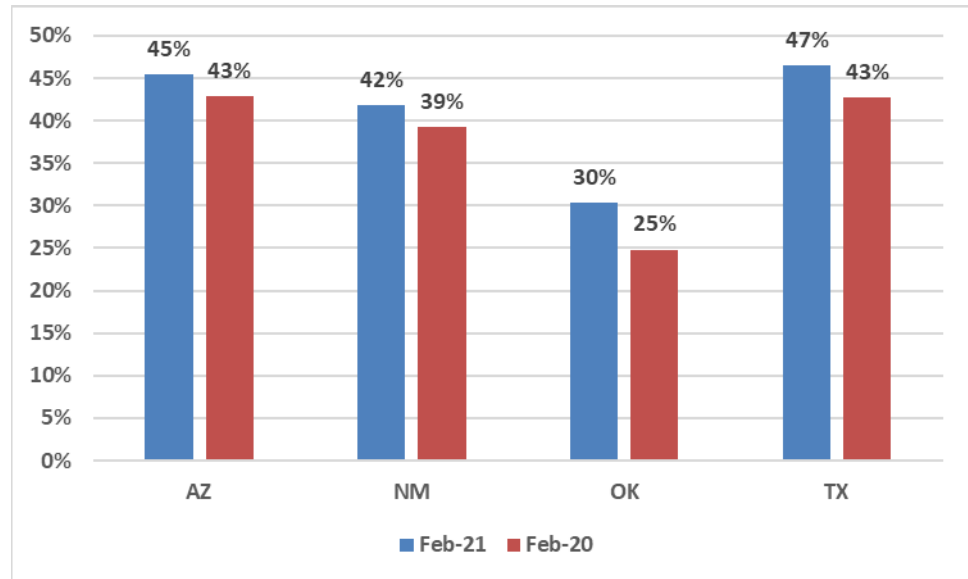
Southeast (AL, AR, FL, GA, KY, LA, MS, NC, SC, TN, VA, WV)



The table below shows the year-over-year % change from Feb 2020 to Feb 2021 in Medicare Eligibles and MA Enrolled. All Southeast states are exhibiting MA enrollment year-over-year growth at a higher pace than Medicare Eligibles:

State	Year over Year Growth		Parent Org MA Leader
	Medicare Eligibles	MA Enrolled	
AL	1%	12%	Humana
AR	1%	16%	UnitedHealth
FL	3%	8%	Humana
GA	2%	13%	UnitedHealth
KY	1%	15%	Humana
LA	1%	13%	Humana
MS	1%	26%	Humana
NC	2%	12%	Humana
SC	3%	16%	UnitedHealth
TN	2%	9%	BCBS of Tennessee
VA	2%	23%	Humana
WV	1%	14%	Humana

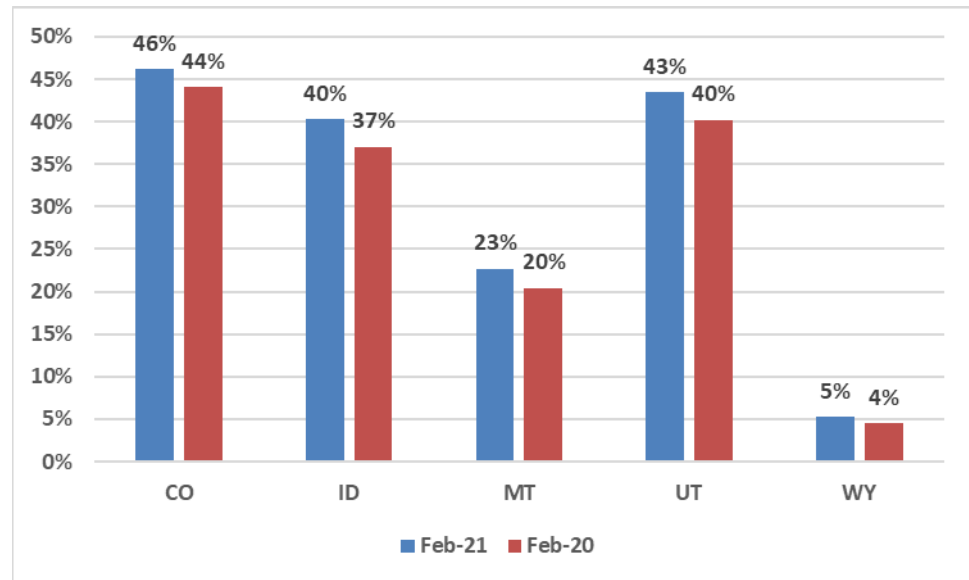
Southwest (AZ, NM, OK, TX)



The table below shows the year-over-year % change from Feb 2020 to Feb 2021 in Medicare Eligibles and MA Enrolled. All Southwest states are exhibiting MA enrollment year-over-year growth at a higher pace than Medicare Eligibles:

State	Year over Year Growth		Parent Org MA Leader
	Medicare Eligibles	MA Enrolled	
AZ	3%	9%	UnitedHealth
NM	2%	9%	Presbyterian Healthcare
OK	2%	24%	UnitedHealth
TX	3%	12%	UnitedHealth

Rocky Mountain (CO, ID, MT, UT, WY)



The table below shows the year-over-year % change from Feb 2020 to Feb 2021 in Medicare Eligibles and MA Enrolled. All Rocky Mountain states are exhibiting MA enrollment year-over-year growth at a higher pace than Medicare Eligibles:

State	Year over Year Growth		Parent Org MA Leader
	Medicare Eligibles	MA Enrolled	
CO	3%	11%	UnitedHealth
ID	4%	13%	Blue Cross of Idaho
MT	3%	14%	Humana
UT	3%	12%	UnitedHealth
WY	3%	26%	UnitedHealth

Top 25 Counties by Medicare Eligibles

The tables below isolate the 25 largest counties for Medicare eligibles shows penetration rate and the top 3 market share carriers. The next table below shows the year-over-year % change from Feb 2020 to Feb 2021 in Medicare Eligibles and MA Enrolled. As the table shows, even in the large counties where MA penetration is already high, enrollment Medicare Advantage in each of these counties is growing at a faster clip than the Medicare beneficiaries. This can only mean that MA is winning against other plan types.

State Name	County Name	Medicare Eligibles	% Enrolled in MA	Market Share by Parent Organization		
				#1	#2	#3
California	Los Angeles	1,530,578	53%	Kaiser	SCAN Group	UnitedHealth Group
Illinois	Cook	830,872	36%	Humana	UnitedHealth Group	HCSC
Arizona	Maricopa	724,323	48%	UnitedHealth Group	Humana	Cigna
Texas	Harris	567,283	55%	UnitedHealth Group	Centene	CVS Health
California	San Diego	549,663	52%	Kaiser	UnitedHealth Group	SCAN Group
California	Orange	523,973	54%	Kaiser	UnitedHealth Group	SCAN Group
Florida	Miami-Dade	478,159	73%	UnitedHealth Group	Anthem	Humana
California	Riverside	391,054	61%	Kaiser	UnitedHealth Group	SCAN Group
New York	Kings	378,477	49%	Healthfirst, Inc	UnitedHealth Group	EmblemHealth
Nevada	Clark	373,704	49%	UnitedHealth Group	Humana	CVS Health
New York	Queens	371,869	53%	UnitedHealth Group	Healthfirst, Inc	Anthem
Florida	Broward	334,717	61%	Humana	UnitedHealth Group	CVS Health
Florida	Palm Beach	333,570	44%	Humana	UnitedHealth Group	CVS Health
Michigan	Wayne	331,899	54%	BCBS MI	Henry Ford	Humana
Washington	King	327,881	45%	UnitedHealth Group	Kaiser	CVS Health
Texas	Dallas	327,657	47%	UnitedHealth Group	Humana	Centene
California	San Bernardino	308,608	63%	Kaiser	UnitedHealth Group	SCAN Group
Texas	Bexar	302,806	52%	UnitedHealth Group	Humana	Anthem
New York	Suffolk	298,228	24%	CVS Health	UnitedHealth Group	Humana
New York	New York	286,556	42%	Healthfirst, Inc	UnitedHealth Group	EmblemHealth
Texas	Tarrant	281,860	51%	UnitedHealth Group	Humana	Anthem
Massachusetts	Middlesex	276,271	29%	Health Plan Holdings	UnitedHealth Group	BCBS MA
California	Santa Clara	275,543	48%	Kaiser	Alignment Healthcare	Anthem
New York	Nassau	272,635	27%	UnitedHealth Group	CVS Health	EmblemHealth
California	Sacramento	266,172	54%	Kaiser	UnitedHealth Group	Anthem

Sources

1. CMS.gov, MA Penetration file, 2021_02 and 2020_01 file.

State	County	Year over Year Growth	
		Medicare Eligibles	MA Enrolled
California	Los Angeles	2%	5%
Illinois	Cook	1%	12%
Arizona	Maricopa	3%	7%
Texas	Harris	3%	11%
California	San Diego	2%	5%
California	Orange	2%	5%
Florida	Miami-Dade	1%	3%
California	Riverside	2%	5%
New York	Kings	0%	5%
Nevada	Clark	3%	10%
New York	Queens	1%	6%
Florida	Broward	2%	6%
Florida	Palm Beach	2%	7%
Michigan	Wayne	0%	9%
Washington	King	2%	9%
Texas	Dallas	2%	10%
California	San Bernardino	2%	5%
Texas	Bexar	2%	7%
New York	Suffolk	2%	12%
New York	New York	-1%	3%
Texas	Tarrant	3%	9%
Massachusetts	Middlesex	1%	8%
California	Santa Clara	2%	6%
New York	Nassau	1%	7%
California	Sacramento	2%	6%

Historical Increase in Agent/Broker FMV Compensation:

Each year, CMS publishes the fair market value (FMV) amounts for the upcoming plan year. This details the maximum amount that Medicare Advantage and Part D plan sponsors can pay agents and brokers. Since 2015 in the National states, the FMV on an Initial sale has increased by \$131, a 32% increase. Agents and Brokers serving the Senior market, the MA market will continue to be an attractive and lucrative endeavor.

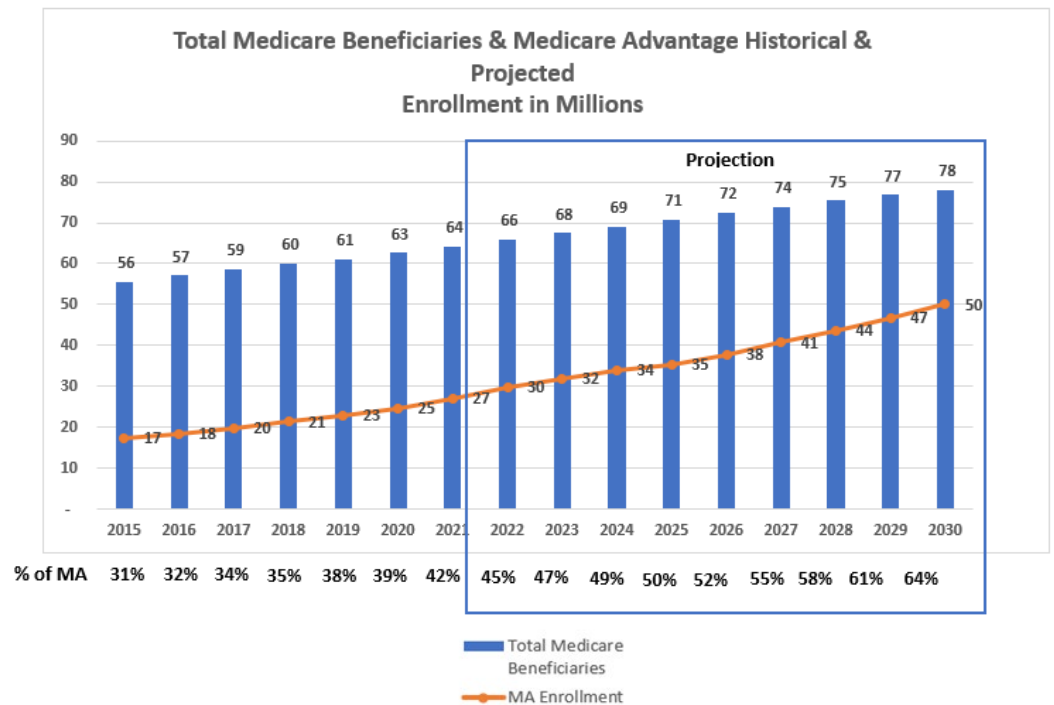
Table					
Medicare Advantage & PDP Fair Market Value Compensation History (Initial / Renewal)					
Year	National	CT, PA, DC	CA, NJ	PR	PDP
2015	408/204	461/230	510/255	280/140	56/28
2016	429/215	483/242	536/268	294/147	63/32
2017	443/222	498/249	553/277	304/152	71/36
2018	455/228	511/256	567/284	312/156	72/36
2019	482/241	542/271	601/301	331/166	74/37
2020	510/255	574/287	636/318	350/175	78/39
2021	539/270	607/304	672/336	370/185	81/41

Source

- 2020 Medicare Trustees Report
- MA Enrollment Projections: CSG Analysis & Estimates

Medicare Beneficiary Projection

Enrollment in Medicare is projected to increase an average of 1.6 million beneficiaries per year from 2021 through 2029 and reach 78 million by 2030 according to the 2020 Trustees Report.



Summary

CSG believes that Medicare Advantage enrollment can hit 50% of all Medicare enrollees by 2025 and if current trends continue eventually penetration of 70%. This assumes support for Medicare Advantage by the Federal government remains unchanged. We feel this is a safe assumption as MA is generally viewed in a bipartisan manner as an effective tool for cost containment beyond the traditional fee-for-service schedule.

Large, regional, local and startup carriers are all prioritizing and competing for MA market share through improved consumer tools all in an environment with decrease premiums and new supplemental benefits. These factors all bode well for Medicare Advantage growth to continue nationwide. Medicare Advantage products offer an increasingly compelling value proposition to consumers and is quickly becoming the dominant Medicare product offering.

Interested in receiving more data like this? CSG Actuarial can help to provide Medicare Advantage and Prescription Drug Plan data in a variety of ways to simplify your analysis of the growing Medicare opportunity. Please reach out to us.

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