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# Medicare Advantage Enrollment Update 2020

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## Background and Purpose

This policy brief continues the RUPRI Center's annual series of Medicare Advantage (MA) enrollment updates. In addition to tracking overall and nonmetropolitan/metropolitan enrollment, this brief also reports on changes in enrollment in types of MA plans. The Center's ongoing line of inquiry also considers policy changes from previous years that may have impacted MA plan enrollment.

## Key Findings

- Overall MA enrollment increased by 9.4 percent (2.1 million) from 2019 to 2020; in nonmetropolitan counties, the increase was 13.8 percent.
- Between 2019 and 2020, the proportion of nonmetropolitan MA enrollees in Health Maintenance Organization (HMO) plans increased from 32.7 percent to 35.2 percent, but decreased in metropolitan counties from 65.0 percent to 64.3 percent.
- Local Preferred Provider Organization (PPO) enrollment increased in both nonmetropolitan (from 45.2 percent to 46.6 percent) and metropolitan (from 29.0 percent to 30.7 percent) areas.

## Methods

Monthly MA enrollment data for March 2020 were downloaded from Centers for Medicare & Medicaid Services (CMS) web sites [1]. March enrollment data are used in this series of annual updates because it is the first month after open enrollment closes each year and reflects net enrollment each year. Nonmetropolitan/metropolitan designations (based on Urban Influence Code) were used because data were reported by county. The terms *rural* and *nonmetropolitan* are used interchangeably in this brief.

## Results/Findings

As of March 2020, 24.1 million beneficiaries were enrolled in MA plans, which is 36.1 percent of all Medicare beneficiaries (Figure 1). The total number of MA beneficiaries increased by 9.4 percent (2.1 million) between 2019 and 2020. While nonmetropolitan counties had a lower rate of participation than metropolitan counties (38.0 percent compared to 27.5 percent), the rate of enrollment growth was higher (13.8 percent compared to 8.7 percent).

The patterns of enrollment in type of MA plan varied between nonmetropolitan and metropolitan areas (Tables 1a, 1b, 1c). Between 2019 and 2020, HMO enrollment in nonmetropolitan areas increased from 32.7 percent to 35.2 percent, whereas in metropolitan

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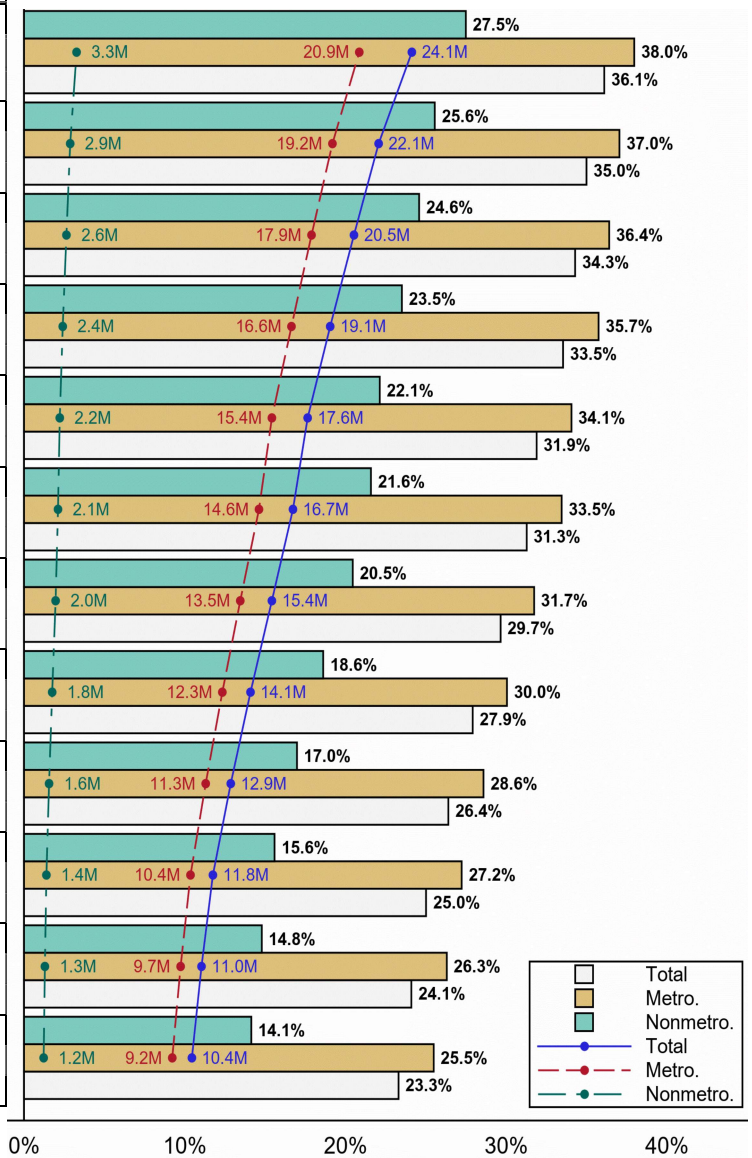
areas, HMO enrollment decreased from 65.0 percent to 64.3 percent. Local PPO enrollment increased in both nonmetropolitan (from 45.2 percent to 46.6 percent) and metropolitan (from 29.0 percent to 30.7 percent) areas. On the other hand, regional PPO enrollment continued to decrease in both nonmetropolitan (from 14.6 percent to 12.1 percent) and metropolitan (from 4.3 percent to 3.6 percent) areas. In keeping with the trends of the past few years, enrollment in Private Fee-For-Service (PFFS) and other types of plan continued to decline in 2020.

National and state-specific maps and tables of MA enrollment can be found at http://ruprihealth.org/maupdates/nstablesmaps.html

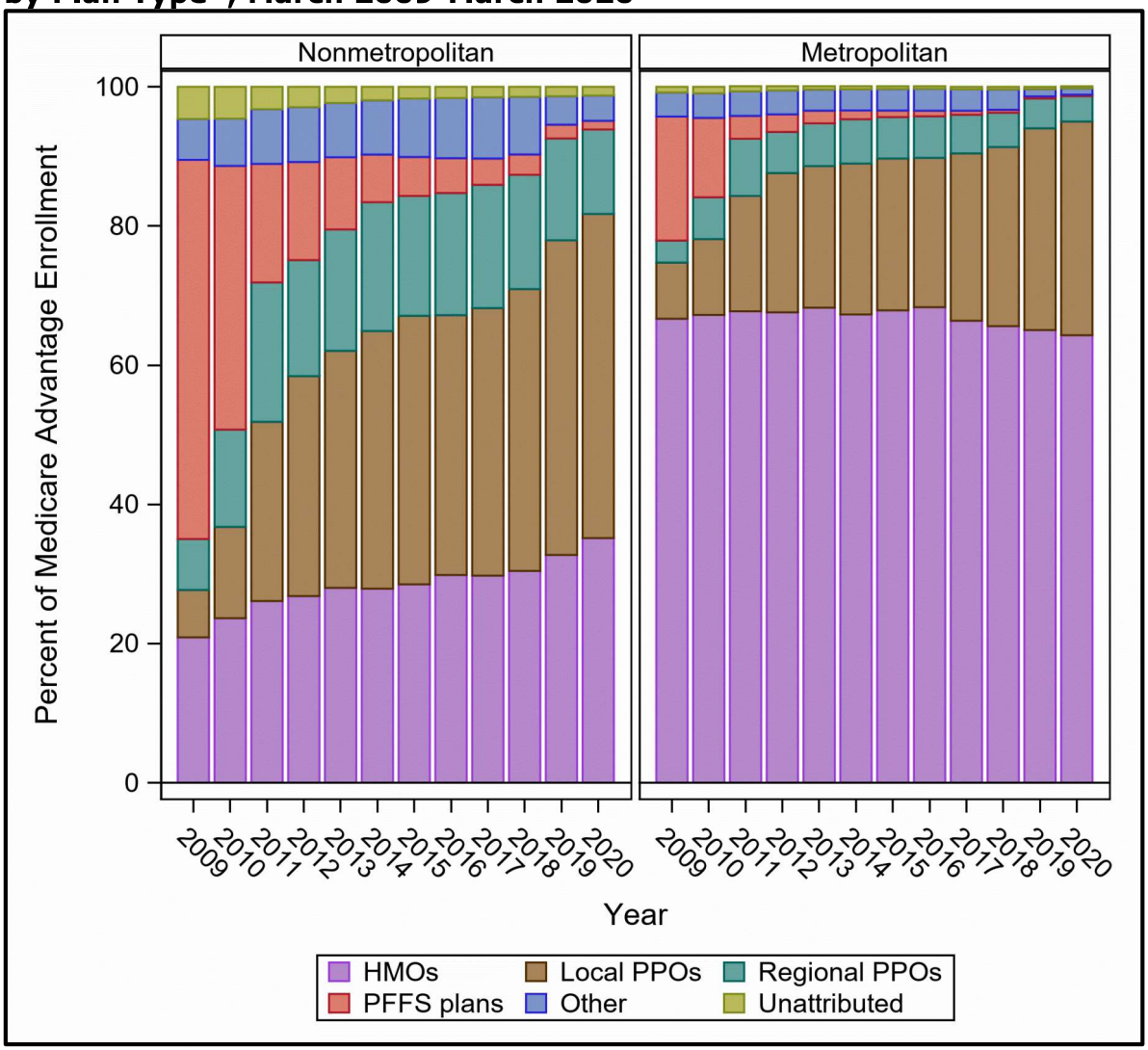
**Figure 1. Medicare Advantage Enrollment, March 2009-March 2020**

| Year | Nonmet./ Metro. | Count (x1,000) | Pct. Enroll. |
|---|---|---|---|
| 2020 | Nonmet. | 3,272 | 27.5% |
| | Metro. | 20,860 | 38.0% |
| | Total | 24,131 | 36.1% |
| 2019 | Nonmet. | 2,874 | 25.6% |
| | Metro. | 19,190 | 37.0% |
| | Total | 22,064 | 35.0% |
| 2018 | Nonmet. | 2,639 | 24.6% |
| | Metro. | 17,889 | 36.4% |
| | Total | 20,529 | 34.3% |
| 2017 | Nonmet. | 2,410 | 23.5% |
| | Metro. | 16,641 | 35.7% |
| | Total | 19,050 | 33.5% |
| 2016 | Nonmet. | 2,225 | 22.1% |
| | Metro. | 15,423 | 34.1% |
| | Total | 17,648 | 31.9% |
| 2015 | Nonmet. | 2,115 | 21.6% |
| | Metro. | 14,619 | 33.5% |
| | Total | 16,733 | 31.3% |
| 2014 | Nonmet. | 1,966 | 20.5% |
| | Metro. | 13,456 | 31.7% |
| | Total | 15,422 | 29.7% |
| 2013 | Nonmet. | 1,753 | 18.6% |
| | Metro. | 12,339 | 30.0% |
| | Total | 14,093 | 27.9% |
| 2012 | Nonmet. | 1,559 | 17.0% |
| | Metro. | 11,304 | 28.6% |
| | Total | 12,863 | 26.4% |
| 2011 | Nonmet. | 1,394 | 15.6% |
| | Metro. | 10,359 | 27.2% |
| | Total | 11,753 | 25.0% |
| 2010 | Nonmet. | 1,300 | 14.8% |
| | Metro. | 9,744 | 26.3% |
| | Total | 11,044 | 24.1% |
| 2009 | Nonmet. | 1,222 | 14.1% |
| | Metro. | 9,224 | 25.5% |
| | Total | 10,446 | 23.3% |




Source: RUPRI Center for Rural Health Policy Analysis, analysis of Centers for Medicare & Medicaid Services' Medicare Advantage enrollment data.

**Figure 2. Metropolitan and Nonmetropolitan Medicare Advantage Enrollment, by Plan Type*, March 2009-March 2020**




Source: RUPRI Center for Rural Health Policy Analysis, analysis of Centers for Medicare & Medicaid Services' Medicare Advantage enrollment data.
* 'Other' plans include 1876 Cost, HCPP - 1833 Cost, and National PACE plans. 'Unattributed' refers to beneficiaries that could not be assigned to a plan type because of CMS reporting restrictions on county/plans with 10 or fewer enrollees.

**Table 1a. Overall Medicare Advantage Enrollment by Plan Type*, March 2009-March 2020**

| Year | Total MA Enrollees | % Total Enrolled | HMO | Local PPO | Regional PPO | PFFS Plan | Other | Unatt. |
|---|---|---|---|---|---|---|---|---|
| 2020 | 24,131,468 | 36.1% | 60.3% | 32.9% | 4.8% | 0.3% | 1.3% | 0.4% |
| 2019 | 22,063,990 | 35.0% | 60.8% | 31.1% | 5.6% | 0.5% | 1.4% | 0.5% |
| 2018 | 20,528,576 | 34.3% | 61.1% | 27.6% | 6.4% | 0.7% | 3.6% | 0.5% |
| 2017 | 19,050,353 | 33.5% | 61.8% | 25.9% | 7.1% | 1.0% | 3.8% | 0.5% |
| 2016 | 17,647,860 | 31.9% | 63.5% | 23.5% | 7.4% | 1.3% | 3.8% | 0.5% |
| 2015 | 16,733,384 | 31.3% | 62.9% | 23.9% | 7.4% | 1.5% | 3.8% | 0.6% |
| 2014 | 15,421,808 | 29.7% | 62.3% | 23.6% | 7.9% | 2.0% | 3.6% | 0.6% |
| 2013 | 14,092,553 | 27.9% | 63.2% | 22.1% | 7.5% | 2.9% | 3.6% | 0.7% |
| 2012 | 12,863,257 | 26.4% | 62.6% | 21.4% | 7.2% | 3.9% | 4.0% | 0.9% |
| 2011 | 11,752,518 | 25.0% | 62.8% | 17.7% | 9.6% | 4.9% | 4.0% | 1.0% |
| 2010 | 11,043,656 | 24.1% | 62.1% | 11.2% | 7.0% | 14.5% | 3.9% | 1.4% |
| 2009 | 10,445,905 | 23.3% | 61.3% | 7.9% | 3.6% | 22.1% | 3.7% | 1.3% |

**Table 1b. Nonmetropolitan Medicare Advantage Enrollment by Plan Type, March 2009-2020**

| Year | Total MA Enrollees | % Total Enrolled | HMO | Local PPO | Regional PPO | PFFS Plan | Other | Unatt. |
|---|---|---|---|---|---|---|---|---|
| 2020 | 3,271,679 | 27.5% | 35.2% | 46.6% | 12.1% | 1.2% | 3.6% | 1.3% |
| 2019 | 2,874,083 | 25.6% | 32.7% | 45.2% | 14.6% | 2.0% | 4.1% | 1.3% |
| 2018 | 2,639,354 | 24.6% | 30.4% | 40.5% | 16.4% | 2.9% | 8.3% | 1.4% |
| 2017 | 2,409,502 | 23.5% | 29.8% | 38.5% | 17.7% | 3.8% | 8.8% | 1.5% |
| 2016 | 2,225,321 | 22.1% | 29.9% | 37.3% | 17.5% | 5.0% | 8.6% | 1.6% |
| 2015 | 2,114,836 | 21.6% | 28.5% | 38.6% | 17.2% | 5.6% | 8.4% | 1.7% |
| 2014 | 1,966,261 | 20.5% | 27.9% | 37.0% | 18.5% | 6.8% | 7.8% | 1.9% |
| 2013 | 1,753,427 | 18.6% | 28.0% | 34.1% | 17.4% | 10.4% | 7.8% | 2.3% |
| 2012 | 1,559,261 | 17.0% | 26.8% | 31.6% | 16.7% | 14.1% | 7.9% | 2.9% |
| 2011 | 1,393,984 | 15.6% | 26.1% | 25.8% | 20.0% | 17.0% | 7.9% | 3.2% |
| 2010 | 1,299,589 | 14.8% | 23.6% | 13.1% | 14.0% | 37.9% | 6.8% | 4.6% |
| 2009 | 1,222,259 | 14.1% | 20.9% | 6.8% | 7.3% | 54.5% | 5.9% | 4.6% |

**Table 1c. Metropolitan Medicare Advantage Enrollment by Plan Type, March 2009-2020, Metropolitan**

| Year | Total MA Enrollees | % Total Enrolled | HMO | Local PPO | Regional PPO | PFFS Plan | Other | Unatt. |
|---|---|---|---|---|---|---|---|---|
| 2020 | 20,859,789 | 38.0% | 64.3% | 30.7% | 3.6% | 0.2% | 0.9% | 0.3% |
| 2019 | 19,189,907 | 37.0% | 65.0% | 29.0% | 4.3% | 0.3% | 1.0% | 0.3% |
| 2018 | 17,889,222 | 36.4% | 65.6% | 25.7% | 4.9% | 0.4% | 2.9% | 0.4% |
| 2017 | 16,640,851 | 35.7% | 66.4% | 24.1% | 5.5% | 0.6% | 3.1% | 0.4% |
| 2016 | 15,422,539 | 34.1% | 68.3% | 21.5% | 6.0% | 0.8% | 3.1% | 0.4% |
| 2015 | 14,618,548 | 33.5% | 67.9% | 21.8% | 5.9% | 0.9% | 3.1% | 0.4% |
| 2014 | 13,455,547 | 31.7% | 67.3% | 21.7% | 6.4% | 1.3% | 3.0% | 0.4% |
| 2013 | 12,339,126 | 30.0% | 68.3% | 20.4% | 6.1% | 1.8% | 3.0% | 0.5% |
| 2012 | 11,303,996 | 28.6% | 67.6% | 20.0% | 5.9% | 2.5% | 3.4% | 0.6% |
| 2011 | 10,358,534 | 27.2% | 67.7% | 16.6% | 8.2% | 3.3% | 3.5% | 0.8% |
| 2010 | 9,744,067 | 26.3% | 67.2% | 10.9% | 6.0% | 11.4% | 3.5% | 0.9% |
| 2009 | 9,223,646 | 25.5% | 66.7% | 8.1% | 3.2% | 17.8% | 3.5% | 0.8% |

Source: RUPRI Center for Rural Health Policy Analysis, analysis of Centers for Medicare & Medicaid Services' Medicare Advantage enrollment data.
* 'Other' plans include 1876 Cost, HCPP - 1833 Cost, and National PACE plans. 'Unattributed' refers to beneficiaries that could not be assigned to a plan type because of CMS reporting restrictions on county/plans with 10 or fewer enrollees.

## Discussion

Overall enrollment in MA plans grew by 9.4 percent from 2019 to 2020, with faster growth in nonmetropolitan areas (13.8 percent) compared to metropolitan areas (8.7 percent). At first glance, this growth seems counterintuitive to the policy changes made to the MA program by the 2010 Patient Protection and Affordable Care Act (PPACA). In an attempt to control rising MA costs, the PPACA introduced a number of modifications to the program, including changing payment rate calculations and lowering rebate amounts [2]. Despite these payment cuts, several factors contributed to the continued growth of the MA program:

- Most MA plans responded to the PPACA payment cuts by containing costs through revenue-enhancing and cost-saving measures [3].
- The PPACA included a six-year phase-in period for changes to be rolled out, which may have given MA plans adequate time to adjust to payment reductions [4].

- Plans have been eligible for direct bonuses since 2012, which is conditioned on meeting certain quality ratings [4]. In 2018, the bonus payments were estimated to exceed $6 billion ($27 per member per month) [5].
- Some plans have consolidated, allowing them to obtain larger quality bonuses [6].
- Over time, MA plans are coding relevant patient diagnoses more completely than traditional Medicare [7]. This has increased their risk scores and increased risk adjustment payments to MA plans [3].

Other factors affecting the growth in MA enrollment may include:

- MA plans offer added benefits to beneficiaries that are unavailable in traditional Medicare plans [8] [9]. MA plans have also kept their premiums low or even zero [10].
- Higher MA enrollment in certain geographic areas has been found to be associated with higher numbers of plans with $0 premiums and higher star ratings [2].
- MA plans have a wider array of plan characteristics such as payment options (e.g. premium levels and out-of-pocket costs) and types of services covered [4] than traditional Medicare. Further, there is evidence that the quality of MA plans (including patient satisfaction) "meets and at times exceeds that of traditional Medicare."[11]. This leads to increased satisfaction, translating into plan 'stickiness' i.e., staying in the same plan year after year [12] [13]. This stickiness may carry over from the experiences of younger/newer Medicare beneficiaries, who are more comfortable with managed care plans [4].

As a result of these factors, enrollment in MA plans have more than doubled since 2009, from 10.4 million to 24.1 million beneficiaries. In 2021, Medicare beneficiaries have access to an average of 33 MA plans, up from 28 MA plans in 2020 [14]. More than a quarter of enrollees (27 percent) can choose from plans offered by 10 or more firms. Overall, in 2021 3,550 MA plans are available nationwide for individual enrollment – a 13 percent increase (402 more plans) from 2020. However, beneficiaries in nonmetropolitan areas can (on average) choose from about half as many Medicare Advantage plans as beneficiaries in metropolitan areas (20 plans versus 36 plans, respectively) [15].

Looking ahead, several additional changes to the MA landscape are likely to enhance the attractiveness of the program to Medicare beneficiaries:

- Beginning in 2020, Medicare Advantage plans have been able to offer supplemental benefits that are not primarily health related for chronically ill beneficiaries, known as Special Supplemental Benefits for the Chronically Ill (SSBCI) [16].
- CMS announced that the average 2021 premiums for Medicare Advantage plans are expected to decline 34.2 percent from 2017 [17].

It is unclear whether any of these changes will have a differential impact on MA enrollment in nonmetropolitan and metropolitan areas. RUPRI will continue to monitor these policy changes and trends in MA enrollment.

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