RUPRI Center for Rural Health Policy Analysis
*Rural Policy Brief*

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# 2014: Rural Medicare Advantage Enrollment Update

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## Key Data Findings[i]

- Reclassification of rural and urban county designations (due to the switch from 2000 census data to 2010 census data) resulted in a 10 percent decline in the number of Medicare eligible Americans living in rural counties in 2014 (from roughly 10.7 million to 9.6 million). These changes also resulted in a decline in the number of MA enrollees considered to be living in a rural area, from 2.19 million to 1.95 million. However, the percentage of Medicare beneficiaries enrolled in MA and prepaid plans in rural areas declined only slightly from 20.6 percent to 20.3 percent.

- Rural Medicare Advantage (MA) and other prepaid plan enrollment in March 2014 was nearly 1.95 million, or 20.3 percent of all rural Medicare beneficiaries, an increase of more than 216,000 from March 2013. Enrollment increased to 1.99 million (20.4 percent) in October 2014.

- In March 2014, 56 percent of rural MA enrollees were enrolled in Preferred Provider Organization (PPO) plans, 29 percent were enrolled in Health Maintenance Organization (HMO) or Point-of-Service (POS) plans, 7 percent were enrolled in Private Fee-for-Service (PFFS) plans, and 8 percent were enrolled in other prepaid plans, including Cost plans and Program of All-Inclusive Care for the Elderly (PACE) plans.

- States with the highest percentage of rural Medicare beneficiaries enrolled in MA and other prepaid plans include Minnesota (49.1 percent), Hawaii (41.1 percent), Pennsylvania (35.4 percent), Wisconsin (34.3 percent), New York (30.4 percent), and Ohio (30.1 percent).

## Changes in Rural Classification and Rural Medicare Population

The RUPRI Center used the county-level Urban Influence Codes (UICs) provided by the U.S. Department of Agriculture (USDA), Economic Research Service, to define rural areas for the purpose of measuring enrollment in the MA program. In 2013, the USDA revised their UICs to more closely align with the 2010 Census of the United States Population and the commuting data from the 2006-2010 American Community Survey. As a result, the total number of designated rural counties and rural Americans declined, affecting our rural/urban analyses of MA data. This brief is intended to serve as a bridge to inform our readers of the change and to assist in trend analysis going forward. All RUPRI analysis going forward will use the 2013 UICs to represent the rural Medicare population.

The 2013 reclassification of rural and urban county designations reduced the number of Medicare eligible Americans living in rural counties from 10,674,702 in 2013 to 9,613,029 in March 2014. The bulk of this change in rural designation came in micropolitan areas, as they grew and were reclassified as urban counties. Non-micropolitan rural areas were less likely to experience a change in their rural/urban designation. Counties previously designated as urban that were reclassified as rural did not have a significant impact on rural MA totals. Overall, these changes reduced the number of rural MA beneficiaries, but they had little impact on the percentage of Medicare beneficiaries enrolled in MA. Some states experienced greater drops than others in their rural MA enrollment, including Florida, North Carolina, Arizona, Pennsylvania, and Oregon.

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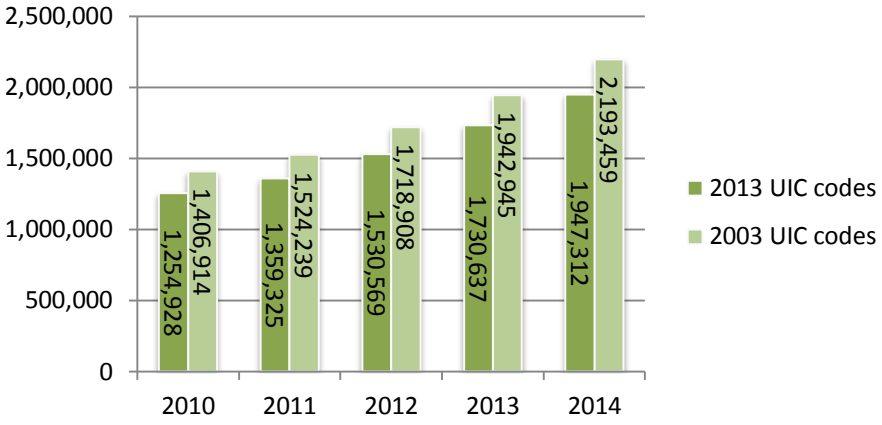
## MA Enrollment

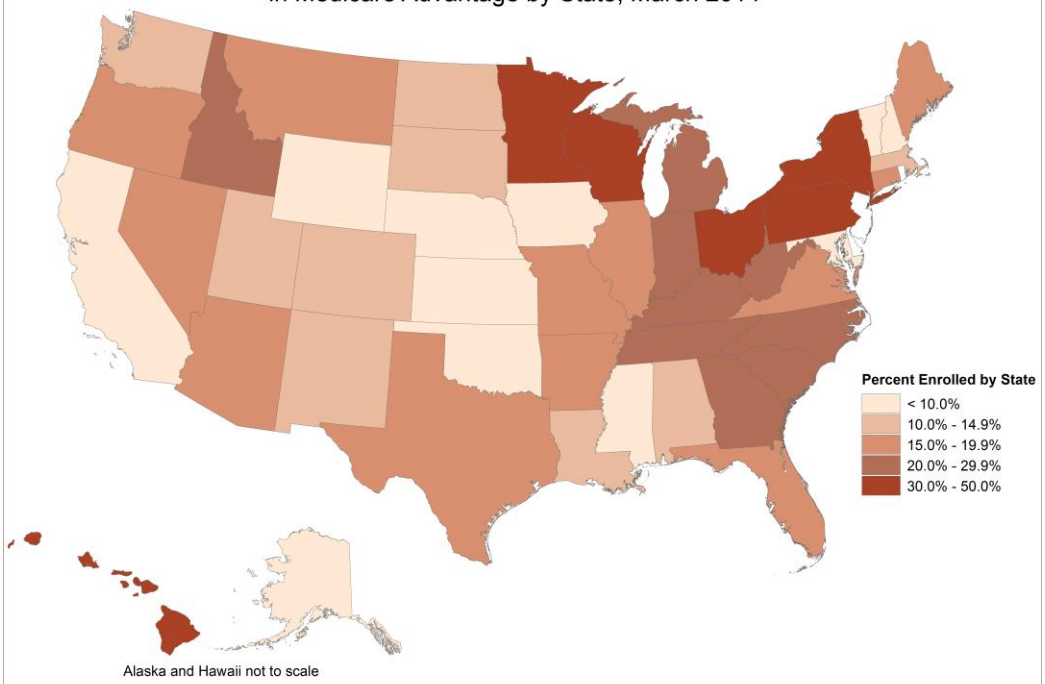
MA enrollment continued to grow in rural areas despite reductions in MA plan payment resulting from changes made by the Affordable Care Act of 2010 (ACA). The ACA payment changes sought to reduce overpayments to MA plans and to make traditional Medicare payment and MA plan payment more equitable. We recalculated MA enrollment numbers for rural areas using the new UIC classifications for 2010-2014 MA enrollment. Previous RUPRI Center MA briefs and enrollment updates presented the data using the 2003 UIC codes. Figure 1 shows the change in MA enrollment over the last five years using both sets of UIC codes. Enrollment data from March of each year is used to ensure that data on new enrollees from the MA open enrollment period for that year are captured. Rural MA enrollment grew steadily over the last five years, from 1.25 million enrollees in March 2010 to 1.95 million enrollees in March 2014 (Figure 1), and enrollment continued to grow through October 2014, to 1.99 million. These increases in enrollment all happened since the enactment of the ACA. Nearly 61 percent of rural MA enrollees (more than 1,185,000) were living in micropolitan rural areas in 2014, while 39 percent of enrollees (762,230) were living in non-micropolitan rural areas.

**Figure 1. Rural Medicare Advantage Enrollment, March 2010 - March 2014**




National MA enrollment grew to a total of over 15.8 million enrollees in March 2014. Nearly 30 percent of total Medicare beneficiaries were enrolled in MA or other prepaid plans. MA plans first started operations in urban areas and saw significantly higher percentages of enrollment in urban areas than in rural areas; however, rural MA enrollment grew rapidly in recent years.

Figure 2: Percent of Eligible Non-Metropolitan Beneficiaries Enrolled in Medicare Advantage by State, March 2014




Source of Data: Centers for Medicare and Medicaid Services (CMS), as of March 2014.
Produced by RUPRI Center for Rural Health Policy Analysis, 2014

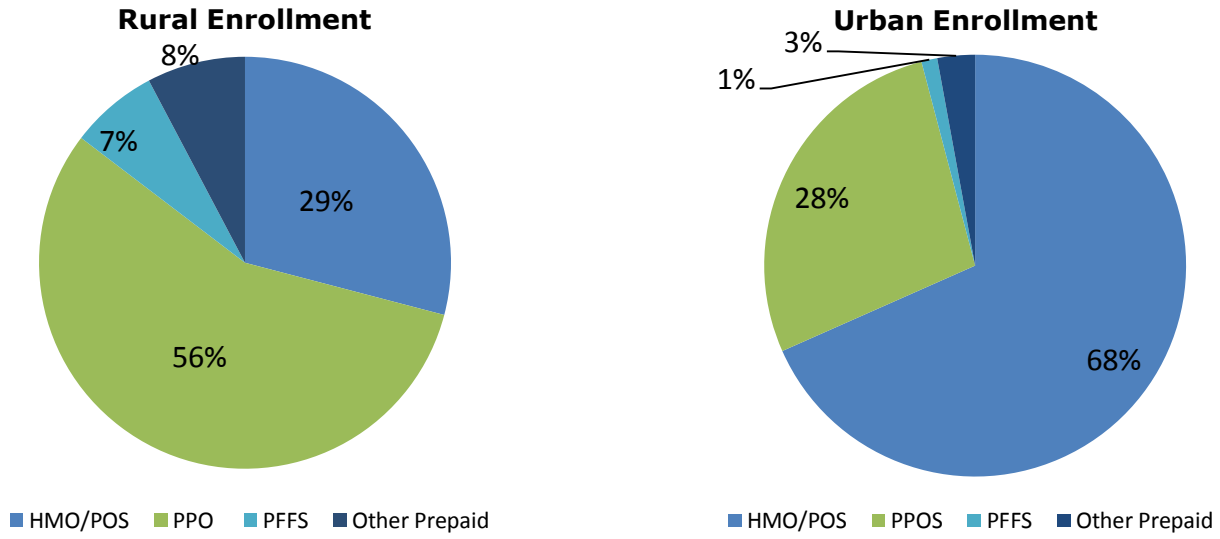
Note: Delaware, New Jersey, and Rhode Island contain no non-metropolitan counties

The percentage of rural Medicare beneficiaries enrolled in MA plans ranges widely by state. States with the highest percentages of rural Medicare beneficiaries enrolled in MA plans include Minnesota (49.1 percent), Hawaii (41.1 percent), Pennsylvania (35.4 percent), Wisconsin (34.3 percent), New York (30.4 percent), and Ohio (30.1 percent) (Figure 2). These states also have a high percentage of Medicare beneficiaries enrolled in MA plans in urban areas. However, not all states with high percentages of MA enrollment in urban areas have similar enrollment in rural areas. States with the lowest

percentages of rural Medicare beneficiaries enrolled in MA plans include Alaska (<1 percent), Maryland (2.5 percent), Wyoming (2.9 percent), Kansas (4.3 percent), New Hampshire (5.9 percent), Nebraska (6.3 percent), Vermont (6.6 percent), California (6.8 percent), Oklahoma (7.2 percent) and Iowa (8.6 percent).

Rural and urban MA enrollment, by type of plan, varied significantly in 2014. The majority of rural MA enrollment (56 percent) continued to be in PPO plans, while 29 percent of enrollees were in HMO plans, 7 percent were in PFFS plans, and the remaining 8 percent were in other prepaid plans, including Cost and PACE plans (Figure 3). The bulk of urban MA enrollment, however, was in HMO plans (68 percent) and PPO plans (28 percent). This is due in part to the fact that PPO plans are often better suited for rural areas due to the limited number of providers in these locations and the need for out-of-network coverage for beneficiaries.

**Figure 3. Medicare Advantage Enrollment by Type of Plan, March 2014**




## Discussion

MA enrollment increased in 2014 in both rural and urban areas despite current and future reductions in payment and the conclusion of the MA bonus payment demonstration at the end of 2014 which will further reduce payment for many plans.[ii] Some rural counties were reclassified, due to a change in population,and nearly 10 percent of the previously rural population are now considered urban; however, the percentage of the rural Medicare beneficiaries enrolled in MA did not change signifcantly. MA enrollment in rural areas is not uniform across all states, with some states having significantly higher percentages of rural Medicare beneficiaries enrolled in MA plans than others. Growth in rural MA enrollment was mainly in PPO plans, with over 56 percent of enrollment, but a significant percentage of beneficiaries were enrolled in HMO plans. Rural MA enrollment is not concentrated in only micropolitan rural areas; less populated rural areas also have a significant percentage of beneficiaries enrolled in MA plans where available.

Monitoring of enrollment in rural MA plans and plan payment should continue, as MA plans in rural areas could be affected by the end of the bonus payment demonstration and continued reductions in MA payment as mandated by the ACA. [iii] There is no evidence at this time to suggest that these changes will affect rural Medicare beneficiaries, as enrollment continues to grow. However, as payment reductions continue to go into effect and plans no longer receive bonus payments, they will likely have to shift costs in some way, which could result in a change in benefits or increased cost sharing for beneficiaries.

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[i] Additional Medicare Advantage enrollment data available at http://www.public-health.uiowa.edu/rupri/maupdates/nstablesmaps.html

[ii] Kemper, L, A Barker, T McBride, K Mueller. "2012 Rural Medicare Advantage Quality Ratings and Bonus Payments." RUPRI Center for Rural Health Policy Analysis, P2014-1. Available at http://www.public-health.uiowa.edu/rupri/publications/policybriefs/2014/Rural%20Medicare%20Advantage%20Quality%20Ratings.pdf

[iii] "Medicare Advantage: Take Another Look." Tricia Neuman and Gretchen Jacobson. May 7, 2014. Kaiser Family Foundation. http://kff.org/medicare/perspective/medicare-advantage-take-another-look/

**Appendix 1. RURAL Enrollment in Medicare Advantage and other Prepaid Plans, by State, March 2014[1]**

| | Percent of Medicare eligibles enrolled in: | | | | TOTAL Enrolled in MA and Prepaid Plans | Enrollment in Medicare Advantage Plans: | | | | Enrolled in Prepaid plans (4) | TOTAL Medicare Eligibles |
|---|---|---|---|---|---|---|---|---|---|---|---|
| STATE[2] | MA and Prepaid plans | MA Only Plans | PFFS Plans | PPO Plans | | TOTAL in MA Only Plans | HMO/POS | PFFS | PPOs and Other MA plans (3) | | |
| **UNITED STATES** | **20.3%** | **18.7%** | **1.4%** | **11.4%** | 1,947,312 | 1,796,812 | 566,275 | 134,534 | 1,096,003 | 150,500 | 9,613,029 |
| AK | * | * | * | * | * | * | * | * | * | * | 25,818 |
| AL | **14.2%** | **14.1%** | **0.2%** | **9.0%** | 36,609 | 36,552 | 12,664 | 517 | 23,371 | 57 | 258,703 |
| AR | **17.3%** | **17.3%** | **4.9%** | **7.3%** | 46,032 | 45,945 | 13,534 | 13,088 | 19,323 | 87 | 265,477 |
| AZ | **18.3%** | **18.2%** | **3.3%** | **2.8%** | 11,603 | 11,530 | 7,684 | 2,063 | 1,783 | 73 | 63,269 |
| CA | **6.8%** | **6.8%** | **2.0%** | **0.4%** | 12,815 | 12,706 | 8,202 | 3,732 | 772 | 109 | 187,583 |
| CO | **14.1%** | **6.6%** | **1.0%** | **3.1%** | 16,544 | 7,826 | 3,019 | 1,217 | 3,590 | 8,718 | 117,689 |
| CT | **18.7%** | **18.7%** | * | **2.3%** | 6,954 | 6,954 | 6,079 | * | 875 | * | 37,270 |
| FL | **18.6%** | **18.6%** | **0.0%** | **16.0%** | 26,200 | 26,200 | 3,639 | 30 | 22,531 | * | 140,694 |
| GA | **25.9%** | **25.9%** | **1.8%** | **23.8%** | 87,614 | 87,614 | 923 | 6,071 | 80,620 | * | 338,670 |
| HI | **41.1%** | **41.1%** | **0.1%** | **26.5%** | 19,650 | 19,650 | 6,912 | 66 | 12,672 | * | 47,760 |
| IA | **8.6%** | **8.1%** | **0.7%** | **4.6%** | 23,408 | 21,986 | 7,703 | 1,861 | 12,422 | 1,422 | 272,888 |
| ID | **20.5%** | **20.4%** | * | **14.4%** | 19,751 | 19,634 | 5,722 | * | 13,912 | 117 | 96,463 |
| IL | **16.0%** | **15.2%** | **0.6%** | **12.6%** | 50,916 | 48,242 | 6,102 | 2,043 | 40,097 | 2,674 | 317,279 |
| IN | **21.9%** | **21.7%** | **1.3%** | **18.9%** | 63,137 | 62,459 | 4,254 | 3,781 | 54,424 | 678 | 288,394 |
| KS | **4.3%** | **4.0%** | **2.2%** | **1.6%** | 7,821 | 7,336 | 510 | 4,002 | 2,824 | 485 | 181,780 |
| KY | **21.9%** | **21.2%** | **0.6%** | **20.4%** | 89,533 | 86,632 | 1,106 | 2,396 | 83,130 | 2,901 | 408,441 |
| LA | **12.8%** | **12.8%** | **1.4%** | **4.3%** | 18,367 | 18,353 | 10,179 | 1,986 | 6,188 | 14 | 143,505 |
| MA | **14.4%** | **14.4%** | * | **4.7%** | 2,998 | 2,998 | 2,029 | * | 969 | * | 20,811 |
| MD | **2.5%** | **2.5%** | **0.7%** | **1.7%** | 863 | 863 | 16 | 259 | 588 | * | 35,105 |
| ME | **17.5%** | **17.5%** | **0.6%** | **6.6%** | 23,548 | 23,548 | 13,916 | 766 | 8,866 | * | 134,626 |
| MI | **26.0%** | **26.0%** | **0.9%** | **18.4%** | 106,361 | 106,361 | 27,614 | 3,791 | 74,956 | * | 408,298 |
| MN | **49.1%** | **16.4%** | **0.2%** | **4.3%** | 129,913 | 43,356 | 31,492 | 480 | 11,384 | 86,557 | 264,737 |
| MO | **16.1%** | **16.0%** | **2.6%** | **7.2%** | 54,805 | 54,408 | 21,170 | 8,767 | 24,471 | 397 | 339,851 |
| MS | **9.6%** | **9.6%** | **0.6%** | **5.5%** | 31,138 | 31,138 | 11,320 | 1,864 | 17,954 | * | 323,823 |
| MT | **15.4%** | **15.4%** | **3.6%** | **11.8%** | 19,830 | 19,830 | * | 4,606 | 15,224 | * | 128,489 |
| NC | **20.6%** | **20.6%** | **0.8%** | **12.5%** | 96,839 | 96,801 | 34,414 | 3,896 | 58,491 | 38 | 469,530 |
| ND | **10.7%** | **0.6%** | * | **0.6%** | 7,105 | 406 | * | * | 406 | 6,699 | 66,185 |
| NE | **6.3%** | **5.5%** | **3.8%** | **1.0%** | 8,560 | 7,421 | 933 | 5,100 | 1,388 | 1,139 | 135,020 |
| NH | **5.9%** | **5.9%** | **4.1%** | **1.4%** | 6,423 | 6,423 | 431 | 4,466 | 1,526 | * | 109,335 |
| NM | **14.8%** | **14.7%** | **0.7%** | **10.7%** | 18,776 | 18,632 | 4,184 | 881 | 13,567 | 144 | 127,125 |
| NV | **18.0%** | **17.9%** | * | **3.9%** | 10,046 | 9,992 | 7,802 | * | 2,190 | 54 | 55,965 |
| NY | **30.4%** | **30.3%** | **2.8%** | **15.6%** | 88,427 | 88,343 | 34,739 | 8,280 | 45,324 | 84 | 291,186 |
| OH | **30.1%** | **30.0%** | **0.3%** | **24.7%** | 140,580 | 140,223 | 23,643 | 1,230 | 115,350 | 357 | 467,135 |
| OK | **7.2%** | **7.1%** | **1.6%** | **4.1%** | 19,067 | 18,936 | 3,929 | 4,218 | 10,789 | 131 | 265,669 |
| OR | **18.6%** | **18.4%** | * | **12.9%** | 28,856 | 28,593 | 8,592 | * | 20,001 | 263 | 155,465 |
| PA | **35.4%** | **34.9%** | **1.1%** | **14.8%** | 118,733 | 117,223 | 63,767 | 3,847 | 49,609 | 1,510 | 335,411 |
| SC | **22.6%** | **22.5%** | **0.6%** | **19.3%** | 37,332 | 37,214 | 4,350 | 921 | 31,943 | 118 | 165,151 |
| SD | **13.4%** | **3.9%** | **0.5%** | **3.4%** | 11,202 | 3,285 | * | 446 | 2,839 | 7,917 | 83,362 |
| TN | **23.9%** | **23.9%** | * | **9.3%** | 82,004 | 81,959 | 50,181 | * | 31,778 | 45 | 343,225 |
| TX | **19.3%** | **18.4%** | **1.1%** | **13.7%** | 112,730 | 107,482 | 21,211 | 6,383 | 79,888 | 5,248 | 585,180 |
| UT | **14.1%** | **13.4%** | * | **5.4%** | 6,106 | 5,776 | 3,459 | * | 2,317 | 330 | 43,260 |
| VA | **17.7%** | **16.9%** | **6.5%** | **6.1%** | 46,393 | 44,340 | 11,265 | 17,064 | 16,011 | 2,053 | 262,351 |
| VT | **6.6%** | **6.6%** | **3.0%** | **3.3%** | 6,040 | 6,040 | 281 | 2,779 | 2,980 | * | 91,257 |
| WA | **13.2%** | **13.1%** | **0.1%** | **3.4%** | 20,971 | 20,934 | 15,260 | 218 | 5,456 | 37 | 159,264 |
| WI | **34.3%** | **29.9%** | **2.2%** | **11.3%** | 110,000 | 95,955 | 52,597 | 6,960 | 36,398 | 14,045 | 321,161 |
| WV | **25.6%** | **22.3%** | **2.0%** | **19.6%** | 43,760 | 38,006 | 1,159 | 3,446 | 33,401 | 5,754 | 170,735 |
| WY | **2.9%** | **2.5%** | **1.6%** | **0.5%** | 1,802 | 1,557 | 200 | 1,013 | 344 | 245 | 62,634 |

SOURCE: RUPRI Center for Rural Health Policy Analysis, based on Centers for Medicare and Medicaid Services (CMS) data, as of March 2014.

Note: HMO = health maintenance organization; MA = Medicare Advantage; PFFS = private fee for service; POS = point of service; PPO = preferred provider organization

(1) Excludes enrollment in any county and plan if the plan enrolls 10 or fewer enrollees in that county (due to restrictions on data release by CMS), and enrollees in Alaska and US territories (due to data incompatibilities).

(2) Some states not shown because either they have no rural areas or because the CMS data show no enrollees in rural areas (DC, NJ).

(3) Includes demonstration plans, MSA plans, and other types of CCP plans.

(4) Includes Cost and PACE plans. PACE (Program of All-inclusive Care for the Elderly) is a Medicare and Medicaid program that helps people meet their health care needs in the community instead of going to a nursing home or other care facility. A Cost plan provides the full Medicare benefit package. Payment is based on the reasonable cost of providing services. Beneficiaries are not restricted to the HMO to receive covered Medicare services, i.e., services may be received through non-HMO sources and are reimbursed by Medicare intermediaries and carriers.

(5) Enrollment noted with an "*" indicates that there was no enrollment or that all enrollment was censored due to low enrollment.