

# RUPRI Center for Rural Health Policy Analysis

## Rural Policy Brief

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### September 2010: Rural Medicare Advantage Enrollment Update

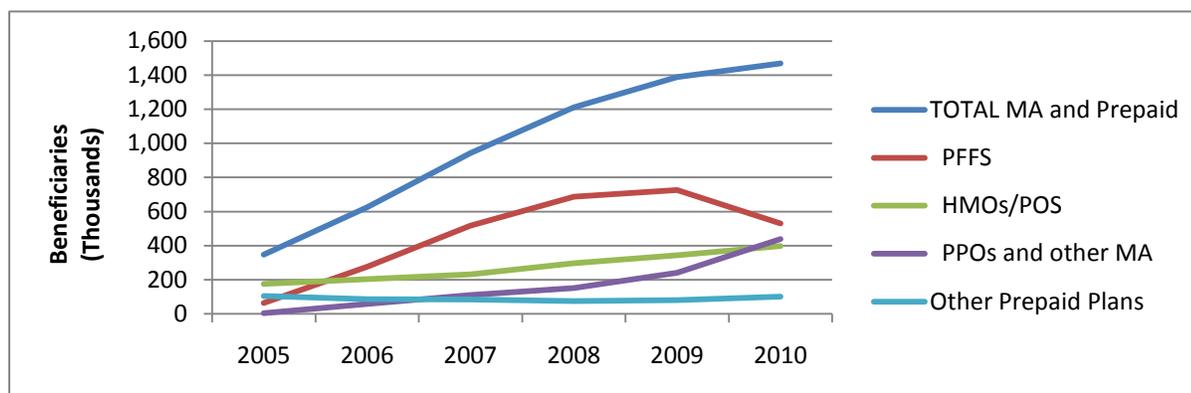
Leah Kemper, MPH; Lisa Pollack; Timothy D. McBride, PhD; and Keith Mueller, PhD

#### Key Data Findings<sup>1</sup>

- Rural enrollment in Medicare Advantage (MA) plans grew to nearly 1.5 million enrollees in September 2010 (15% of eligible Medicare beneficiaries), while national MA enrollment grew to over 11.5 million (25%).
- The rural MA market is composed of 30% enrollment in preferred provider organization (PPO) plans (439,111 enrollees), 36% in private fee-for-service (PFFS) plans (530,458), 27% in health maintenance organization/point-of-service (HMO/POS) plans (396,958), and 7% in other prepaid plans (101,283).
- The market share of PFFS plans in rural areas has shifted from 52% in December of 2009 to 36% in September 2010, while the market share held by PPO plans has risen from 17% to 30% of enrollment.
- In nine states, over 20% of rural Medicare beneficiaries are enrolled in an MA plan: Hawaii (39.2%), Minnesota (38.3%), New York (24.1%), Ohio (24.6%), Oregon (24.3%), Pennsylvania (30.0%), Utah (24.6%), Wisconsin (29.0%), and West Virginia (20.9%).
- Approximately 63% of rural MA enrollees (921,483 Medicare beneficiaries) reside in micropolitan counties.

Rural enrollment in MA and other prepaid plans has grown rapidly over the last five years and is now in a period of transition, moving from a period of significant change brought on by previous legislation to a period of expectation of change resulting from the recently passed health reform legislation. PFFS plans drove the growth in rural areas over the last five years, but legislative and regulatory changes have led to a reduction in the number of plans nationwide offering PFFS coverage, dropping from 413 plans in 2010 to 220 plans in 2011. While this drop has led to a decline in enrollment in PFFS plans, rural MA enrollment grew in 2010 due to increases in PPO and HMO plan enrollment. This landscape could continue to change in 2011 when rural Medicare beneficiaries will experience a further decline in PFFS availability, as additional insurers have announced plans to pull their PFFS plans from the market. As a result, rural Medicare beneficiaries will find fewer options for MA health insurance coverage in 2011—an average of 16 MA plans to choose from, compared with 24 plans on average in 2010.<sup>2</sup> In addition, the Affordable Care Act (ACA) passed in March 2010 is expected to affect the MA market, since the ACA reforms payment to MA plans and strives to bring MA payment rates closer to Medicare fee-for-service costs. However, most ACA changes do not go into effect until 2012, and the major impact of the health reform law in 2011 will likely result from the freezing of benchmark payments for MA plans at the 2010 payment rate levels.

**Figure 1. Rural Enrollment in Medicare Advantage and Other Prepaid Plans by Type of Plan, 2005-2010**



1. Data presented here are based on state-county-plan enrollment files obtained from the Center for Medicare and Medicaid Services (CMS), merged with county-level indicators of rural-urban status as identified by the U.S. Department of Agriculture, Economic Research Service (ERS). Urban Influence Codes (UICs) were used to differentiate rural from urban counties. The enrollment data by county 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 excludes enrollees in Alaska and U.S. territories (due to data incompatibilities with geographic files).
2. Gold, M, G Jacobson, A Damico, T Neuman. "Medicare Advantage 2011 Data Spotlight: Plan Availability and Premiums." Kaiser Family Foundation, October 2010.