

RUPRI Center for Rural Health Policy Analysis

Rural Policy Brief

Brief No. 2011-3

April 2011

<http://www.public-health.uiowa.edu/rupri/>

March 2011: Growth in PPOs Dominates the Rural MA Market in 2011

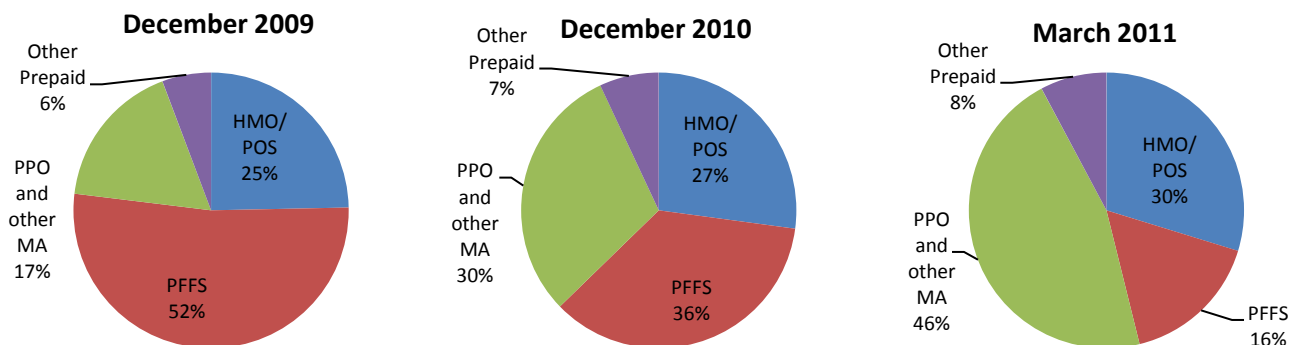
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Key Data Findings¹

- From March 2010 to March 2011, rural Medicare Advantage (MA) enrollment in preferred provider organization (PPO) plans grew from 28% (396,006 enrollees) to 46% (702,315 enrollees), while rural MA enrollment in private-fee-for-service (PFFS) plans fell from 38% (530,678 enrollees) to 16% (249,499 enrollees).
- Rural MA enrollment varies significantly across the country, as 10 states have over 20% of rural beneficiaries enrolled in an MA plan, including Arizona (20.3%), Hawaii (41.8%), Minnesota (41.5%), New York (25.1%), Ohio (25.7%), Oregon (22.3%), Pennsylvania (30.9%), Utah (23.8%), Wisconsin (29.6%), and West Virginia (21.0%), while 6 states have less than 5% of rural beneficiaries enrolled in an MA plan.
- In March 2011, national MA enrollment had grown to over 12 million (25.6% of eligible beneficiaries), while rural MA enrollment had grown to over 1.5 million (15.7% of eligible beneficiaries).
- In March 2011, rural MA enrollment was composed of 46% in PPO plans (702,315 enrollees), 30% in health maintenance organization/point of service (HMO/POS) plans (453,544 enrollees), 16% in PFFS plans (249,499 enrollees), and 8% in other prepaid plans (118,881 enrollees) (Figure 1).

Medicare Advantage (MA) enrollment has changed dramatically in 2011 as enrollment has shifted from private fee-for-service (PFFS) plans into preferred provider organization (PPO) plans. PFFS plans dominated the growth of the rural MA market from 2005 to 2010; however, a significant number of PFFS plans have left the market due to legislative changes that required plans to provide protections for beneficiaries in certain areas of the country.² As a result, the number of PFFS plans offered fell from 413 plans in 2010 to 220 plans in 2011 and rural Medicare beneficiaries have 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 2010.³ While the drop in PFFS plans has led to a decline in PFFS enrollment, rural MA enrollment has continued to grow in the last year due to sizeable increases in PPO and health maintenance organization (HMO) enrollment of 306,309 enrollees and 69,900 enrollees, respectively.

Figure 1. Rural Enrollment in Medicare Advantage and Other Prepaid Plans by Type of Plan, 2009-2011



- 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 US Department of Agriculture, Economic Research Service. Urban Influence Codes 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 US territories (due to data incompatibilities with geographic files).
- Centers for Medicare and Medicaid Services press release, "Medicare Advantage Premiums Fall, Enrollment Rises, Benefits Similar Compared to 2010," September 21, 2010.
- Gold, M, G Jacobson, A Damico, T Neuman. Medicare Advantage 2011 Data Spotlight: Plan Availability and Premiums. Kaiser Family Foundation, October 2010.



Funded by the Federal Office of Rural Health Policy, Health Resources and Services Administration, U.S. Department of Health and Human Services (Grant #1U1G RH07633)
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