

Rural Policy Brief

RUPRI Center for Rural Health Policy Analysis

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Update on Rural Enrollment in Medicare Advantage: Growth Continues

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Enrollment in Medicare Advantage (MA) plans in rural areas grew more than 50% in the first three quarters of 2007 and has more than tripled since the inception of the MA program at the beginning of 2006. However, rural enrollment remains well below urban enrollment as a percentage of the eligible population. This brief updates early findings from analysis of the Medicare+Choice/MA program presented in previous RUPRI Center policy briefs.

Findings

Overall Enrollment

- As of September 2007, over 845,000 rural Medicare beneficiaries were enrolled in an MA plan, an increase of 56% since December 2006 and a 230% increase since December 2005. Overall, about 8.3 million Medicare beneficiaries from all counties were enrolled in an MA plan in September 2007, an increase of 42% since December 2005 (Tables 1 and 2).
- Despite significant growth in MA plans, only 9% of rural Medicare beneficiaries were enrolled in MA plans in September 2007, compared to 19% of all Medicare beneficiaries. However, this represents a significant growth in rural enrollment since 2005, when only 3.7% of rural Medicare beneficiaries were enrolled in MA plans (Tables 1 and 2).

- Over half (56%) of rural persons enrolled in MA or prepaid plans were in private fee-for-service (PFFS) plans, compared to only 15% of urban persons. In contrast, in urban areas 71% of enrollment was in HMO plans, even if that number is down from 84% in 2005 (Figure 1).

PFFS Enrollment

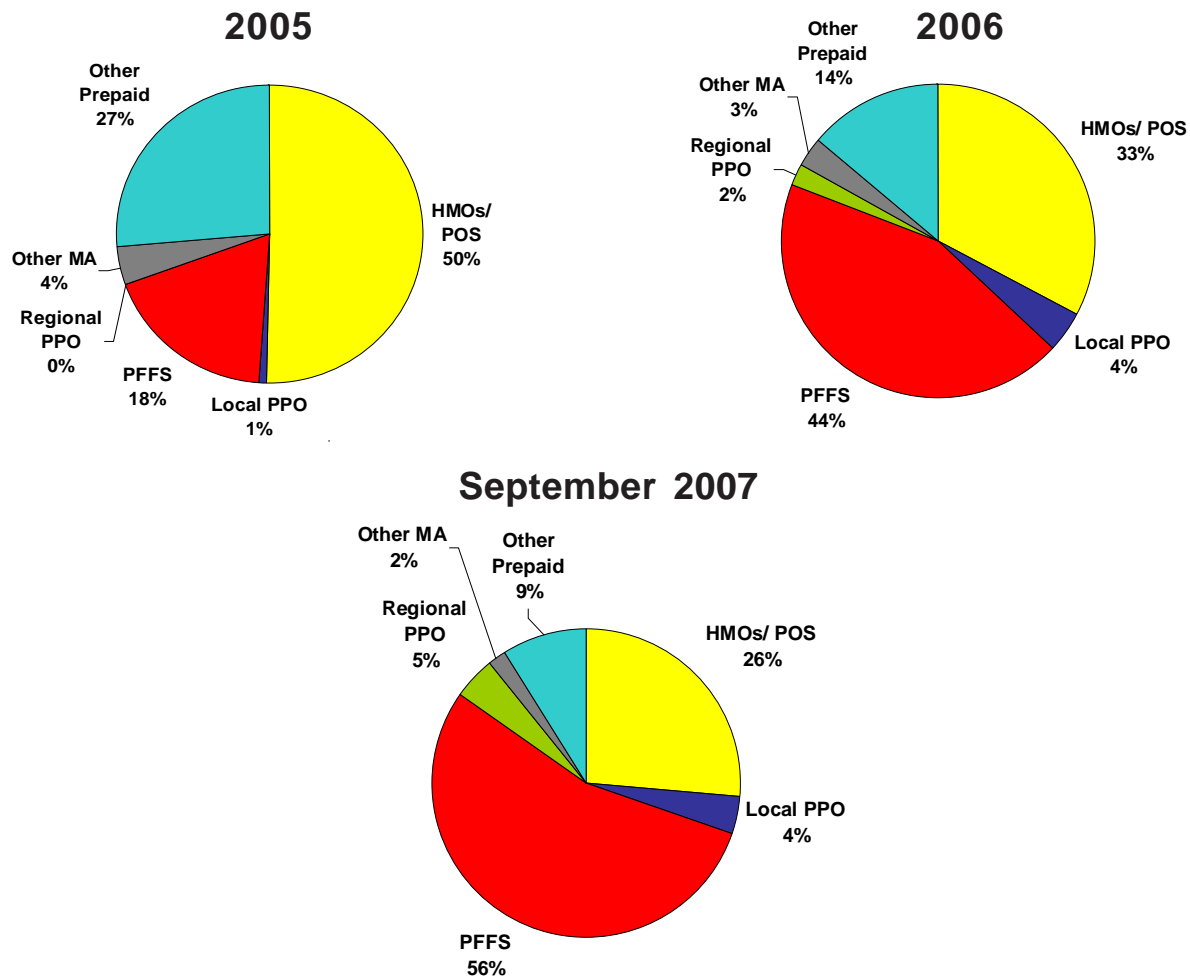
- The number of rural beneficiaries enrolled in MA PFFS plans in rural areas has increased eightfold since 2005 and has more than doubled since December 2006.
- Enrollment in MA PFFS plans was concentrated in counties where payment rates are still influenced by historically set “floor payments” in urban and rural areas.¹ Over half of the MA PFFS enrollees were in urban counties at the urban floor, while 23% of enrollees were in rural counties at the rural floor, with the rest either between those amounts or above the urban floor (Figure 2).
- About 81% of the spending on MA PFFS plans was in counties above the rural floor (Figure 2), driven by the fact that payment rates in “urban floor counties” are higher than payment rates in “rural floor counties.” About 54% of the payment for MA PFFS plans was in urban counties at the urban floor, 19% was in rural counties at the rural floor, and 23% was in counties above the urban floor.¹

To access detailed data about MA enrollment and plans, click on the following URL:
<http://www.unmc.edu/ruprihealth/Pubs/PB2007-7%20Tables%20110507.pdf>

Concentration of Enrollment

- In September 2007, about 35% of total MA enrollment was concentrated in the West, with 28% in the South, 22% in the Northeast, and 16% in the Midwest. In contrast, MA enrollment in rural areas was concentrated in the South (37%) and Midwest (33%).
- Total MA PFFS enrollment was concentrated in the South (42%) and the Midwest (38%). Similarly, 42% of rural MA PFFS enrollment was in the South, and 41% was in the Midwest.
- Total MA enrollment was concentrated in a few states, with about 50% of MA enrollees in September 2007 residing in just five states (CA, FL, PA, NY and TX). About one-third of the total enrollment in MA PFFS plans in the United States was concentrated in five states, while over half of the MA PFFS enrollment in rural areas was concentrated in 10 states (Tables 1 and 2).

Figure 1. Rural Enrollment in Medicare Advantage and Other Prepaid Plans by Type of Plan, 2005-2007



Source: RUPRI Center for Rural Health Policy Analysis.

Note: HMO = Health Maintenance Organization
 MA = Medicare Advantage
 PFFS = Private Fee-for-Service
 POS = Point of Service
 PPO = Preferred Provider Organization

Table 1. Enrollment in Medicare Advantage and Other Prepaid Plans by State, September 2007(1)

STATE (2)	Percent of Medicare eligibles enrolled in:		TOTAL Enrolled in MA and Prepaid Plans	Enrollment in Medicare Advantage Plans:						TOTAL Enrolled in Prepaid plans (4)	TOTAL Medicare Eligibles
	MA and Prepaid plans	MA Plans		TOTAL in MA Plans	HMO/POS	PFFS	Regional PPO	Local PPO	Other MA plans (3)		
UNITED STATES	19.8%	18.9%	8,704,086	8,316,229	5,720,809	1,664,708	205,183	388,114	337,415	387,857	43,998,799
AK	0.1%	0.1%	66	66	11	55			-		55,058
AL	14.9%	14.7%	116,173	115,005	88,000	19,169	22	7,711	103	1,168	781,601
AR	10.0%	9.9%	48,930	48,234	6,874	32,658	8,702		-	696	489,388
AZ	34.9%	34.9%	286,021	285,578	242,205	31,963	3,661	7,476	273	443	818,639
CA	41.9%	41.6%	1,839,626	1,826,624	1,620,285	35,377	32,094	659	138,209	13,002	4,386,037
CO	31.3%	26.6%	169,517	144,055	123,409	16,786		3,860	-	25,462	542,294
CT	10.5%	10.5%	56,731	56,731	49,087	5,159		2,422	63		540,669
DC	8.2%	2.3%	6,373	1,772	795	844		133	-	4,601	77,597
DE	2.6%	2.5%	3,387	3,367	538	1,924	596	309	-	20	132,269
FL	24.6%	24.4%	770,849	766,537	603,811	45,896	59,492	21,104	36,234	4,312	3,135,438
GA	10.7%	10.7%	115,403	115,403	20,248	73,514	14,959	6,585	97		1,076,986
HI	36.0%	15.6%	68,214	29,586	22,591	2,339	1,373	3,267	16	38,628	189,271
IA	11.2%	8.2%	56,116	41,225	5,243	32,663	3,060	259	-	14,891	502,547
ID	21.5%	19.8%	42,649	39,372	16,464	18,728		4,180	-	3,277	198,714
IL	8.1%	7.5%	141,572	131,828	69,445	43,513	3,413	15,341	116	9,744	1,749,064
IN	9.9%	8.1%	92,394	76,072	77	66,299	2,707	6,989	-	16,322	934,910
KS	7.3%	6.7%	30,137	27,564	9,862	12,420	37	5,245	-	2,573	412,026
KY	11.1%	10.3%	78,295	72,611	17,506	49,074	1,679	4,352	-	5,684	704,727
LA	17.3%	17.3%	111,043	110,979	86,269	23,097	626	618	369	64	642,618
MA	17.2%	17.1%	173,394	171,821	134,871	20,119		9,609	7,222		1,007,212
MD	6.0%	3.6%	43,375	25,832	15,311	3,394	265	6,113	749	17,543	718,839
ME	2.6%	2.6%	6,243	6,243	758	4,290		1,195	-		243,190
MI	15.3%	15.3%	235,251	234,830	45,353	187,422	1,017	922	116	421	1,537,840
MN	30.2%	20.1%	218,185	145,097	39,272	60,366	11,565		33,894	73,088	721,521
MO	16.2%	16.0%	152,491	151,171	105,615	30,462	3,763	11,331	-	1,320	942,794
MS	6.8%	6.8%	32,063	32,035	2,719	29,210	106		-	28	471,940
MT	11.8%	11.8%	18,073	18,062		16,652	364	1,046	-	11	153,286
NC	14.4%	14.4%	190,455	190,243	80,497	106,165	242	3,244	95	212	1,318,792
ND	5.9%	5.2%	6,290	5,499	5,398	5,398	23		78	791	106,313
NE	9.1%	8.4%	24,398	22,520	8,924	12,060	1,504		32	1,878	267,836
NH	2.5%	2.5%	4,841	4,841	50	4,746		45	-		194,363
NJ	9.1%	9.1%	115,878	115,150	104,085	2,163	188	8,337	377	728	1,270,110
NM	21.7%	21.4%	60,103	59,361	43,559	7,488		8,314	-	742	277,591
NV	30.3%	30.2%	93,613	93,345	33,473	3,931	1,989	121	53,831	268	308,802
NY	24.1%	23.5%	692,653	677,971	572,533	32,204	7,331	46,262	19,641	14,682	2,879,429
OH	17.6%	16.2%	319,342	294,309	206,562	67,608	6,203	13,936	-	25,033	1,811,669
OK	11.9%	11.9%	66,796	66,557	48,316	16,933		1,308	-	239	559,862
OR	39.7%	34.4%	221,336	192,054	126,480	18,814		43,916	2,844	29,282	557,661
PA	32.5%	32.1%	712,333	703,008	574,797	48,982	280	78,446	503	9,325	2,189,492
RI	34.5%	34.4%	61,222	61,135	58,566	984		1,585	-		177,579
SC	10.5%	10.5%	71,008	70,625	1,196	54,696	13,676	1,057	-	383	673,878
SD	6.0%	6.0%	7,716	7,681	2,916	3,851	914		-	35	128,623
TN	17.8%	17.7%	170,269	169,210	127,626	41,408	46	130	-	1,059	955,071
TX	15.0%	14.0%	395,310	370,508	224,877	70,543	22,136	13,708	39,244	24,802	2,641,789
UT	22.8%	22.1%	55,787	54,173	5,983	33,813		14,365	12	1,614	245,106
VA	9.7%	8.3%	99,217	85,369	6,712	76,316	119	2,127	95	13,848	1,023,400
VT	1.5%	1.5%	1,496	1,496		1,496			-		100,351
WA	20.1%	20.0%	171,232	170,653	117,571	39,320		12,676	1,086	579	851,609
WI	20.4%	19.0%	174,734	162,384	45,129	103,970	971	10,198	2,116	12,350	854,772
WV	19.8%	15.9%	72,746	58,530	4,338	46,553	26	7,613	-	14,216	367,440
WY	3.7%	2.6%	2,740	1,907		1,873	34		-	833	73,560

Source: RUPRI Center for Rural Health Policy Analysis, based on CMS data, as of September 2007.

- Notes: (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 excludes enrollees in Alaska and U.S. territories (due to data incompatibilities).
 (2) Some states not shown either because they have no rural areas or because the CMS data show no enrollees in rural areas (VT, AK, PR).
 (3) Includes demonstration plans, MSA plans, and other types of CPP plans.
 (4) Includes cost and PACE plans.

Table 2. RURAL Enrollment in Medicare Advantage and other Prepaid Plans by State, September 2007(1)

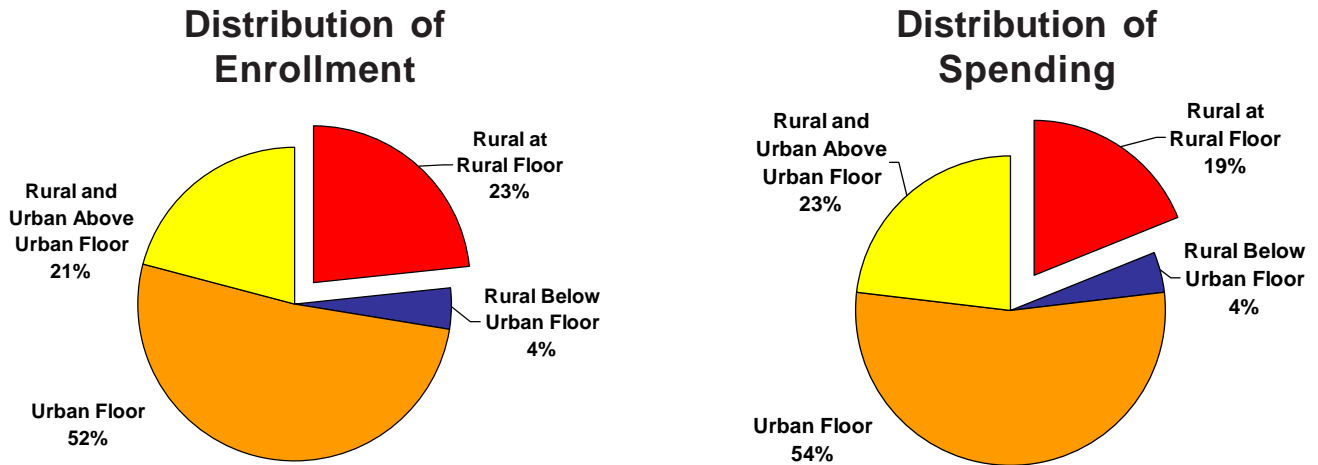
STATE (2)	Percent of Medicare eligibles enrolled in:		TOTAL Enrolled in MA and Prepaid Plans	Enrollment in Medicare Advantage Plans:						TOTAL Enrolled in Prepaid plans (4)	TOTAL Medicare Eligibles
	MA and Prepaid plans	MA Plans		TOTAL in MA Plans	HMO/POS	PFFS	Regional PPO	Local PPO	Other MA plans (3)		
UNITED STATES	10.2%	9.3%	929,032	845,445	227,859	519,427	43,764	35,550	18,845	83,587	9,139,889
AK	0.1%	0.1%	15	15		15			-		11,346
AL	6.8%	6.7%	17,641	17,539	9,388	7,317		821	13	102	260,225
AR	9.0%	8.9%	21,300	21,171	1,316	14,684	5,171		-	129	237,331
AZ	16.2%	16.0%	18,865	18,708	10,472	6,655	1,254	278	49	157	116,584
CA	5.7%	5.5%	8,802	8,484	5,053	1,521	1,910		-	318	154,077
CO	11.7%	3.9%	10,925	3,591	217	3,374			-	7,334	93,013
CT	4.1%	4.1%	1,994	1,994	1,762	215		17	-		48,373
DE	1.7%	1.7%	672	652		377	192	83	-	20	38,990
FL	9.0%	9.0%	20,195	20,131	7,708	5,359	5,454	1,610	-	64	224,383
GA	8.5%	8.5%	24,619	24,619	162	18,868	5,357	232	-		290,584
HI	35.5%	15.1%	18,660	7,947	5,992	674	1,281		-	10,713	52,534
IA	7.2%	5.9%	19,197	15,694	379	13,937	1,378		-	3,503	266,817
ID	13.3%	11.8%	10,258	9,097	1,237	7,822		38	-	1,161	76,898
IL	6.6%	5.6%	21,330	18,163	1,589	13,541	11	3,006	16	3,167	323,114
IN	9.7%	9.0%	23,351	21,461		20,457	491	513	-	1,890	239,569
KS	2.4%	2.1%	4,358	3,767		3,755		12	-	591	181,567
KY	8.1%	6.8%	28,387	23,939	1,619	21,647	617	56	-	4,448	350,128
LA	6.6%	6.6%	12,505	12,505	2,524	9,573	226		182		190,073
MD	1.1%	1.0%	582	524	65	369	46	14	30	58	51,293
ME	2.0%	2.0%	2,204	2,204	51	1,867		286	-		111,154
MI	14.1%	14.1%	49,588	49,588	1,466	48,036	86		-		352,471
MN	23.6%	20.0%	62,780	53,291	2,696	31,392	5,098		14,105	9,489	266,355
MO	6.9%	6.8%	21,339	20,864	4,800	14,837	1,128	99	-	475	308,512
MS	5.6%	5.6%	16,244	16,244	260	15,963	21		-		291,378
MT	10.2%	10.2%	10,535	10,524		9,646	221	657	-	11	102,847
NC	10.5%	10.4%	50,706	50,634	15,754	34,506	94	280	-	72	484,988
ND	5.4%	4.6%	3,681	3,085		3,074			11	596	67,733
NE	6.1%	5.4%	8,846	7,829	105	6,874	818		32	1,017	144,830
NH	1.7%	1.7%	1,445	1,445		1,445			-		86,413
NM	6.7%	6.4%	7,224	6,937	275	3,403		3,259	-	287	108,036
NV	17.0%	16.9%	7,093	7,032	1,137	506	1,293		4,096	61	41,659
NY	15.6%	15.6%	43,663	43,411	22,423	13,267	670	7,051	-	252	279,042
OH	7.7%	7.5%	29,057	28,301	9,252	16,775	1,261	1,013	-	756	376,505
OK	3.7%	3.7%	9,063	8,938	1,076	7,612		250	-	125	243,654
OR	23.5%	17.1%	39,803	29,078	14,303	10,624		4,125	26	10,725	169,693
PA	20.0%	19.4%	76,816	74,529	55,178	12,857		6,494	-	2,287	383,649
SC	8.6%	8.6%	16,214	16,214	39	11,398	4,707	70	-		189,428
SD	4.7%	4.7%	3,729	3,729	1,749	1,591	389		-		79,803
TN	10.4%	10.3%	32,921	32,574	19,304	13,242		28	-	347	317,307
TX	5.8%	4.8%	30,388	25,056	3,988	16,402	4,323	266	77	5,332	522,610
UT	15.8%	14.7%	5,906	5,492	118	5,218		156	-	414	37,383
VA	11.0%	9.7%	25,403	22,487	2,235	20,215		37	-	2,916	231,718
VT	1.8%	1.8%	1,313	1,313		1,313			-		73,839
WA	10.8%	10.7%	15,556	15,446	6,037	9,184		225	-	110	144,190
WI	21.0%	19.8%	59,148	55,636	15,424	37,208	241	2,555	208	3,512	281,635
WV	18.3%	12.3%	33,113	22,319	706	19,568	26	2,019	-	10,794	181,071
WY	3.2%	2.5%	1,598	1,244		1,244			-	354	50,641

Source: RUPRI Center for Rural Health Policy Analysis, based on CMS data, as of September 2007.

- Notes: (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 excludes enrollees in Alaska and US territories (due to data incompatibilities).
(2) Some states not shown either because they have no rural areas or because the CMS data show no enrollees in rural areas (DC, NJ, VT, MA, NH, AK).
(3) Includes demonstration plans, MSA plans, and other types of CPP plans.
(4) Includes cost and PACE plans.

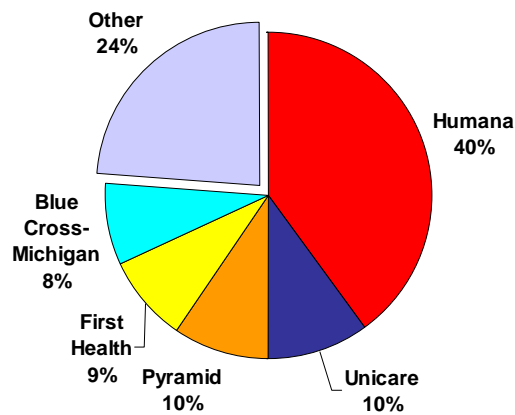
- Overall MA enrollment in rural areas in September 2007 was concentrated in several PFFS plans, with over 43% of rural overall MA enrollment being in just five organizations serving about 2,000 counties in the United States.
- About 76% of rural persons enrolled in MA PFFS plans in September 2007 were in plans managed by just five organizations serving about 2,000 counties in the United States, and 90% were enrolled in MA PFFS plans managed by eight organizations (Figure 3).

Figure 2. Medicare Advantage PFFS Enrollment by Payment Category, September 2007



Source: RUPRI Center for Rural Health Policy Analysis.

Figure 3. Concentration of Medicare Advantage PFFS Enrollment in Rural Areas, September 2007



Source: RUPRI Center for Rural Health Policy Analysis.

Note

¹County payment rates from Medicare for MA plans have been determined historically, a complicated set of regulations that have changed over time. In most cases in recent years, the county benchmark rate has been set by a “minimum update” to the previous year’s rates. Therefore, county rates in 2007 are heavily influenced by the “floor” payment rates set in place in 2001. In the vast majority of rural counties in the United States, the payment rate in 2007 is about \$662, and these counties had a payment rate set at \$475 in 2001. In a large number of urban counties in the United States, the payment rate in 2007 is about \$732, and these counties had a payment rate set at \$525 in 2001. For the purposes of this analysis, counties are classified by the payment rate policies that governed them in 2001, whether or not their rates in 2007 are still at the amounts described above.

Sources and Resources

Web sites

Centers for Medicare and Medicaid Services: <http://www.cms.hhs.gov/HealthPlanRepFileData/>

RUPRI Center for Rural Health Policy Analysis: <http://www.unmc.edu/ruprihealth/>

Kaiser Family Foundation, State Health Facts: <http://www.statehealthfacts.org/>

Medicare Payment Advisory Commission: <http://medpac.gov/>

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