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July 2009: Rural Enrollment in Medicare Advantage Continues to Grow

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Rural enrollment in Medicare Advantage (MA) continues to grow, with growth in the last 18 months led by the growth of preferred provider organization (PPO) plans. Despite the growth in PPO plans, private fee-for-service (PFFS) plans continue to dominate enrollment in rural areas and have accounted for much of the program's growth since 2005.

Key Findings

Enrollment in MA Plans

- Overall enrollment in MA plans has more than doubled since December 2005 (from 5.1 million to 10.9 million), and rural enrollment has increased almost sixfold (from 242 thousand to 1.37 million).
- In July 2009, rural enrollment rates in MA and prepaid plans were 20% or greater in nine states—Hawaii (37.3%), Michigan (22.6%), Minnesota (31.8%), New York (22.0%), Oregon (25.9%), Pennsylvania (28.8%), Utah (22.5%), West Virginia (21.3%), and Wisconsin (27.8%).
- Despite these growth rates, only 14% of rural Medicare beneficiaries were enrolled in an MA plan in July 2009, a much smaller share of Medicare beneficiaries than were enrolled in MA plans in urban areas (27%).

Growth in MA Plans

- From July 2008 to July 2009, rural enrollment in MA and other prepaid plans grew by 16.8%, while nationally enrollment grew by only 11%.
- From July 2008 to July 2009, rural enrollment in PPOs and other types of MA plans grew by a rapid 64%, while PFFS plan enrollment grew by only 8%.

Distribution of Enrollment

- Health maintenance Organization (HMO) plans dominate national enrollment in MA plans, with over 63% of beneficiaries; however, PFFS plans dominate rural enrollment, with over 53% of beneficiaries (Figure 1).
- While over half (53%) of rural persons enrolled in MA or other prepaid plans were in PFFS plans in July 2009, only 18% were in PFFS plans in December 2005.
- PPO enrollment in rural areas doubled from January 2008 through July 2009, with enrollment reaching 229,000 Medicare beneficiaries. PPO and other prepaid plans have similar market shares in MA enrollment in both rural (17%) and urban (12%) areas.
- Enrollment in HMO/point-of-service (POS) plans in rural areas dropped from 51% to 24% of enrollment from December 2005 to July 2009.

Figure 1. Rural Enrollment in Medicare Advantage and Other Prepaid Plans by Type of Plan, 2005-2009

