

New York's Medicare Advantage Market, 2010–2012

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Overall, Medicare Advantage enrollment continued to grow from 2010 to 2012. Underwriting gains for this line of business declined but remained generally strong and made up a significant part of health plans' total operating income.

This review of enrollment and financial data for New York's Medicare Advantage (MA) market is drawn from research for *The Big Picture V: New York's Private and Public Insurance Markets, 2012*. It is presented as a companion piece to *New York's Medicare Marketplace: Update: Examining New York's Medicare Advantage Plan Landscape After the Affordable Care Act*, an issue brief analyzing MA plan benefits that was produced by the Medicare Rights Center with support from the United Hospital Fund. Taken together, the two reports provide analysis of enrollment, benefits, and financial trends in the MA market in New York—a timely focus, given the ongoing changes in payment methodologies for health plans contained in the Affordable Care Act and the continuing popularity of Medicare Advantage options among New York beneficiaries.

OVERVIEW OF THE MEDICARE ADVANTAGE MARKET

Over 30 different health insurers participate in the Medicare Advantage market in New York, making it perhaps the most competitive insurance market in the state. The range of plans includes national insurers active in other New York markets, homegrown nonprofits and regional HMOs, Prepaid Health Services Plans, and national plans specializing in Medicare Advantage that do not offer non-Medicare products in New York.

Although some employer groups purchase group Medicare Advantage plans as a retiree benefit, most purchases are by individuals, who have a number of options to choose from, in four main categories. The HMO option requires members to get care from network providers in the managed care plan. Preferred Provider Organizations (PPOs) allow members to access care from in-network or out-of-network providers: Regional PPOs are offered statewide, and Local PPOs are available in more limited service areas. Private Fee-for-Service (PFFS) plans were briefly popular with seniors seeking a broader provider network, but have been sharply curtailed by policymakers in recent years. Enrollment in several small available demonstration programs, our "Other" category, has dwindled.

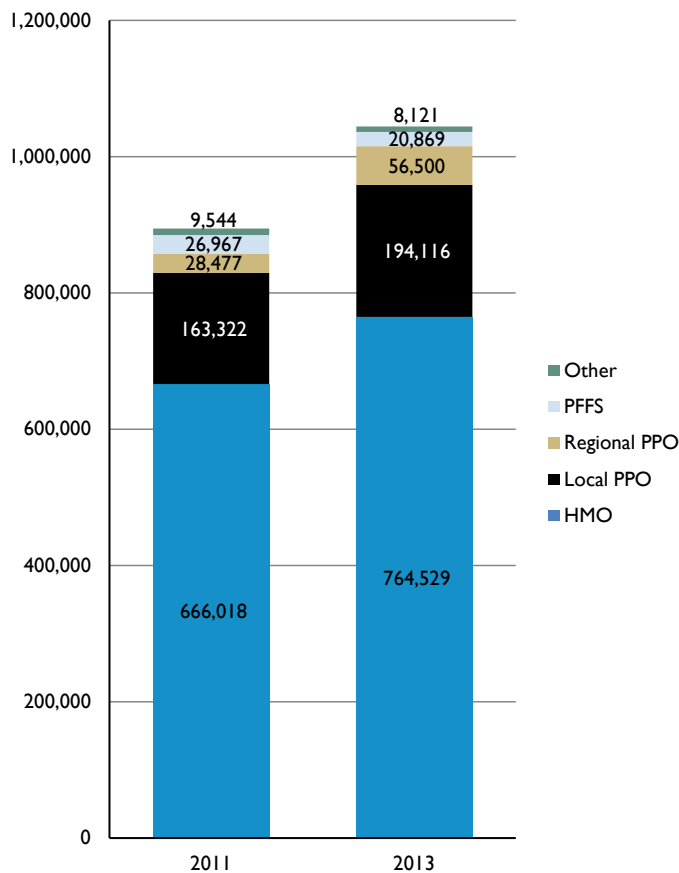
MEDICARE ADVANTAGE ENROLLMENT

The Centers for Medicare and Medicaid Services (CMS) reported 3.093 million New York Medicare beneficiaries in 2012.¹ Of these, 1.044 million beneficiaries were enrolled in a Medicare Advantage plan as of January 2013, a 17 percent increase over the 894,328 members enrolled in January 2011 (Figure 1). Many insurers in New York offer beneficiaries multiple product options through different licenses. HMOs are the most popular MA products by far, accounting for

nearly 75 percent of enrollment and growing by about 99,000 members from 2011 to 2013. Local PPO plans, with about 19 percent of total enrollment in 2013, grew proportionally faster than HMOs from 2011 to 2013 (19 percent vs. 15 percent growth, respectively). UnitedHealthcare, one of only two Regional PPO plan offerers in the state, doubled enrollment in its plan, from 28,000 members to 56,000 members. As health plans look to address costs and improve quality by trimming provider networks, the popularity of Medicare Advantage plans with out-of-network benefits will be an important trend to watch.

¹ Henry J. Kaiser Family Foundation, Kaiser State Health Facts, available online at <http://kff.org/medicare/state-indicator/total-medicare-beneficiaries/>

Figure 1. New York MA Enrollment, January 2011 and January 2013, by Plan Type



Note: "Other" category includes Programs of All-Inclusive Care for the Elderly (PACE), Medical Savings Account (MSA) plans, Section 1876 Cost Plans, and Section 1833 Health Care Prepayment Plans (HCCP). For privacy reasons, CMS does not report data by health plan in counties in which there are fewer than 10 enrollees.

Source: Authors' analysis of CMS State/County/Contract Medicare Advantage Monthly Enrollment Reports, January 2011 and 2013.

Among MA insurers in the New York market, UnitedHealthcare/Oxford companies, which co-brand with AARP, combined for the largest enrollment share, with over 152,000 members. Four other health plans reported enrollment of more than 100,000 members

each (Table 1). EmblemHealth companies (GHI/HIP), with more than 110,000 members, led all HMOs (Table 2), and Empire BCBS, with nearly 45,000 enrollees, was the leading Local PPO plan (Table 3).

Table 1. New York Insurers with Largest Total MA Enrollment, January 2013

Insurer	Enrollment
UnitedHealthcare/Oxford	152,674
EmblemHealth (GHI/HIP)	135,601
Empire BCBS	117,305
Managed Health Inc. (HealthFirst)	104,957
Excellus BCBS	100,128

Table 2. New York HMOs with Largest MA Enrollment, January 2013

HMO	Enrollment
EmblemHealth (GHI/HIP)	110,589
Managed Health Inc. (HealthFirst)	104,957
UnitedHealthcare/Oxford	93,003
Empire BCBS	72,455
Independent Health	67,481
Excellus BCBS	61,197

Table 3. New York Local PPOs with Largest MA Enrollment, January 2013

Local PPO	Enrollment
Empire BCBS	44,850
Excellus BCBS	38,931
EmblemHealth (HIP/GHI)	24,473
MVP HealthCare	21,228
Aetna Health/Life	17,291

Note for all tables: Enrollment in multiple plans with a common parent company is combined.

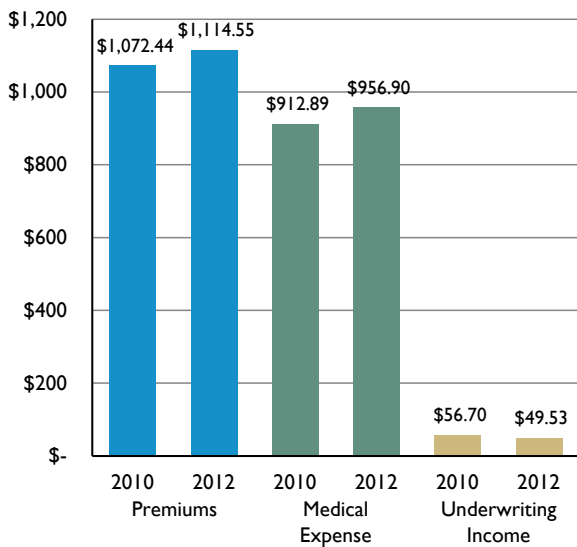
Source: Authors' analysis of CMS State/County/Contract Medicare Advantage Monthly Enrollment Reports, January 2011 and January 2013. Available at <http://www.cms.gov/research-statistics-data-and-systems/statistics-trends-and-reports/MCRAAdvPartDENrolData/index.html> (accessed May 30, 2014).

MEDICARE ADVANTAGE FINANCIAL RESULTS

Since MA HMOs account for nearly three-quarters of overall enrollment, the financial results for such plans merit special attention. Average MA premiums for HMOs measured on a per member per month (PMPM) basis rose just 3.9 percent from 2010 to 2012 (Figure 2), during the same time that average PMPM medical expenses increased at a slightly higher rate, by 4.8 percent. Average net income from underwriting for HMOs dropped from \$56.70 PMPM in 2010 to \$49.53 PMPM in 2012, a 12.6 percent decrease. Measured in the aggregate, underwriting income for HMOs from Medicare Advantage in 2012

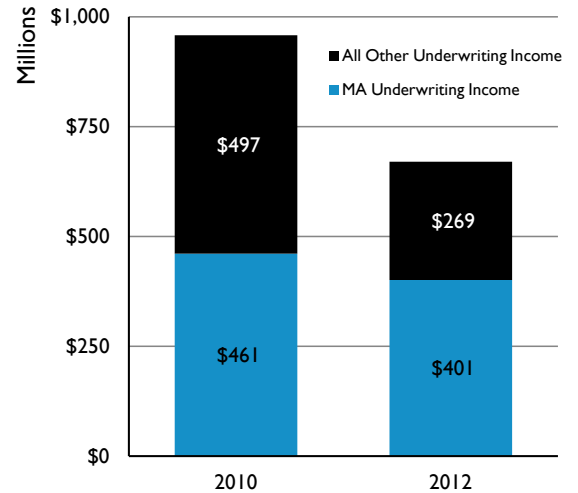
(Figure 3) was 13 percent less than in 2010. Even with this decline, though, HMOs still topped \$401 million in underwriting income for MA in New York in 2012, which represented 60 percent of total HMO underwriting (or operating) income reported for 2012, compared to 48 percent in 2010. Article 43 insurers, a group that includes nonprofit Blue Cross Blue Shield and other insurers, reported another \$119 million in MA underwriting income in 2012, while for-profit accident and health insurers licensed under Article 42 of New York State’s insurance law posted about \$6.5 million in losses.

Figure 2. Average MA Financial Results for HMOs, Per Member Per Month, 2010 and 2012



Source: For 2012, authors’ analysis of HMO annual statements, New York supplement. Results include Medicare Advantage HMO plans with and without Part D prescription drug benefits. For 2010, *The Big Picture IV*, Table 5.

Figure 3. HMO MA Underwriting Income, 2010 and 2012



Source: For 2012, *The Big Picture V*, Table 10. For 2010, *The Big Picture IV*, Table 4.

CONCLUSION

Overall, Medicare Advantage enrollment continued to grow from 2010 to 2012. While underwriting gains for plans from MA business declined somewhat, they remained generally strong and made up a significant component of health plans' total underwriting (or operating) income from all

lines of business. Given the continuing popularity of the MA option among New York beneficiaries, the ongoing changes to the payment rules, and the importance of this line of business to health plans' overall performance, it will continue to be important to keep a weather eye on enrollment and financial trends in the coming years.

ABOUT THE AUTHORS / METHODOLOGY

This brief was produced by Peter Newell, director of the United Hospital Fund's Health Insurance Project, and Allan Baumgarten, an independent consultant; it was supported in part by the New York Community Trust.

The main data source for financial results was annual statements filed by insurers with the New York State Department of Financial Services and the National Association of Insurance Commissioners for calendar years 2010 and 2012. These statements were analyzed in *The Big Picture V: New York's Private and Public Insurance Markets,*

2012, and *The Big Picture IV: New York's Private and Public Insurance Markets, 2010,* and the *Affordable Care Act*. Both publications are available on the Fund's website, www.uhfnyc.org. Notes and sources for the figures and tables often reference figures and tables contained in these two reports. Data for enrollment comes from analysis of the CMS State/County/Contract Medicare Advantage Monthly Enrollment Report, January 2013 and January 2011. Additional background on data and methodology is available in Appendix II of *The Big Picture V*.

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The United Hospital Fund is a health services research and philanthropic organization whose primary mission is to shape positive change in health care for the people of New York. We advance policies and support programs that promote high-quality, patient-centered health care services that are accessible to all. We undertake research and policy analysis to improve the financing and delivery of care in hospitals, health centers, nursing homes, and other care settings. We raise funds and give grants to examine emerging issues and stimulate innovative programs. And we work collaboratively with civic, professional, and volunteer leaders to identify and realize opportunities for change.



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