

Medicare Advantage: Early Views and Trend Spotting:

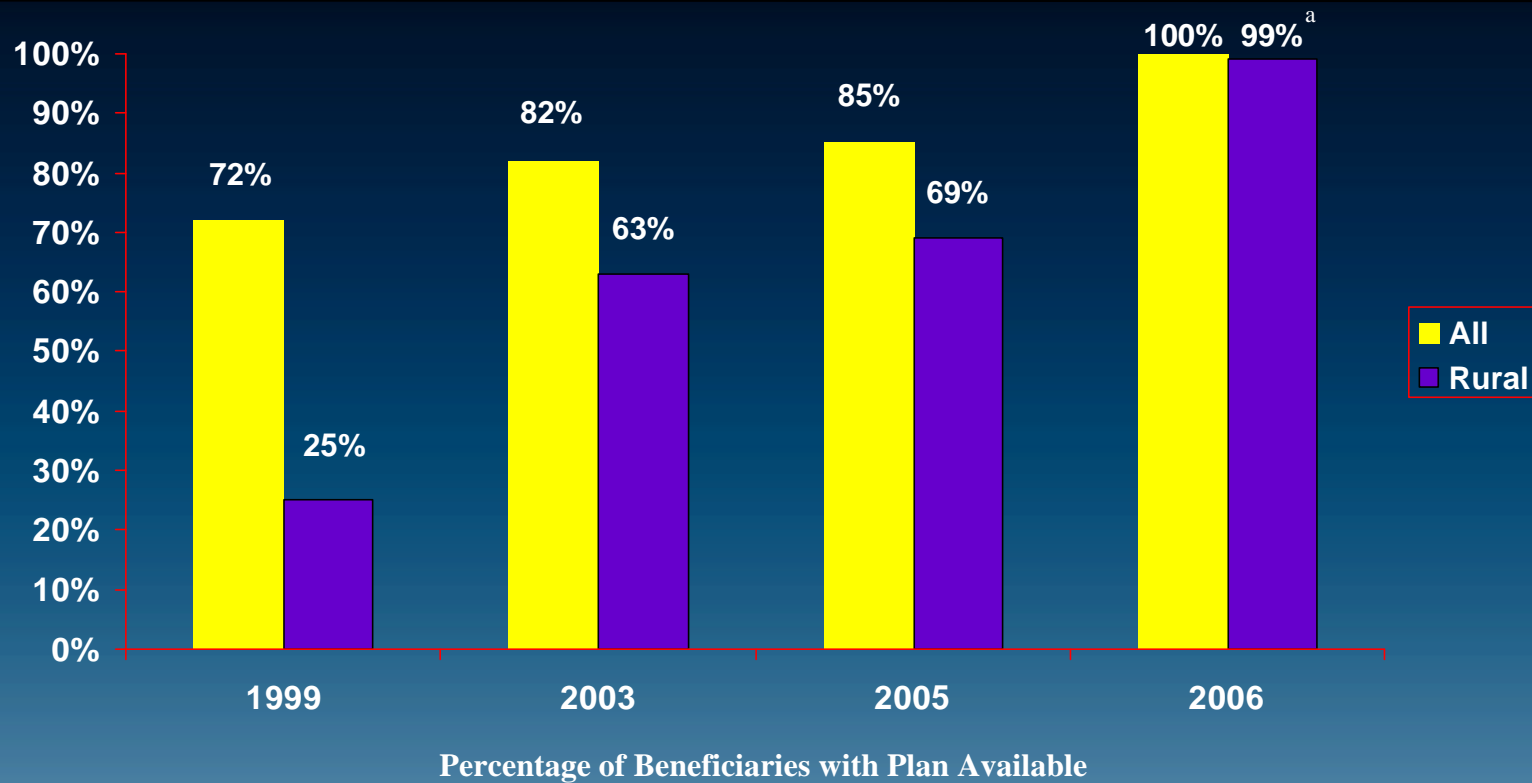
What We Know From Analyzing Public Data Files

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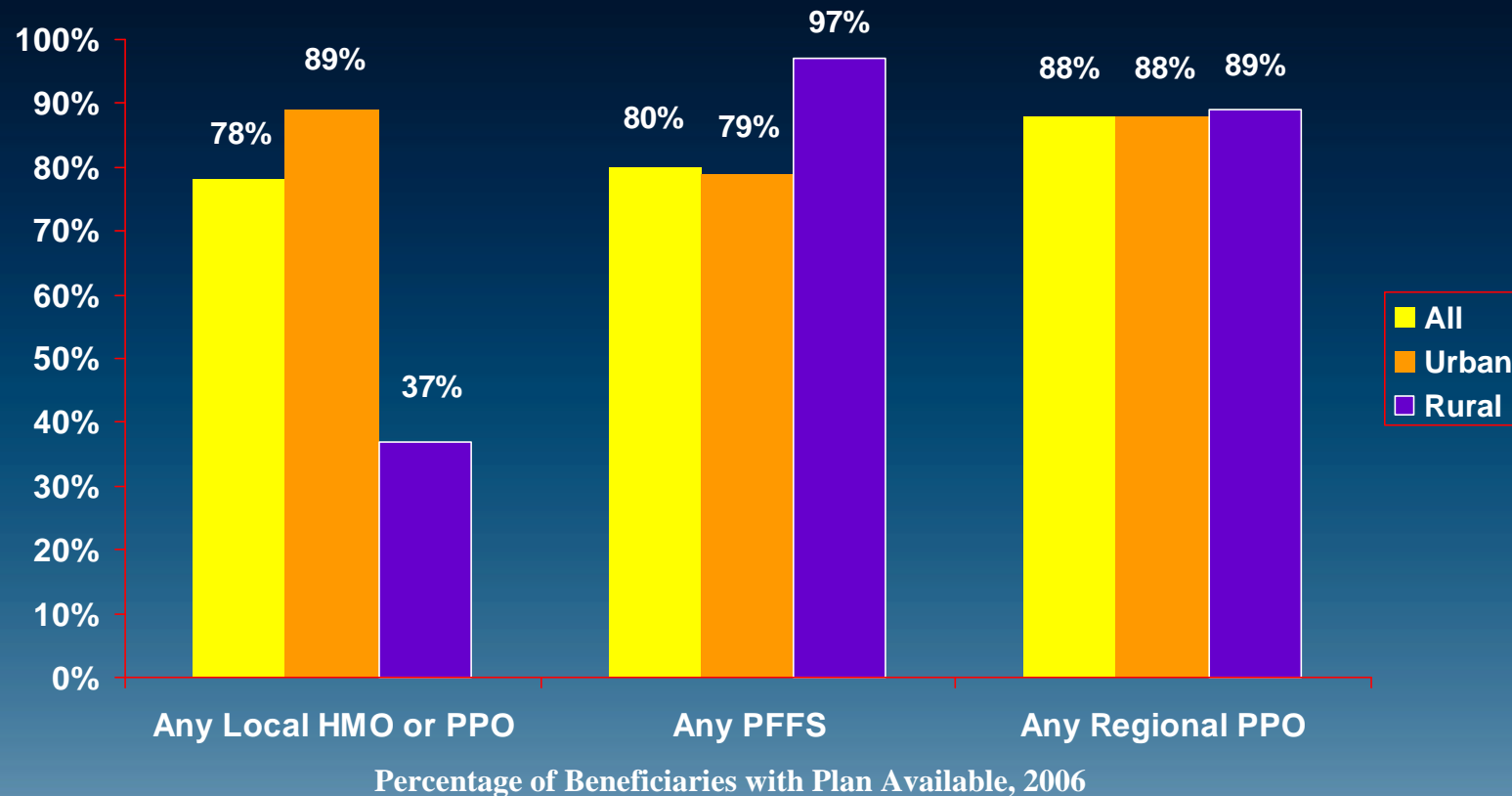
More Beneficiaries have MA Available in 2006



Source: MPR Analysis of CMS Data for The Kaiser Family Foundation for March of each year.

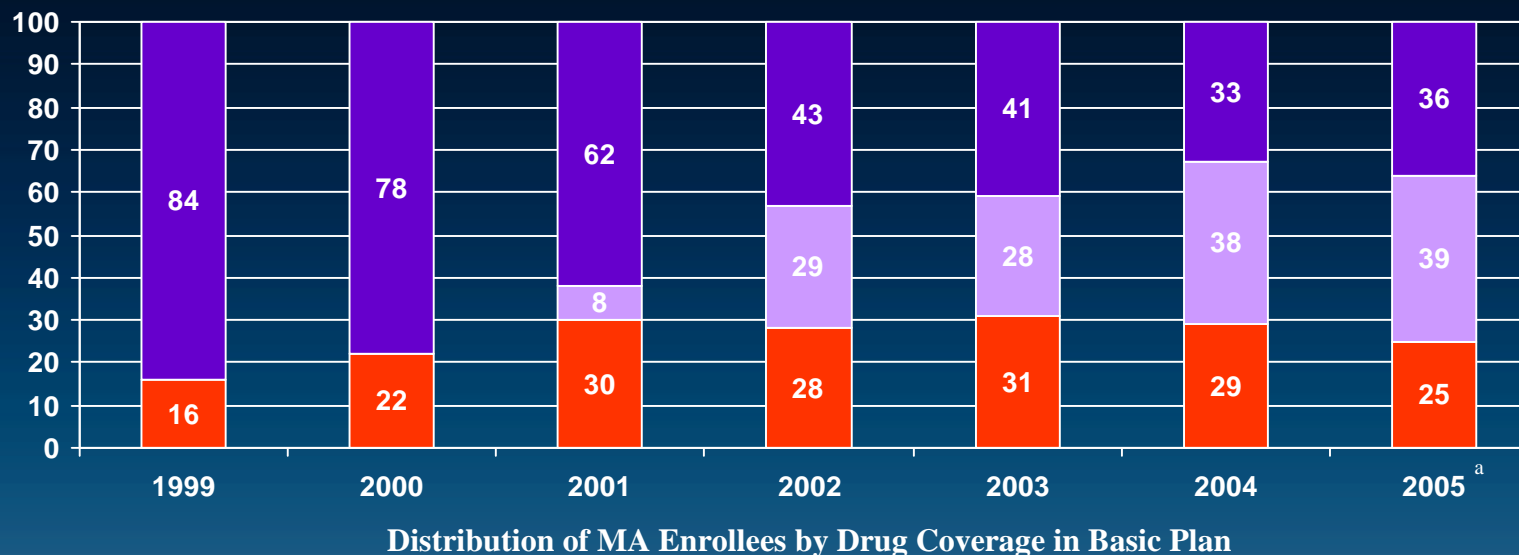
^aExceptions are in Alaska and parts of New England.

Growth is Mostly Due to Expansion of PFFS and R-PPOs, Especially in Rural Areas



Source: MPR Analysis of CMS Data for Kaiser Family Foundation

Part D Improved Drug Coverage for MA Enrollees in 2006



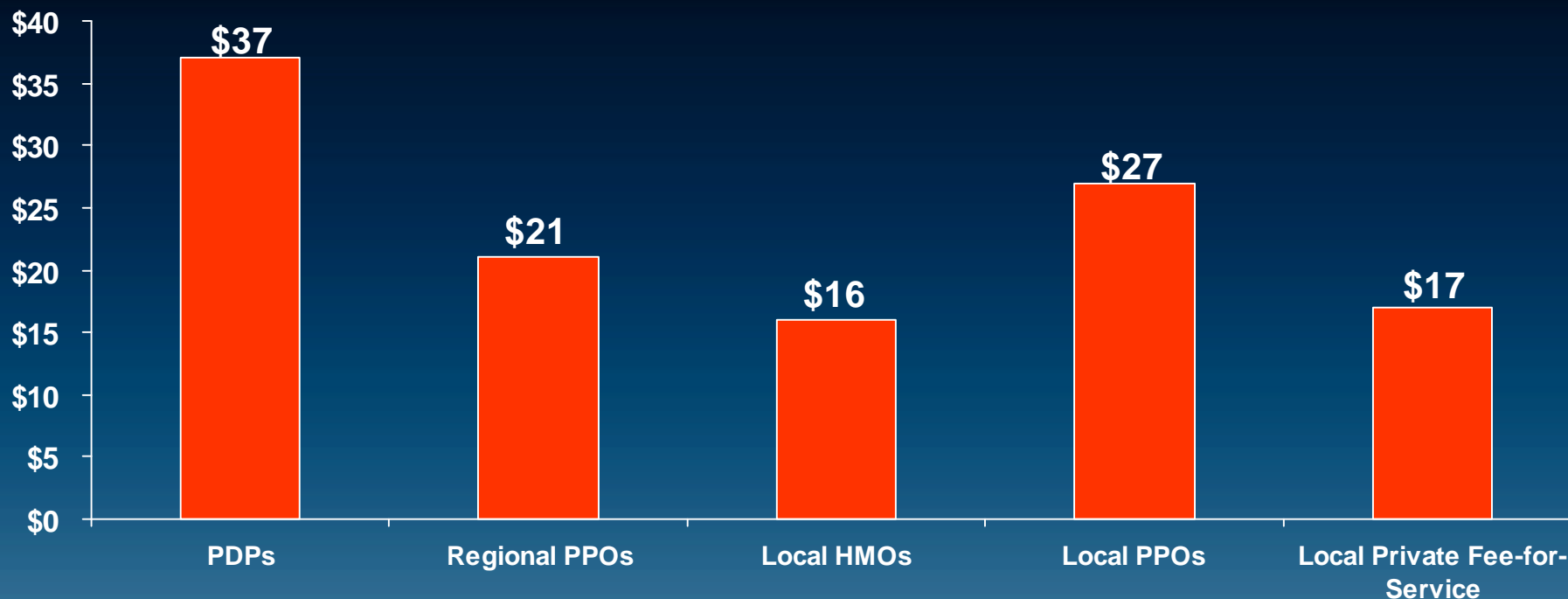
■ No drug coverage
 ■ Generic only
 ■ Brand name and generic

Source: MPR Analysis of CMS Medicare Personal Plan Finder data.

Note: Weighted by enrollment. 2004 data is as of March.

^aIn 2005, 30 percent of brand coverage had a limit of \$500/year or less; 54 percent had a limit under \$1,000.

MA-PD Drug Plans Offers a Competitive Alternative to PDPs in 2006, In Part Because the MMA Pays Them To Do So



Average Monthly Drug Premium, All MA-PDs, 2006

Source: MPR analysis of CMS's November Landscape file for the Kaiser Family Foundation.

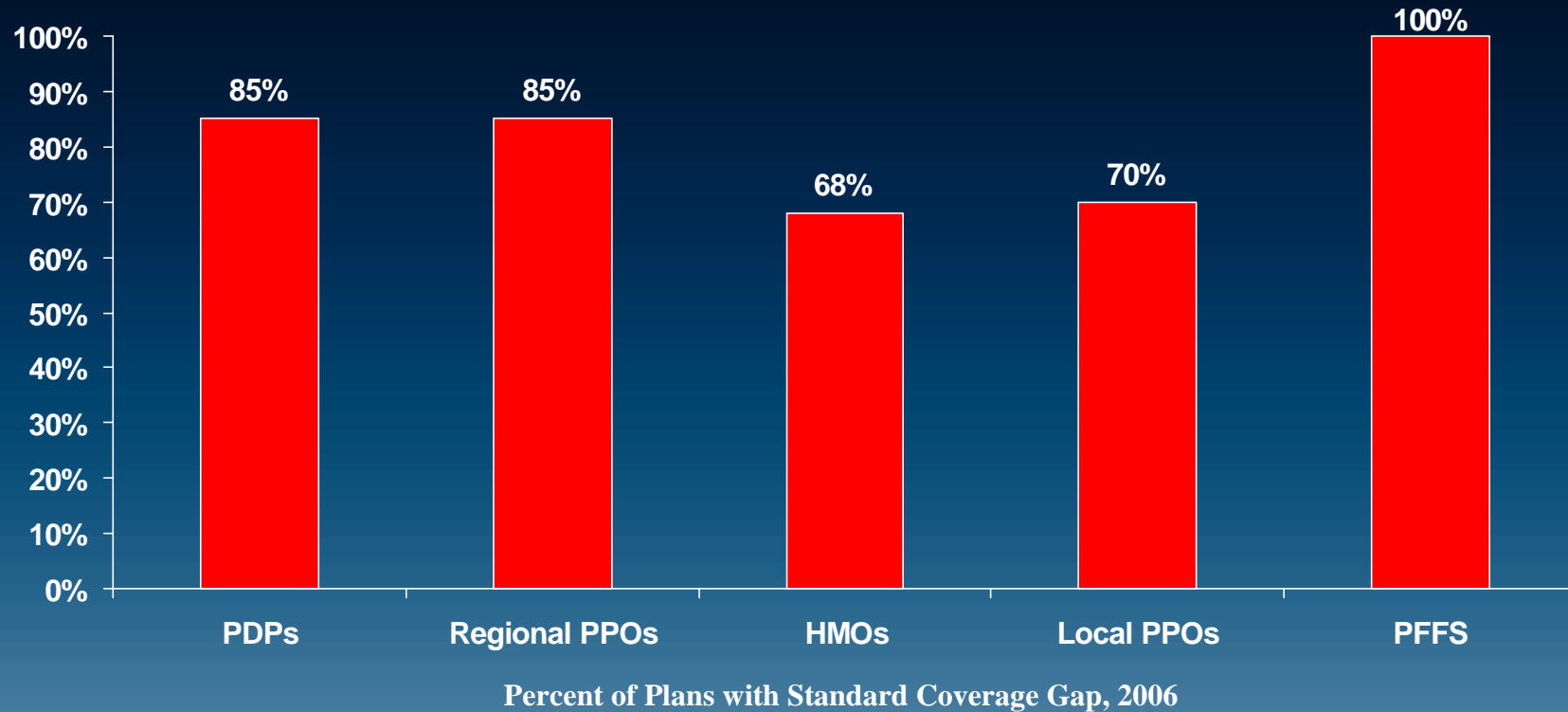
MA-PD Premiums (and Benefits) Vary By Plan Type in 2006

	R-PPO	HMO	L-PPO	PFFS
All Plans				
Average total premium	\$67	\$50	\$72	\$45
Percent with no MA premium	8%	43%	10%	20%
Lowest Premium Offering^a				
Average total premium	\$53	\$28	\$60	\$41
Percent with no MA premium	15%	58%	13%	25%

Source: MPR Analysis of CMS's November 2005 Landscape File for CMS.

^aBy firm within each geographical contract setment.

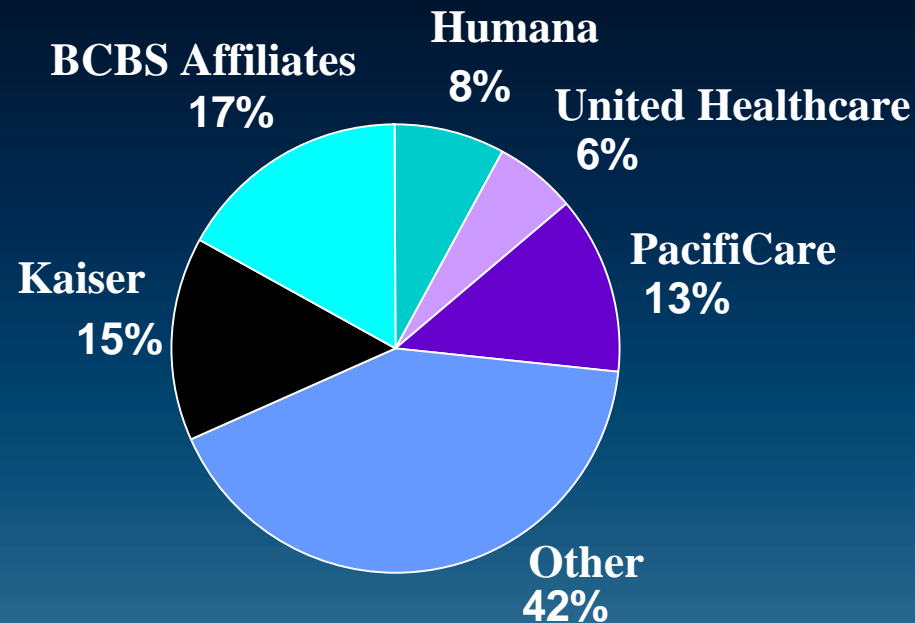
The “Coverage Gap” Persists in MA Though Some HMOs and PPOs Offer a Generic Fill In



Source: MPR analysis of CMS Landscape file for The Kaiser Family Foundation. MA data are from November 2005. PDP data are from October 2005.

Note: Few plans offering coverage include brand name drugs. Beneficiaries seeking such coverage can find them in 2 percent of PDPs, 7 percent HMOs and 3 percent of local PPOs. (No regional PPOs or PFFS plans provide such coverage.)

A Small Number of Firms Historically have Dominated MA Enrollment



Distribution of MA Enrollment, September 2005

Source: MPR analysis of CMS data from the Geographical Service Area File with MPR coded file name.

These Firms Had Major Influence on Beneficiary Choice in 2006

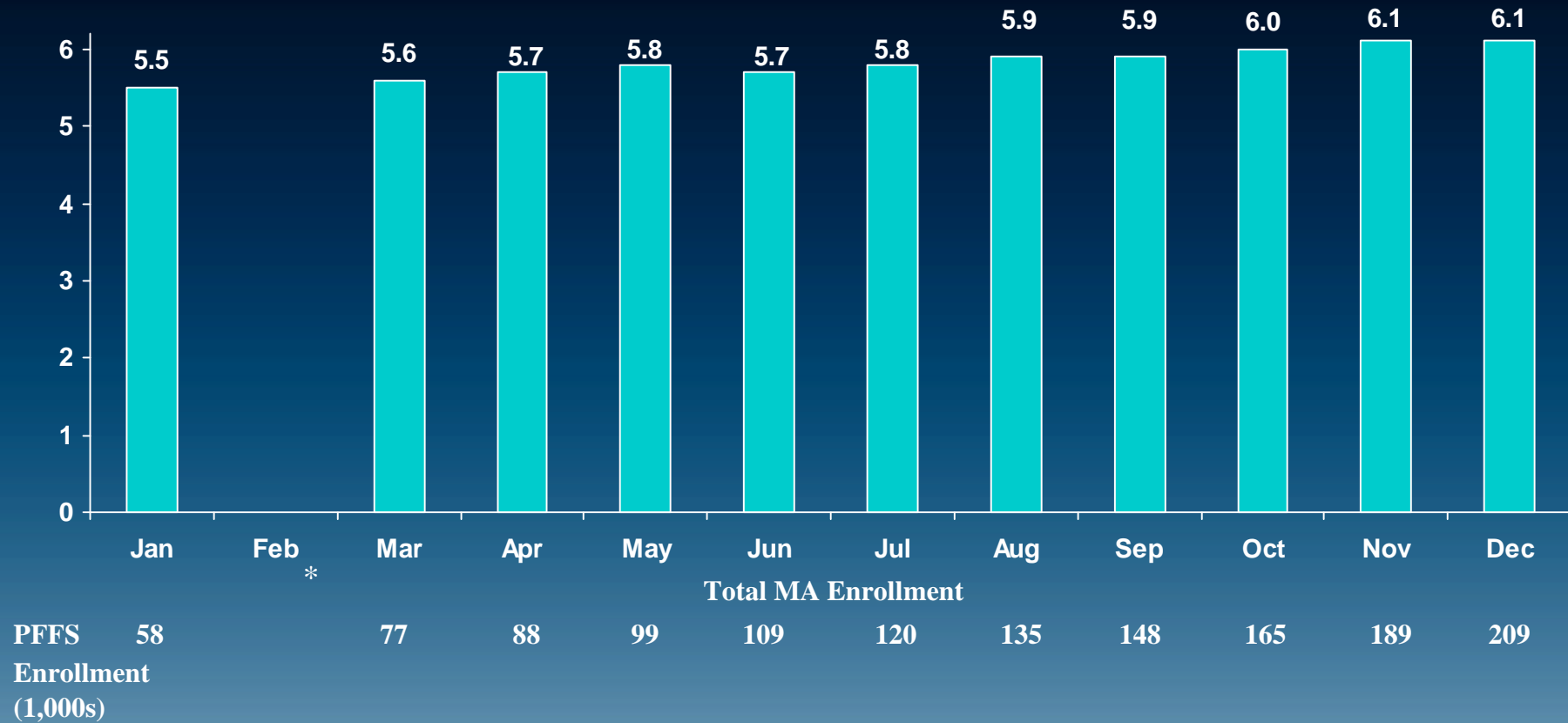
MA Sponsor	Any Product	R-PPO	HMO	Local PPO	PFFS
All Sponsors	100%	88%	72%	60%	80%
Humana	69%	61%	9%	18%	69%
Kaiser	14% ^a	0%	11%	0%	0%
PacifiCare	48%	0%	16%	0%	39%
United Healthcare	36%	14%	21%	15%	5%
BCBS Affiliate	69%	23%	36%	27%	8%

Percent of Beneficiaries with Product Available, 2006

Source: MPR Analysis of CMS's November 2005 Landscape file for The Kaiser Family Foundation.

^aIncludes cost contract enrollees.

MA Enrollment Already was Increasing in 2005, While Most Enrollees Were in HMOs, PFFS Enrollments was Rising Rapidly



Source: CMS Monthly Medicare Contract Reports.

*No data available for the month of February.

Key Questions - I

- 1. Are beneficiaries focused on MA in 2006 and do they understand the options and how they affect out- of-pocket costs?**
- 2. Increased availability is driven by R-PPOs and PFFS.**
 - Are R-PPO a competitive option and for who?**
 - Is PFFS a viable product long term and does it improve on traditional Medicare?**

Key Questions - II

- 3. MA now gets paid more than it costs in traditional Medicare. What happens to beneficiaries if Medicare payments stop rising rapidly or are unstable over time?**
- 4. Will CMS release again publicly the monthly files on MA enrollment by contract and county (and add plan) to support independent tracking and analysis of beneficiary choice?**