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Maryland Medicare Advantage Enrollment Growing

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The number of persons enrolled in Medicare Advantage (MA) and prepaid plans in Maryland increased between December 2005 and September 2007, from over 31,100 to over 43,300 persons, a growth rate of 39% (Table 1). The enrollment in MA plans represents 6% of Maryland Medicare beneficiaries. However, enrollment in MA plans in Maryland trailed the national enrollment rate of 20%.

Enrollment in the MA program in rural areas in Maryland is minimal, with only about 580 persons enrolled in September 2007 (1.1% of rural Medicare beneficiaries in Maryland).

Table 1. Enrollment in Medicare Advantage and Prepaid Plans in Maryland, 2005-2007

	Number of Enrollees		Percent of Medicare Population	
Location	Dec. 2005	Sept. 2007	Dec. 2005	Sept. 2007
All Medicare Advantage and Prepaid Plans:				
Total	31,117	43,375	4.3%	6.0%
Rural	60	582	0.1%	1.1%
PFFS Plans:				
Total	0	3,394	0.0%	0.5%
Rural	0	369	0.7%	0.7%

Source: RUPRI Center for Rural Health Policy Analysis, based on Centers for Medicare and Medicaid Services data, as of September 2007.

Note: PFFS = private fee-for-service.

Growth Most Significant in Health Maintenance Organization/Point of Service Plans

The increase in MA enrollment in Maryland has been led by rapid growth in health maintenance organization (HMO) and point of service plans, which increased by 117% from 2005 to 2007. Enrollment in private fee-for-service (PFFS) plans also grew—in December of 2005 there were no enrollees in PFFS plans statewide, while enrollment in PFFS plans jumped to over 3,300 in September of 2007 (Table 1). About one-third of enrollees in Maryland remain in other prepaid plans.

Medicare Advantage Plans Described

MA plans are private-sector plans that contract with Medicare to provide all Medicare-related services, plus additional benefits (e.g., prescription drugs, vision care, preventive care), sometimes at an additional cost to beneficiaries. Prepaid plans are special plans created over the years by legislation and comprise mostly "cost" plans. PFFS plans, created by legislation in 1997, are private MA plans that contract with Medicare like other MA plans, but for the most part do not operate networks of providers, such as HMOs operate. Instead, PFFS plans pay providers on a fee-for-service basis after receiving payment from Medicare.

Conclusion and Implications

MA plans have spread to more areas and enrolled a higher number of beneficiaries due to a number of factors, including significant growth in payment to MA plans. PFFS plans have gained a strong foothold in rural areas because the differential between the MA Medicare payment and traditional Medicare payment is large, and because it is less difficult to set up a PFFS plan than other types of MA plans (e.g., HMOs). Thus, there are strong incentives for PFFS plans to seek rural enrollment. While it is too early to gauge the full impact of MA plans, these plans give more options to Medicare recipients and lower out-of-pocket costs. On the other hand, providers have had to make significant adjustments in timing and collection practices to deal with these new Medicare program payers. The U.S. Congress is now wrestling with how to pay for the rapid growth in MA plans, especially PFFS plans.

Contact and Further Information

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For more information on national MA enrollment figures, see policy briefs and tables posted on the RUPRI Center Web site at http://www.unmc.edu/ruprihealth.

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