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Oregon Medicare Advantage Enrollment Has Grown

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The number of persons enrolled in Medicare Advantage (MA) and prepaid plans in Oregon increased significantly between December 2005 and September 2007, from over 180,000 to over 221,000 persons, an increase of about 22% (Table 1). The enrollment in MA and prepaid plans represents about 40% of Oregon Medicare beneficiaries, significantly higher than the national enrollment rate of 20%.

Growth in the MA program in Oregon was more significant among persons living in rural areas, where enrollment grew more than 50%, from about 26,000 persons to over 39,000 persons (23.5% of rural Medicare beneficiaries in Oregon) between December 2005 and September 2007.

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

Location	Number of Enrollees		Percent of Medicare Population	
	Dec. 2005	Sept. 2007	Dec. 2005	Sept. 2007
All Medicare Advantage and Prepaid Plans:				
Total	180,773	221,336	32.4%	39.7%
Rural	25,879	39,083	15.3%	23.5%
PFFS Plans:				
Total	712	18,814	0.1%	3.4%
Rural	285	10,624	0.2%	6.3%

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 Private Fee-for-Service Plans

Although the vast majority of MA enrollees in Oregon were in health maintenance organization (HMO) and point of service (POS) plans, the increase in MA enrollment in Oregon has been led by rapid growth in private fee-for-service (PFFS) plans. While in December of 2005 PFFS enrollment was under 1,000 statewide, enrollment in PFFS plans jumped to almost 19,000 in September 2007 (Table 1). In contrast, the number of enrollees in HMO and POS plans increased by about 2% in the same period. More than half of the PFFS enrollees were in rural areas in Oregon.

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>.