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Wisconsin Medicare Advantage Enrollment Up Significantly

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The number of persons enrolled in Medicare Advantage (MA) and prepaid plans in Wisconsin more than doubled between December 2005 and September 2007, from over 83,400 to over 174,700 persons (Table 1). The enrollment in MA plans represents 20.4% of Wisconsin Medicare beneficiaries, exceeding the national enrollment rate of 19.8%.

Wisconsin remains a state with one of the most robust MA markets in rural areas in the country. Over 21% of rural Wisconsin beneficiaries were enrolled in MA or prepaid plans, and enrollment more than doubled, from over 29,100 persons to over 59,100 persons between December 2005 and September 2007.

Table 1. Enrollment in Medicare Advantage and Prepaid Plans in Wisconsin, 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	83,429	174,734	12.3%	20.4%
Rural	29,107	59,148	10.3%	21.0%
PFFS Plans:				
Total	35,257	103,970	4.1%	12.2%
Rural	12,350	37,208	4.4%	13.2%

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

Most of the increase in MA enrollment in Wisconsin has been in private fee-for-service (PFFS) plans. While in December 2005 there were only about 35,200 enrollees in PFFS plans statewide, enrollment in PFFS plans jumped to almost 104,000 in September 2007 (Table 1). Only two states in the country (North Carolina and Michigan) had higher enrollment in PFFS plans. About one-third of the PFFS enrollees in Wisconsin were in rural areas. Enrollment growth was also vigorous in health maintenance organization (HMO) and point of service plans (over 40% growth) and in preferred provider organization plans (increased more than 10 times) in the same period.

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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