

# RUPRI Center for Rural Health Policy Analysis

## Rural Policy Brief

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### April 2009 Rural Enrollment in Medicare Advantage: Growth in PPOs Outpacing Growth in PFFS

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Rural enrollment in Medicare Advantage (MA) has grown significantly since the inception of the program in 2005; however, growth has slowed in recent months. Private fee-for-service (PFFS) plans dominate enrollment in rural areas and have accounted for much of the program's expansion since 2005. However, from December 2008 through April 2009 enrollment growth of preferred provider organization (PPO) plans, both nationally and in rural areas, was double the enrollment growth of PFFS plans.

#### Key Findings

##### Enrollment in MA Plans

- Overall enrollment in MA plans has doubled since December 2005 (from 5.1 to 10.8 million), and rural enrollment has increased fivefold (from 242 thousand to 1.34 million).
- In April 2009, over 13% of rural Medicare beneficiaries were enrolled in an MA plan, a much smaller share of Medicare beneficiaries than were enrolled in MA plans in urban areas (27%).
- In April 2009, rural enrollment rates in MA and prepaid plans were 20% or greater in nine states—Hawaii (36.6%), Michigan (22.3%), Minnesota (31.3%), New York (21.6%), Oregon (25.8%), Pennsylvania (28.4%), Utah (22%), Wisconsin (27.3%), and West Virginia (21.2%).

##### Growth in MA Plans

- From January 2008 to April 2009, enrollment in PPOs and other types of MA plans grew by 73% nationally, while PFFS plan enrollment grew by 26% nationally.
- Recently, PFFS plans have driven the growth of rural MA enrollment, with 7.5% of rural Medicare beneficiaries enrolled in a PFFS plan by April 2009. However, rural PFFS enrollment grew by 26% from January 2008 through April 2009, while PPO enrollment grew by 110% and HMO enrollment grew by 29%.

##### Distribution of Enrollment

- HMO plans dominate national enrollment in MA, with over 65% of beneficiaries; however, PFFS plans dominate rural enrollment, with over 54% of beneficiaries.
- While over half (54%) of rural persons enrolled in MA or other prepaid plans were in PFFS plans in April 2009, only 18% were in PFFS plans in December 2005.
- PPO enrollment in rural areas doubled from January 2008 through April 2009, with enrollment reaching 216,000 Medicare beneficiaries.
- Enrollment in HMO/point-of-service (POS) plans in rural areas dropped from 51% to 24% of enrollment from December 2005 to April 2009.

Figure 1. Rural Enrollment in Medicare Advantage and Other Prepaid Plans by Type of Plan, 2005-2009

