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December 2009: Rural Medicare Advantage Enrollment Grows 15% in 2009

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Rural enrollment in Medicare Advantage (MA) and other prepaid plans grew by 15% from December 2008 to December 2009, faster than the 10% national growth rate. Preferred provider organization (PPO) plans drove the increased enrollment in MA plans in rural areas in 2009, while private fee-for-service (PFFS) plans continued to dominate the market with over 50% of enrollment. This landscape could change in 2010 as rural Medicare beneficiaries will experience a decline in PFFS availability, as some insurers have announced plans to pull their PFFS plans from the market. As a result, rural Medicare beneficiaries will find fewer options for MA health insurance coverage in 2010—an average of 24 MA plans to choose from, compared with 35 plans on average in 2009.¹

Key Findings

Enrollment in MA Plans

- Rural enrollment in MA plans has increased fivefold (from 242 thousand to 1.39 million) since December 2005, while national enrollment in MA plans has doubled (from 5.1 to 11.1 million),
- Despite this growth, in December 2009, over 14% of rural Medicare beneficiaries were enrolled in an MA plan, a smaller share of Medicare beneficiaries than were enrolled in MA plans in urban areas (27%).
- In December 2009, rural enrollment rates in MA and prepaid plans were 20% or greater in nine states—while nine states had enrollments of less than 5%.

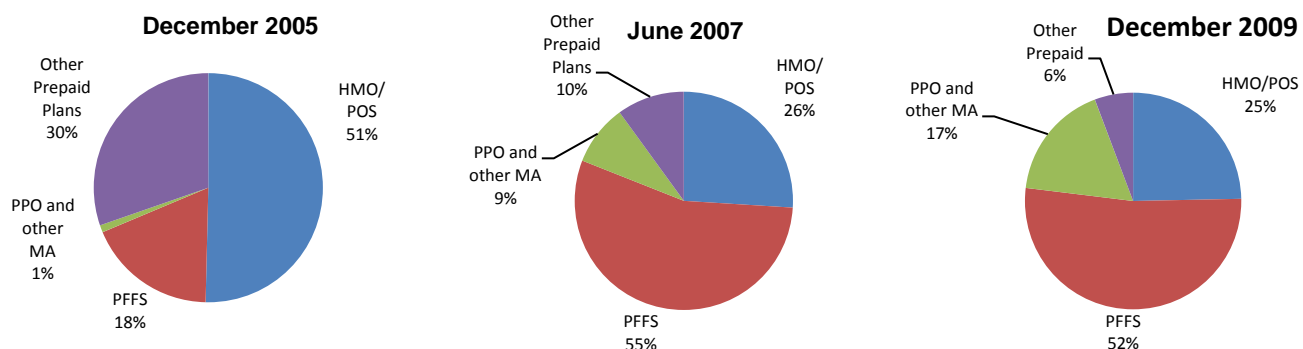
Growth in MA Plans

- From December 2008 to December 2009, rural enrollment in PPOs and other types of MA plans grew by 59%, while PFFS plan enrollment grew by only 6%. In contrast, PFFS plans grew by 33% in 2008.

Distribution of Enrollment

- Health maintenance organization (HMO) plans dominate national enrollment in MA, with over 63% of beneficiaries; however, PFFS plans dominate rural enrollment, with over 52% of beneficiaries.
- PPO enrollment in rural areas doubled from January 2008 through December 2009, with enrollment reaching 240,000 Medicare beneficiaries. PPO and other prepaid plans have similar market shares in MA enrollment in both rural (17%) and urban (12%) areas.
- Enrollment in HMO/point-of-service (POS) plans in rural areas dropped from 51% to 25% of enrollment from December 2005 to December 2009.

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



1. Gold, M, D Phelps, T Neuman, G Jacobson. "Medicare Advantage 2010 Data Spotlight." Kaiser Family Foundation, November 2009.