RUPRI Center for Rural Health Policy Analysis
Rural Policy Brief

Brief No. 2023-9 NOVEMBER 2023 http://www.public-health.uiowa.edu/rupri/

Medicare Advantage Enrollment Update 2023

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Background and Purpose

This policy brief continues the RUPRI Center's annual series of Medicare Advantage (MA) enrollment updates. In addition to tracking overall and nonmetropolitan/metropolitan MA enrollment, this brief also reports on changes in enrollment in types of MA plans. The Center's ongoing line of inquiry also considers policy changes from previous years that may have impacted MA plan enrollment.

Key Findings

- As of March 2023, 53.9 percent of metropolitan Medicare beneficiaries are enrolled in MA plans. At the current rate of growth, MA plans are projected to enroll a majority of nonmetropolitan beneficiaries in two years.
- Overall MA enrollment grew by 7.7 percent (2.2 million) from 2022 to 2023; the rate of growth continues to be higher in nonmetropolitan counties (10.5 percent) than in metropolitan counties (7.2 percent).
- The percentage of nonmetropolitan MA enrollees in HMO plans increased slightly from 37.8 percent in 2022 to 38.1 percent in 2023, while the proportion of metropolitan beneficiaries enrolled in such plans decreased from 61.4 percent in 2022 to 59.6 percent in 2023.
- Enrollment in Local PPO plans increased in both nonmetropolitan (from 51.5 percent to 54.2 percent) and metropolitan counties (from 35.6 percent to 38.1 percent) between 2022 and 2023.

Methods

Monthly MA county*/plan enrollment data for March 2023 were downloaded from Centers for Medicare & Medicaid Services (CMS) websites.[1] March enrollment data are used in this series of annual updates because it is the first month after open enrollment closes each year and reflects net enrollment each year. Note that CMS censors enrollment counts in any county/plan if the plan enrolls 10 or fewer enrollees in that county. Therefore, total

* The term "county" is used throughout this report, but in some cases, these are actually "county equivalents": places that are comparable to counties for administrative purposes but referred to by a different name. For example, Louisiana has parishes and Alaska has organized boroughs and census areas.

RHRC Rural Health Research & Policy Centers
Funded by the Federal Office of Rural Health Policy
www.ruralhealthresearch.org

This project was supported by the Federal Office of Rural Health Policy (FORHP), Health Resources and Services Administration (HRSA), U.S. Department of Health and Human Services (HHS) under cooperative agreement/grant #1U1GRH07633. The information, conclusions and opinions expressed in this policy brief are those of the authors and no endorsement by FORHP, HRSA, HHS is intended or should be inferred.

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enrollment figures derived from that data are undercounts. Total county Medicare enrollment data for March 2023 were also downloaded from a CMS website.[2] The resulting data provided enrollment information from 3,134 U.S. counties. All data are reported by county, so beneficiaries were classified as nonmetropolitan/metropolitan based on the county of their primary residence using 2013 Urban Influence Codes.

There are MA enrollees in all 50 states and the District of Columbia, but 45 counties reported no MA enrollees. All but one of those 45 counties are classified as nonmetropolitan, with 21 in the most remote classification (i.e., not adjacent to a metropolitan or micropolitan area and no town of at least 2,500 residents). Seventeen of those counties without MA plans are in Alaska.

CMS identified an issue in previous data releases in which beneficiaries with multiple addresses were double counted. Corrected data going back to 2017 were released and have been incorporated into this report. As a result, some of the numbers reported in this brief may not align with numbers reported in previous updates.

Medicare Advantage Plan Types[3]

Most MA plans can be classified into three types:

HMO (Health Maintenance Organization): These plans have a narrower network of contracted doctors, hospitals, and other health-care professionals who agree to provide services to the plan's members at a discounted rate. In return, beneficiaries must use network providers for medical care although there are exceptions for emergency care of out-of-area dialysis. HMO plans require you to select a primary care physician that will coordinate patient care and provide necessary referrals for specialty care.

PPO (Preferred Provider Organization): PPOs also have networks of contracted health care providers, but these plans typically do not require beneficiaries to select a primary care provider. PPOs will typically provide benefits outside the plan's network although beneficiaries may have to pay higher coinsurance or copayments. PPOs are generally more flexible than MA HMO plans, but they are also generally more expensive.

PFFS (Private Fee-For-Service): These plans allow beneficiaries to see any provider who agrees to accept the plan's rules and payment terms. Some PFFS plans have networks of contracted providers, but the beneficiary is responsible for making sure that the provider will accept the plan's terms.

There are a number of other, much less common, plan types including MSAs (Medical Savings Accounts) that are similar to the Health Savings Accounts (HSAs) that many employers sponsor, and SNPs (Special Needs Plans) that are limited to beneficiaries with specific chronic diseases, disabling conditions, those requiring institutional or nursing home care, and those with both Medicare and Medicaid coverage.

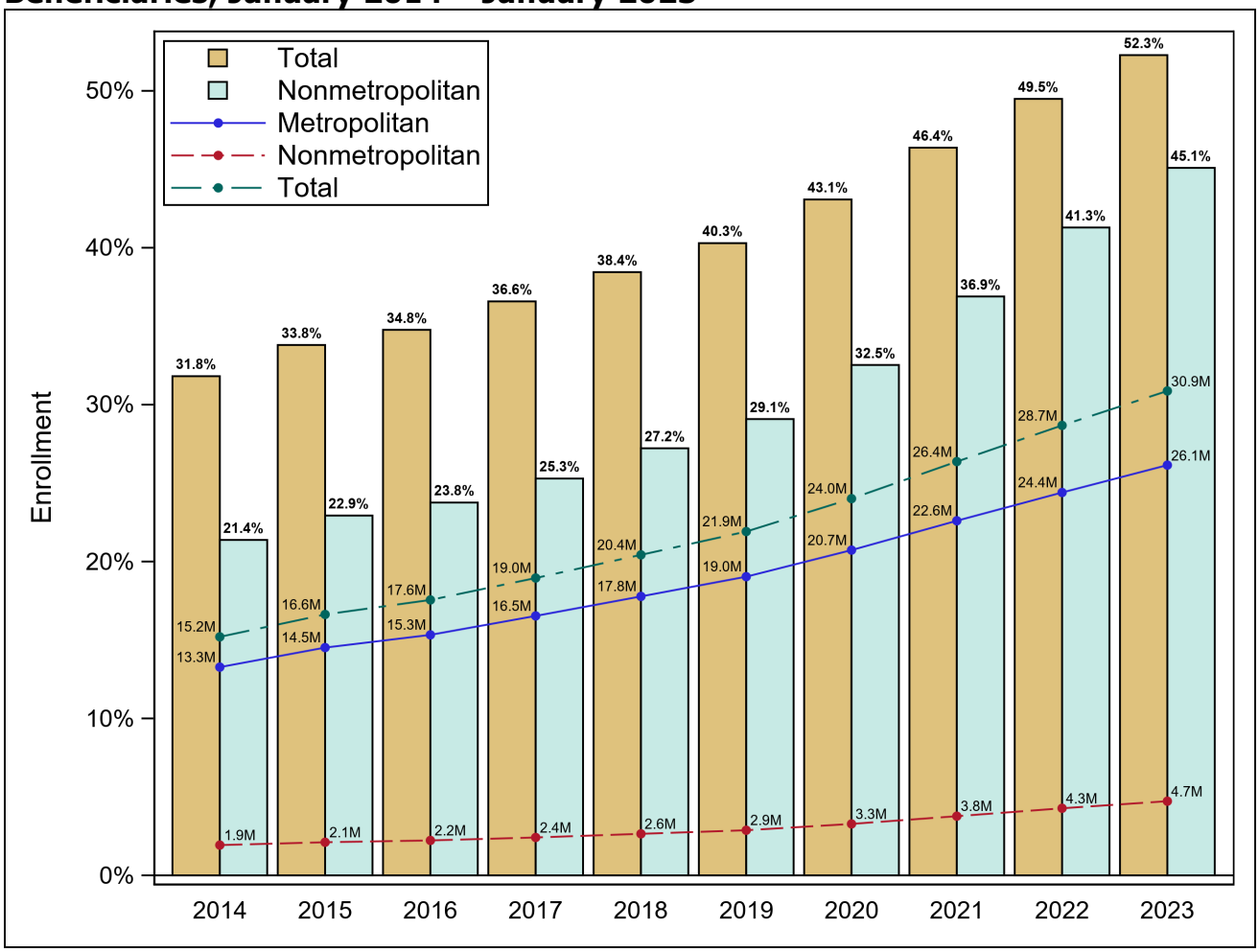
Results/Findings

In January 2023, 30.9 million Medicare beneficiaries (52.3 percent of total) were enrolled in an MA plan, an increase of 7.7 percent over the previous year and the lowest percent increase since 2019. As we have seen and reported in previous years, the rate of growth was higher in nonmetropolitan counties (10.5 percent) than in metropolitan counties (7.2 percent), with both of those increases also representing the slowest rate of growth since

2019. As of January 2023, 45.1 percent of nonmetropolitan and 53.9 percent of metropolitan eligible beneficiaries are enrolled in an MA plan (Figure 1 and Tables 1a-c). MA plans are now selected by the majority of eligible metropolitan beneficiaries. At the current rate of growth, MA plans will enroll the majority of nonmetropolitan enrollees within two years.

Tables 1a-c and Figure 2 show a gradual increase in the proportion of nonmetropolitan MA enrollees in HMO plans (38.1 percent in 2023) and a gradual decrease in the proportion of metropolitan MA enrollees in such plans (59.6 percent in 2023). The proportion of MA enrollees in local PPO plans has grown steadily in both geographies (54.2 percent nonmetropolitan and 38.1 percent metropolitan in 2023).

Figure 1. Medicare Advantage Enrollment: Percent and Count of Medicare Beneficiaries, January 2014 – January 2023



Source: RUPRI Center for Rural Health Policy Analysis, analysis of Centers for Medicare & Medicaid Services' Medicare Advantage enrollment data.

Table 1a. Overall Medicare Advantage Enrollment by Plan Type[i], March 2014 – March 2023

Year	Total[ii] Medicare Enrolled	Total MA Enroll.	% Total Enrolled	HMO	Local PPO	Regional PPO	PFFS Plan	Other	Unatt.
2023	59,047,061	30,877,805	52.3%	56.3%	40.5%	1.7%	0.1%	1.0%	0.4%
2022	57,949,318	28,677,164	49.5%	57.9%	38.0%	2.6%	0.2%	1.1%	0.4%
2021	56,862,654	26,370,273	46.4%	59.2%	35.4%	3.7%	0.2%	1.1%	0.3%
2020	55,736,402	24,008,778	43.1%	58.9%	32.1%	4.7%	0.3%	1.2%	2.8%
2019	54,385,167	21,912,457	40.3%	59.3%	30.3%	5.5%	0.5%	1.4%	3.0%
2018	53,128,907	20,426,456	38.4%	59.4%	26.9%	6.2%	0.7%	3.5%	3.2%
2017	51,805,867	18,950,484	36.6%	59.9%	25.1%	6.9%	1.0%	3.7%	3.4%
2016	50,487,114	17,553,733	34.8%	63.5%	23.5%	7.4%	1.3%	3.8%	0.5%
2015	49,190,986	16,627,766	33.8%	62.9%	23.9%	7.4%	1.5%	3.8%	0.5%
2014	47,785,701	15,201,493	31.8%	62.3%	23.6%	7.9%	2.0%	3.6%	0.6%

Table 1b. Nonmetropolitan Medicare Advantage Enrollment by Plan Type[i], March 2014 – 2023

Year	Total[ii] Medicare Enrolled	Total Metro MA Enroll.	% of Metro Enrolled	HMO	Local PPO	Regional PPO	PFFS Plan	Other	Unatt.
2023	10,480,287	4,723,567	45.1%	38.1%	54.2%	3.6%	0.3%	2.6%	1.2%
2022	10,356,969	4,276,487	41.3%	37.8%	51.5%	6.1%	0.5%	3.0%	1.2%
2021	10,221,777	3,771,269	36.9%	36.8%	48.9%	9.3%	0.7%	3.2%	1.1%
2020	10,080,638	3,279,078	32.5%	34.9%	46.3%	12.0%	1.2%	3.6%	2.0%
2019	9,891,954	2,876,623	29.1%	32.5%	44.9%	14.5%	2.0%	4.1%	2.1%
2018	9,729,996	2,648,301	27.2%	30.2%	40.2%	16.3%	2.9%	8.2%	2.2%
2017	9,550,251	2,415,252	25.3%	29.5%	38.1%	17.6%	3.7%	8.7%	2.4%
2016	9,372,407	2,226,881	23.8%	29.9%	37.3%	17.5%	5.0%	8.6%	1.6%
2015	9,206,088	2,110,971	22.9%	28.5%	38.6%	17.2%	5.6%	8.4%	1.7%
2014	9,028,238	1,929,974	21.4%	27.9%	37.0%	18.5%	6.8%	7.8%	1.9%

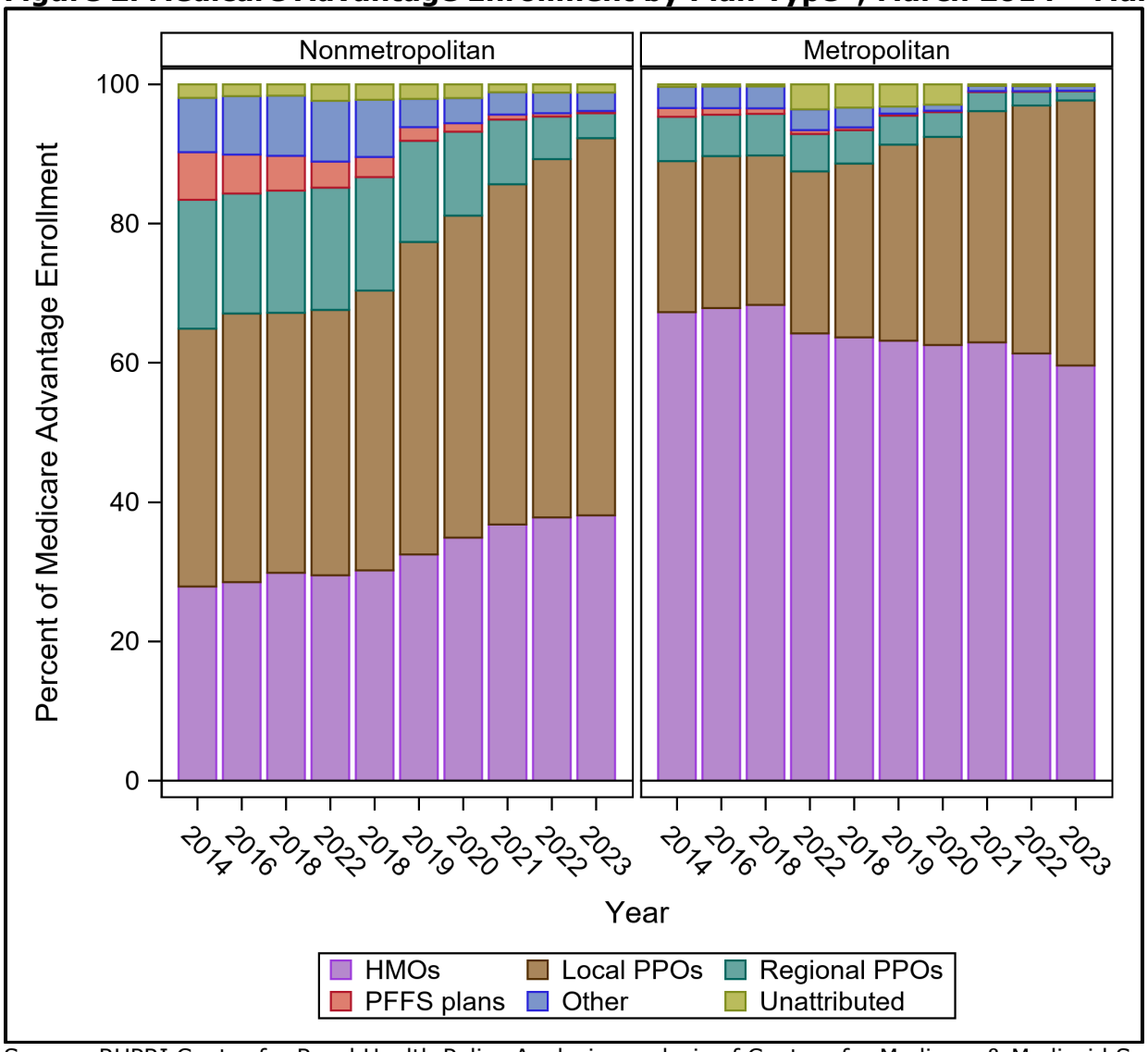
Table 1c. Metropolitan Medicare Advantage Enrollment by Plan Type[i], March 2014 – 2023

Year	Total[ii] Medicare Enrolled	Total Nonmetro MA Enroll.	% of Nonmetro Enrolled	HMO	Local PPO	Regional PPO	PFFS Plan	Other	Unatt.
2023	48,566,774	26,154,238	53.9%	59.6%	38.1%	1.3%	0.1%	0.7%	0.2%
2022	47,592,349	24,400,677	51.3%	61.4%	35.6%	2.0%	0.1%	0.7%	0.3%
2021	46,640,877	22,599,004	48.5%	63.0%	33.2%	2.7%	0.1%	0.8%	0.2%
2020	45,655,764	20,729,700	45.4%	62.6%	29.9%	3.5%	0.2%	0.9%	2.9%
2019	44,493,213	19,035,834	42.8%	63.2%	28.2%	4.2%	0.3%	1.0%	3.2%
2018	43,398,911	17,778,155	41.0%	63.7%	25.0%	4.8%	0.4%	2.8%	3.3%
2017	42,255,616	16,535,232	39.1%	64.2%	23.3%	5.4%	0.6%	3.0%	3.6%
2016	41,114,707	15,326,852	37.3%	68.3%	21.5%	6.0%	0.8%	3.1%	0.3%
2015	39,984,898	14,516,795	36.3%	67.9%	21.8%	5.9%	0.9%	3.1%	0.3%
2014	38,757,463	13,271,519	34.2%	67.3%	21.7%	6.4%	1.3%	3.0%	0.4%

[i] 'Other' plans include 1876 Cost, HCPP - 1833 Cost, and National PACE plans. 'Unattributed' refers to beneficiaries that could not be assigned to a plan type because of CMS reporting restrictions on county/plans with 10 or fewer enrollees.

[ii] Count of Medicare beneficiaries enrolled in Hospital Insurance (or Part A) and Supplementary Medical Insurance (or Part B).

Figure 2. Medicare Advantage Enrollment by Plan Type*, March 2014 – March 2023



Source: RUPRI Center for Rural Health Policy Analysis, analysis of Centers for Medicare & Medicaid Services' Medicare Advantage enrollment data.
*'Other' plans include 1876 Cost, HCPP - 1833 Cost, and National PACE plans. 'Unattributed' refers to beneficiaries that could not be assigned to a plan type because of CMS reporting restrictions on county/plans with 10 or fewer enrollees.

MA enrollment rates for nonmetropolitan and metropolitan counties by U.S. census region are shown in Table 2 and Figures 3a and 3b. Similar to the national trends shown above, MA enrollment is higher in metropolitan counties than nonmetropolitan counties in each of the census regions. But while metropolitan and nonmetropolitan enrollment rates differ little in the northeast region, the difference is substantial in the Midwest and South regions and very substantial in the West region. Variation in the average number of plans available between metropolitan and nonmetropolitan counties and across the census regions is also striking. West region nonmetropolitan counties average only 9.5 available plans while Northeast region nonmetropolitan counties average 43.6 available plans.

National and state-specific maps and tables of MA enrollment can be found at http://ruprihealth.org/maupdates/nstablesmaps.html

Table 2. Nonmetropolitan and Metropolitan Medicare Advantage Plans and Enrollment March 2023, by U.S. Census Region

Region	Nonmetropolitan		Metropolitan	
	MA Enrollment	Avg. MA Plans	MA Enrollment	Avg. MA Plans
Midwest	44.9%	23.6	55.1%	39.4
Northeast	50.3%	43.6	50.8%	46.4
South	49.0%	25.9	53.2%	34.9
West	30.2%	9.5	56.3%	27.3

Figure 3a. Nonmetropolitan Medicare Advantage Enrollment by Census Region and State

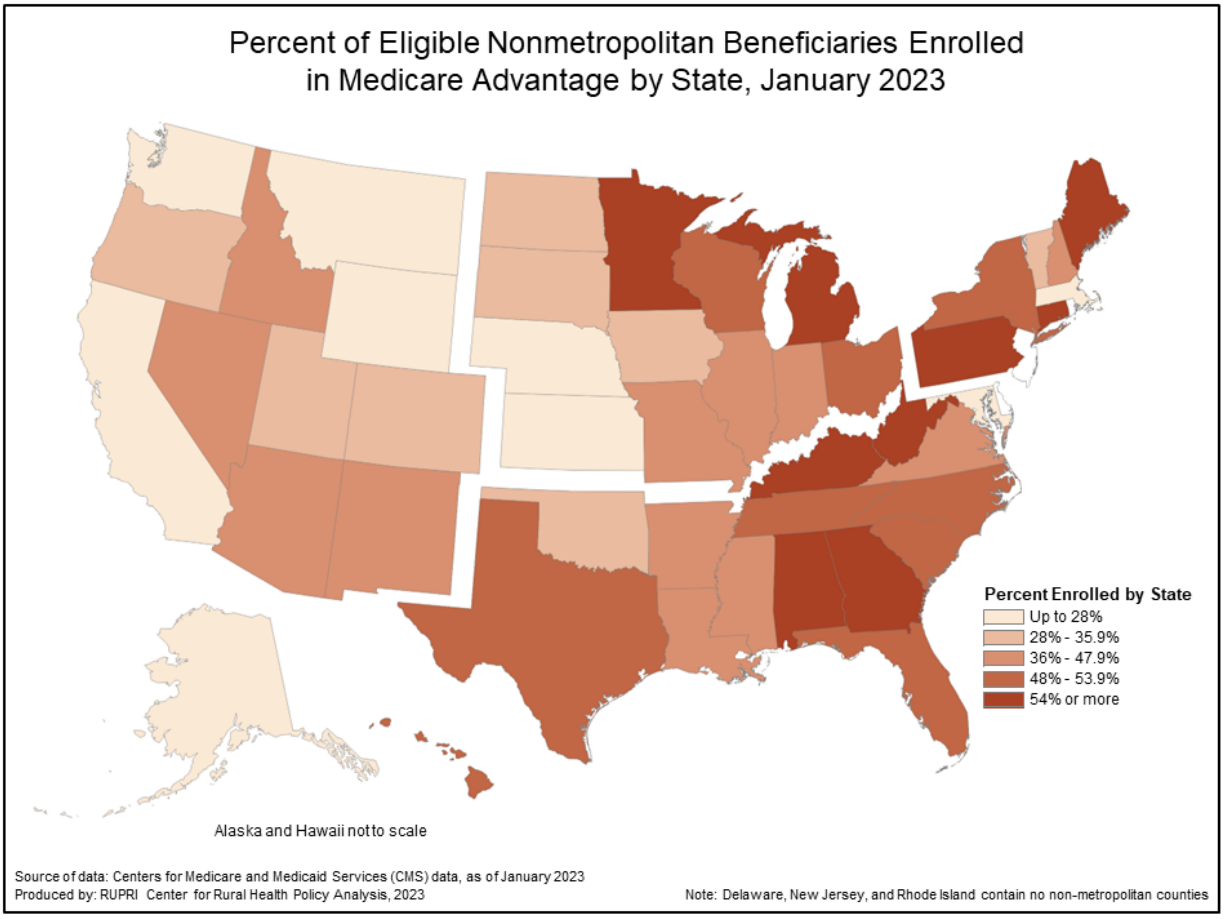
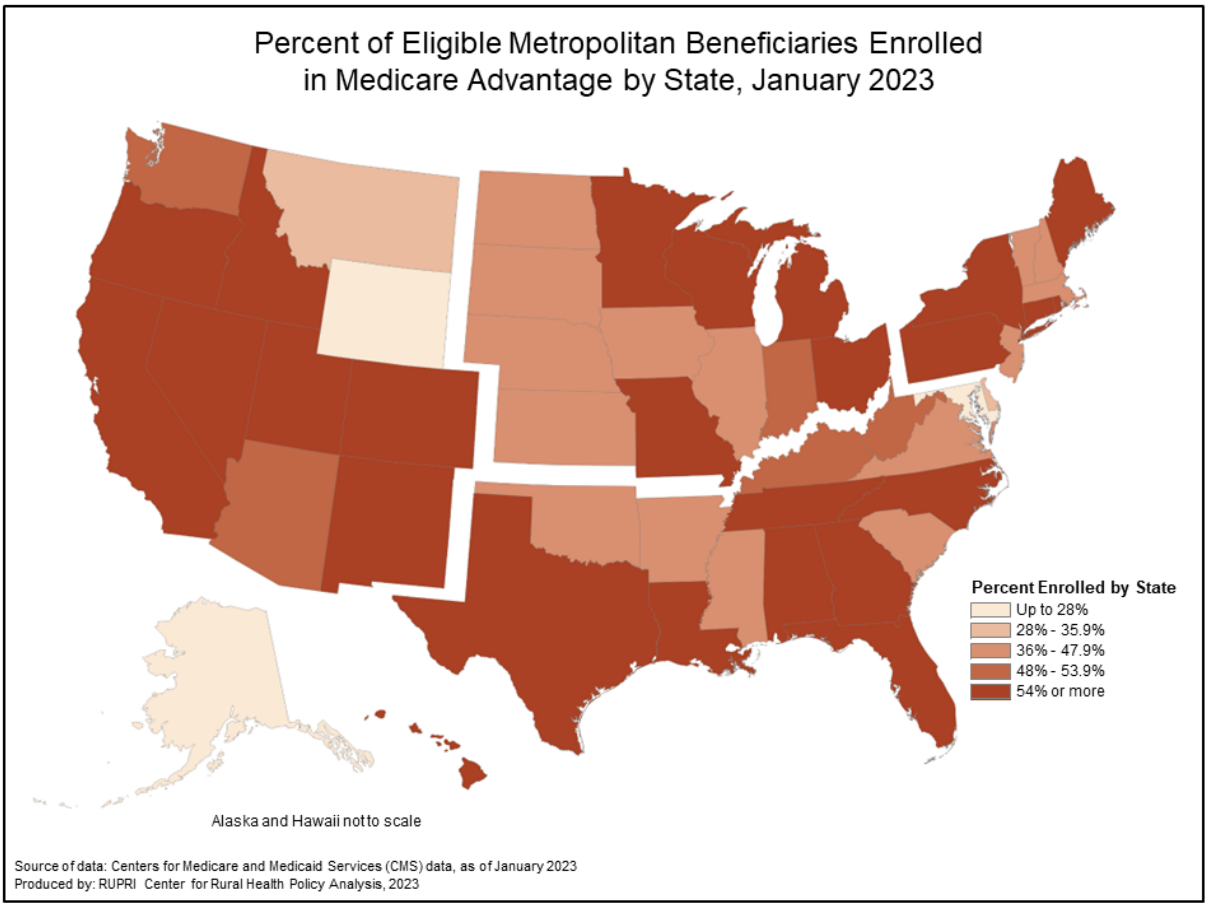


Figure 3b. Metropolitan Medicare Advantage Enrollment by Census Region and State



Discussion

The total number of Medicare beneficiaries continues to increase, with approximately 66 million people enrolled as of March 2023.[4] At the same time, enrollment rates in Traditional Medicare are decreasing[5] and have shifted. A tipping point has been reached, as 52.3 percent of total Medicare beneficiaries are enrolling in MA (Table 1a). MA is now the program of choice for 53.9 percent of metropolitan beneficiaries, and the current rate of growth shows similar trends among nonmetropolitan enrollees (Table 1b and 1c).

Geographic variations exist in the number of available MA plans, plan type, and proportion of enrolled beneficiaries. Overall, Medicare beneficiaries in the Northeast region have an average of 45.3 MA plans to choose from while nonmetropolitan beneficiaries in the West region average only 9.5 plans. No strong correlation between available plans and enrollment is seen across all regions.

MA enrollment as a percent of beneficiaries varies across regions (Table 2). MA enrollment in metropolitan counties in the West region is substantially higher than in nonmetropolitan counties. There are substantial differences in the Midwest and the South. However, few differences exist among counties in the Northeast. Overall, nonmetropolitan counties have a higher proportion of enrollment in local PPO plans (54.2 percent), while metropolitan counties have a higher proportion of enrollment in HMO plans (59.6 percent). Even with a 1.6

percentage point decrease in the proportion of total MA enrollees in HMO plans from 2022 to 2023, HMO plans remain over half (56.3 percent) of total MA enrollment. In contrast, total MA enrollees in PPO plans (40.5 percent) increased by 1.5 percentage points.

The passage of the CHRONIC (Creating High-Quality Results and Outcomes Necessary to Improve Chronic) Care Act in 2018 may have boosted the rate of MA plan penetration.[6] The Act created a shift in Medicare policy allowing MA plans to address other health issues apart from medical service utilization. Nonmedical benefits such as meal delivery, transportation, and home modification were included in plan benefits to improve or maintain beneficiaries' health and quality of life.[7] Since taking full effect in 2020, the Act has allowed MA plans to further expand the number of benefits to its members, including the offer of special supplemental benefits for those who are chronically ill who meet eligibility criteria.[7] However, the effect of such plan benefits on beneficiaries' well-being remains uncertain. As such, further research is needed to determine its effect.

Currently, about 4,000 plan choices are available nationwide. The number of MA plans increased by 19.5 percent from 2017 to 2018 after the passage of the CHRONIC Care Act, compared to a 1.9 percentage point increase in the year prior to its passage.[6] In 2023, a Medicare beneficiary choosing to enroll in an MA plan has an average of 43 plan choices, a number that has more than doubled since 2018.[6]

MA plan benefits have long included dental, vision, and hearing services that are not covered by traditional Medicare. Extended benefits for MA beneficiaries and limits on out-of-pocket spending also make MA plans more attractive to eligible enrollees.[8] A health insurance survey conducted by the Commonwealth Fund in 2022 found that 24 percent of beneficiaries enrolled in an MA plan did so because it offered additional benefits, while 20 percent cited limits on out-of-pocket spending.[8] A larger share of beneficiaries with the lowest incomes (below 100 percent of the Federal Poverty Level (FPL)) in comparison to the those with the highest incomes (above 400 percent of FPL) indicated they were attracted by additional benefits. Similarly, a smaller share of dual-eligible beneficiaries (low-income adults with Medicare and Medicaid coverage) indicated that out-of-pocket limits was the main incentive for choosing an MA plan over traditional Medicare.[8]

Park et al.[9] found that MA beneficiaries in nonmetropolitan areas may be facing challenges in gaining access, particularly when they are enrolled in plans that offer limited benefits and/or have restrictive provider networks. Even as MA penetration rates continue to increase in nonmetropolitan areas, research found that the overall rates of switching from MA to traditional Medicare was double among nonmetropolitan beneficiaries (10.5 percent) compared to metropolitan beneficiaries (5.0 percent).[6,9] This same pattern of metropolitan/nonmetropolitan switching to traditional Medicare was seen when considering a variety of health factors. Nonmetropolitan MA enrollees with poor health status, high costs, high needs, or experiencing a facility stay were approximately twice as likely as similar metropolitan MA enrollees to switch to traditional Medicare. Higher switching rates were also significantly related to dissatisfaction with care access.[9] The percentage of nonmetropolitan MA beneficiaries who were dissatisfied with the "ease of [getting] to their doctor from home" was associated with a 19.7 percent switching rate compared to 9.2 percent among metropolitan MA beneficiaries.

More MA plans are being offered in 2023 than in any other year, indicating the appeal of this program for insurers throughout the country. The MA program is now responsible for delivering the program's benefits to a majority of metropolitan beneficiaries and if current trends continue will do so for a majority of nonmetropolitan beneficiaries. Such plans are attractive because they typically offer extra benefits, often with no additional premium. The

trade-offs with these plans are provider network restrictions and a managed care approach (e.g., utilization review, prior authorization), which may restrict access to care. As the market continues to grow and enrollment rates in MA increase, researchers should continue to examine how well the MA program serves its beneficiaries, especially those living in nonmetropolitan areas. Changes in the MA program highlight the importance of developing policies that aim at improving care access for nonmetropolitan enrollees. RUPRI will continue to monitor MA enrollment trends and policy changes.

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Preferred Citation: Lazaro, E; Ullrich, F; and Mueller K. **Medicare Advantage Enrollment Update 2023**, *RUPRI Center for Rural Health Policy Analysis*; Brief No. 2023-8.