March 11, 2010

TRACKING MEDICARE HEALTH AND PRESCRIPTION DRUG PLANS
Monthly Report for February 2010

Prepared by Stephanie Peterson and Marsha Gold, Mathematica Policy Research Inc.
as part of work commissioned by the Kaiser Family Foundation

PROGRAM STATUS: PRIVATE PLAN OFFERINGS, ENROLLMENT, AND CHANGE

Enrollment and Penetration, by Plan Type	Current Month: February 2010	Change From Previous Month*	Same Month Last Year	
			February 2009	Change From February 2009- 2010
Enrollment				
Total Stand-Alone Prescription Drug Plans (PDPs):	17,718,514	+54,258	17,502,534	+215,980
Individual	16,682,625	+31,462	16,602,272	+80,353
Group**	1,035,889	+22,796	900,262	+135,627
Total Medicare Advantage (MA)	11,383,884	+402,404	10,772,242	+611,642
Individual	9,363,539	+380,190	8,851,959	+511,580
Group	2,020,345	+22,214	1,920,283	+100,062
Medicare Advantage-Prescription Drug (MA-PD)	9,858,422	+375,524	9,130,993	+727,429
Medicare Advantage (MA) only	1,525,462	+26,880	1,641,249	-115,787
Medicare Advantage (MA) by Type				
MA Local Coordinated Care Plans** *	8,534,160	+297,726	7,625,214	+908,946
Health Maintenance Organizations (HMOs)	7,229,103	+170,923	6,746,975	+482,128
Provider Sponsored Organizations (PSOs)	22,804	+3,978	14,030	+8,774
Preferred Provider Organizations (PPOs)	1,282,242	+122,829	864,141	+418,101
Regional Preferred Provider Organizations (PPO)	760,286	+70,854	376,965	+383,321
Medical Savings Account (MSA)	592	+83	3,248	-2,656
Private Fee For Service (PFFS)	1,670,098	+29,275	2,336,519	-666,421
Individual	1,261,177	+24,867	1,638,472	-377,295
Group and RFB****	408,921	+4,408	728,047	-319,126
Cost	320,428	+18,059	284,493	+35,935
Pilot*****	9,764	-88	24,202	-14,438
Other******	88,556	+62	91,601	-3,045
General vs Special Needs Plans***** **				
Special Needs Plan Enrollees	1,272,780	+5,361	1,299,903	-27,123
Dual-Eligibles	947,004	+16,133	911,917	+35.087
Institutional	99,683	-1,685	122,473	-22,790
Chronic or Disabling	226,093	-9,087	265,513	-39,420
Other Medicare Advantage Plan Enrollees	10,111,104	+397,043	9,472,339	+638,765
Penetration (as percent beneficiaries)********				
Prescription Drug Plans (PDPs)	39.9%	No Change	39.8%	+0.1% points
Medicare Advantage Plans (MA)	25.2%	+0.9% points	23.9%	+1.3% points
Medicare Advantage-Prescription Drug Plans (MA-PDs)	21.9%	+0.4% points	20.3%	+1.6% points
Local Health Maintenance Organizations (HMOs),	16.0%	+0.3% points	15.0%	+1.0% points
Local Preferred Provider Organizations (PPOs)	2.8%	+0.2% points	1.9%	+0.9% points
Private Fee For Service (PFFS)	3.7%	+0.1% points	5.3%	-1.6% points

February 2010 data is from the 2.2.10 Medicare Advantage, Cost, PACE, Demo, and Prescription Drug Plan Organizations—Monthly Summary Report released by CMS on its website at: (**http://www.cms.hhs.gov/MCRAdvPartDEnrolData/**)
*The January 2010 data is from data released by CMS on 1.07.10 also on its website
**The breakdown by Group includes Employer/Union Only Direct Contract PDP (153,031)
***The data for the breakdown of MA Local Coordinated Care Plans is from the 2.2.10 Medicare Advantage, Cost, PACE, Demo, and Prescription Drug Plan Organizations-Monthly Report by Contract. The total for each CCP plan by type does not sum to the total CCP because the breakdown totals do not include enrollment numbers for contracts whose enrollment is less than 10**.**
****The breakdown by Group includes Employer Direct PFFS (13,521)
*****CMS is now including Pilot enrollees in this count. The Pilots refer to contracts to provide care management services for fee-for-service beneficiaries with chronic condition. CMS reports that this data is being included in their monthly count since they are part of the total monthly Medicare payment. However, beneficiaries for whom such payments are made are in the traditional Medicare program. Hence, users probably should exclude these enrollees from analysis and trending.
******Other includes Demo contracts, HCPP and PACE contracts.
*******The SNP total for February is from the SNP Enrollment Comprehensive Monthly Report released by CMS on 2.2.10 and includes counts of 10 or less. (See: (**http://www.cms.hhs.gov/MCRAdvPartDEnrolData/**).
********Penetration for February and January 2010 as well as February 2009 is calculated using the number of eligible beneficiaries reported in the August 2008 MA State/County Penetration file.

DEFINITIONS: Coordinated Care Plans, or CCPs, include health maintenance organizations (HMOs), provider-sponsored organizations (PSOs) and preferred provider organizations (PPOs). The Medicare preferred provider organization demonstration began in January 2003. PFFS refers to private fee-for-service plans. Cost plans are HMOs that are reimbursed on a cost basis, rather than a capitated amount like other private health plans. Other Demo refers to all other demonstration plans that have been a part of the Medicare+Choice / Medicare Advantage program. "Special needs individuals" were defined by Congress as: 1) institutionalized; 2) dually eligible; and/or 3) individuals with severe or disabling chronic conditions.

Summary of MA contracts in February:

Plan Participation, by type	CURRENT MONTH: FEBRUARY 2010*	SAME MONTH LAST YEAR	
		FEBRUARY 2009	CHANGE FROM FEBRUARY 2009– 2010
MA Contracts			
Total	698	752	-54
Local Coordinated Care Plan	511	545	-34
Health Maintenance Organizations (HMOs)	368	375	-7
Preferred Provider Organizations (PPOs) (Includes Physician Sponsored Organizations (PSOs))	143	170	-27
Regional Preferred Provider Organizations (rPPOs)	13	14	-1
Private Fee For Service (PFFS) General Employee Direct	49 47 2	71 69 2	-22 -22 0
Cost	22	22	0
Medicare Savings Account (MSA)	1	2	-1
Special Needs Plans Dual-Eligible Institutional Chronic or Disabling Condition	361 224 50 87	415 252 63 100	-54 -28 -13 -13
Other**	99	93	+7

*Contract counts for February 2010 are from the 2.2.10 Medicare Advantage, Cost, PACE, Demo, and Prescription Drug Plan Organizations—Monthly Summary Report released by CMS on its website at: ((**http://www.cms.hhs.gov/MCRAdvPartDEnrolData/**)) and the SNP Comprehensive Monthly Report also released on its website at: ((**http://www.cms.hhs.gov/MCRAdvPartDEnrolData/**)
**Other includes Demo contracts, Health Care Prepayment Plans (HCPP), and Program for all-inclusive care of Elderly (PACE)

NEW ON THE WEB FROM CMS

Relevant to Both Medicare Advantage and Prescription Drug Plans

- This month, CMS released the Advance Notice of planned changes in the MA capitation rate methodology and risk adjustment methodology for Medicare Advantage in CY 2011 as well as the preliminary estimates of the national per capita MA growth percentage (which is a key factor in determining the MA capitation rates). Also included in the Advanced Notice are changes in payment methodology for CY 2011 for Part D benefits and annual adjustments for CY 2011 to the Medicare Part D benefit parameters for the defined standard benefit. Within the Advanced Notice, CMS also released the draft call letter, which includes key dates and timelines applicable to MA, MA-PD, Part D and cost-based plans for the 2011 calendar year.

    - The preliminary estimate of the total change of the National Per Capita MA Growth Percentage (included aged and disabled) is 1.38%, reflecting a 1.13% increase for aged and 2.95% increase for disabled beneficiaries. The 2011 trend is somewhat higher (1.75% for the combined population), with the lower effective rate based on the cumulative impact of revisions from estimates made in prior years. (By law, estimates must reflect current law and thus do not account for adjustments in physician payment to offset the SGR that are under consideration.) The estimates are for planning purposes; the final rates announced on April 5, 2010 will be the effective ones for plan bidding purposes.

    - Other highlights of the Advanced Notice include: (1) CMS is rebasing the FFS rates for CY 2010; (2) CMS also has recalibrated and clinically updated the risk adjustment model for CY1011 Preliminary estimates of the normalization factors applied to Part C risk scores and Part D risk scores are 1.031 and 1.029 respectively. 3) Medicare Part D benefit parameters are virtually unchanged from 2010 due to rounding with the exception of a small increase in the Initial Coverage Limit (an increase from $2,830 to $2,840). Other Part D benefit parameters of note that will be virtually unchanged include: the deductible (stays at $310); the out-of-pocket threshold (stays at $4,550) and cost limit (stays at $6,300).

    - Key highlights of the draft call letter include important operation dates such as: 1) when the final 2011 call letter will be released (April 5, 2010) and 2) the deadline for submission of CY 2011 bids (June 7, 2010) among other items. This information is available on CMS's website at: http://www.cms.hhs.gov/MedicareAdvtgSpecRateStats/AD/list.asp#TopOfPage

    - CMS also released a two-page fact sheet summarizing the 2011 payment policies for MA plans and PDPs. The fact sheet was released on February 19, 2011 and is titled "CMS Issues Preliminary 2011 Payment Policies for Medicare Advantage and Prescription Drug Plans: 45 Day Advance Notice and Draft Call Letter." This fact sheet is available on CMS's website at: http://www.cms.hhs.gov/apps/media/fact_sheets.asp

- CMS recently released updated PFFS network information for non-employer PFFS plans for contract year 2011. This update is important since it identifies where PFFS plans will be required to establish networks. CMS stated on its website that it now includes an updated list of network areas as well as a list of 601 counties that were removed from the original list that was released in the 2010 Advance Notice and 2010 Announcement. This list is at: http://www.cms.hhs.gov/PrivateFeeforServicePlans/

Relevant to Medicare Advantage

- None

Relevant to Prescription Drug Plans

- CMS released a press release on February 26, 2010 titled "Medicare Suspends Marketing and Enrollment for Fox Insurance Company Drug Plan." This press release is available at: http://www.cms.hhs.gov/apps/media/press_releases.asp. In the press release, CMS stated that it has suspended all marketing and enrollment of new members in Fox Insurance Company's Part D plans because the organization has not been able to meet requirements of some of its new members. Specifically, CMS stated that the plan has failed to: 1) provide timely access to Part D drugs; 2) meet the necessary appeals deadlines, and 3) meet the requirements to transition new enrollees to the covered drugs. The beneficiaries affected by this are primarily located in 21 states (including California, Texas, Pennsylvania and New York) and include many low-income enrollees.

Of General Interest

- None

Relevant to Special Needs Plans Specifically

- None

Other

- None