

Navigating the Medicare Advantage Competitive Landscape in 2019

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At the onset of Q4 every year, the Centers for Medicare and Medicaid Services (CMS) gives Medicare Advantage Organizations (MAOs) their first look at what the Medicare Advantage (MA) competitive landscape will look like in the following year in the form of two data releases. The first is the MA Landscape file, which outlines where MAOs will be offering their products and some high level product benefits (premium, deductible, etc.). The second is the set of Product Pricing and Benefits files (comprised of over 80 files), which contains extremely granular benefits covering the entire spectrum of MA covered services. Pareto Intelligence, leveraging our Market Spotlight solution, immediately ingested these files and uncovered key insights for MAOs within the data. The interactive Spotlight dashboards below provide a high-level summary of those insights.

(Note: All analyses and insights outlined are limited to Individual, non-SNP, non-PDP products.)

2019 Medicare Advantage Competitive Landscape

[View the Interactive Dashboard →](#)

What kinds of MA plans are moving markets?

When looking at patterns of MA plans exiting, entering or staying in counties going into the 2019 benefit year, there are some extremely apparent differences depending on the type of MAO. Both National and Blue plans have made major changes in their strategic approach since last year, deciding to cease their pattern of exiting counties. Going into 2018, National and Blue plans exited 17% and 19% of the counties in which they had previously offered coverage respectively, which has changed to just 3% and 6% going into the coming year. The story for Regional and Provider-Owned plans is quite different, where market churn in the form of entries and exits has defined their 2019 market strategy.

Who is entering markets, and where?

While National plans are generally remaining in their baseline counties from 2018, Aetna stands out as an outlier in taking on a strong market entry strategy (Aetna accounts for 46% of all market entries made by National MA plans going into 2019). Another outlier for market entries by National plans is the state of Texas, where Humana, Aetna, UnitedHealth and Centene are all making efforts to increase their footprint. Expansion for Regional plans is concentrated in the Eastern states, as Regional plans either already have an established footprint in Western states or are actively exiting counties. An example of a regional plan taking on an aggressive expansion strategy is Eon Health Plan, which is expanding into 58 new counties across Georgia and South Carolina.

What is the impact of market exits?

When MAOs decide to remove their product offerings from a county it leaves their enrollees in need of new Medicare coverage, presenting opportunities for other MAOs to acquire new membership. In 2019, about 2% of MA enrollees across the nation will be impacted by MAO county exits. This figure varies significantly when analyzed at a state level, reaching as high as 16% of enrollees impacted in Rhode Island (driven by exits by Neighborhood Health Plan). The case in Rhode Island is representative of a national trend of market exits being driven by Regional MA plans in 2019.

How have pricing, deductibles and MOOPs changed since 2018?

In aggregate, the Individual MA market is experiencing a decrease in average premium of 5.5% from last year. The aggregate decrease is composed of a large drop in Part D premiums (11.9%) and a slight decrease in Part C premiums (0.8%). CMS stated that they expect premium decreases to result in MA enrollment reaching an all-time high, projecting that 36% of all Medicare beneficiaries will be enrolled in MA products in 2019. This trend remains relatively consistent across different types of MA plans, with Part C and D pricing changes fluctuating slightly but ultimately resulting in overall decreases in price. Deductibles and MOOPs are also generally decreasing across plan types, meaning MA beneficiaries should see less out-of-pocket expenses in 2019.

What Part C benefits were altered the most in 2019?

For the second year in a row CMS increased the allowable copay for ER visits in 2019 (increased from \$100/\$80 to \$120/\$90 for voluntary/mandatory MOOP respectively), resulting in 92% of products adjusting their ER benefits. The remainder of benefits were adjusted in a relatively uniform fashion across products, which are likely attempts by MAOs to influence member utilization behaviors in various care settings.

What should MAOs do next?

- **Understand Local Market Dynamics:** All markets are different, and as a result, the strategic decisions that MA plans are faced with varies depending on the competitive landscape. It is crucial to understand the actions that local competitors are taking in order to proactively respond by preparing to make changes for the following year.
- **Learn Enrollee Cost and Utilization Patterns:** Product benefit designs are health plans' levers to influence member behaviors towards desirable outcomes. Having a good sense of where your costs and utilization measures are out of line from market benchmarks and knowing how to correct course with the tools available can be a key competitive advantage for MAOs.
- **Invest in Improving Quality:** High performing MAOs continue to differentiate their product offerings by including supplemental benefits, like dental and vision, that can sway an informed buyer to select their product. The flexibility awarded by higher Star ratings to re-invest in product benefits continues to differentiate the high performing plans from the rest of the pack.

This analysis was informed by Pareto's Spotlight solution, which applies advanced analytics across over 300 disparate third party datasets to generate a holistic view of performance and the MA competitive landscape at the national, state and county level. In addition to this nationwide analysis, Market Spotlight subscribers have access to regional, county-level benefit information and insights.

For more information on how you can get immediate access to the wealth of information within Market Spotlight, please contact Duncan Wierengo at dwierengo@paretointel.com.