

DATA & ANALYSIS

Medicare Advantage enrollment continues to surge in an increasingly complex and competitive landscape

2022 Medicare Advantage Competitive Enrollment Report

| FEB 25, 2022

<https://www.chartis.com/insights/medicare-advantage-enrollment-continues-surge-increasingly-complex-and-competitive>

Introduction

2022 was another banner year for Medicare Advantage. The program now boasts 28 million participants, which represent 45% of all Medicare beneficiaries. This marks a +3% point improvement in penetration over 2021 and a total program enrollment growth of +9%. These results reflect the strong value proposition of Medicare Advantage products and the industry's sustained push to create new value for its consumers. With this growth, we continue to see a shifting competitive landscape for health plans that administer these products. Some trends persist from our report last year, and others are new twists in the evolving market. Most notably:

- **Medicare overall enrollment continues to grow, up +1 million this year.** But growth has slowed compared to years past, much of which is likely attributable to COVID-19 deaths among the 65+ population, which were 300,000 per year in 2020 and 2021.
- **The Medicare Advantage market added +2.3 million lives at the expense of 1.3 million Original Medicare lives.** This contraction in Original Medicare enrollment and shift to Medicare Advantage is the highest it has ever been. The market for Medicare Advantage is now 45% of all Medicare enrollment, up from 42% last year and 37% in 2019.
- **The march toward 50% continues at a rapid clip, with 11 of the 50 states having half or more of their eligible beneficiaries in Medicare Advantage products.** While mostly symbolic, this is an important benchmark for the industry and one that has been anticipated for many years. Our analyses continue to suggest that the market will see 50% Medicare Advantage penetration by 2025.
- **Nonprofit and Blue-branded nonprofit health plans (referred to as “Blues” in this report) continue to cede share to for-profit health plans.**¹ This year, nonprofit and Blues plans shrunk to 18.2% and 10.0% of the market, respectively, while for-profit plans now represent 71.8% of all beneficiaries. Even in

their home states, Blues plans continue to cede share to other plans, with share declining from 15.4% to 13.9% since 2019.

- **United and Centene were the for-profit plans that gained the most share last year, adding 0.48% and 0.87% share points, respectively.** This year, as in years past, approximately one-third of all new enrollees went to United. Humana and Kaiser saw the largest share contractions at 0.37% and 0.33% share points, respectively, though both posted enrollment gains.
- **Special Needs Plan (SNP) enrollment continues to grow quickly, up 20% this year and 16% CAGR since 2019.** SNP products now enroll 4.5 million lives, representing more than 16% of all Medicare Advantage lives, and are seeing enrollment consolidate among top plans. Program of All-Inclusive Care for the Elderly (PACE), a high-value integrated product serving similar populations to SNP, saw steady enrollment growth of 5% in 2022 on 6% CAGR since 2019.
- **Startup health plans continue to grow in influence, now sharing 1.3% of the market, up from 0.9% last year.** This growth was led largely by Bright Health and Devoted Health, which made up two-thirds of growth in the cohort.

Medicare Advantage (MA) Competitive Enrollment Dashboard

Use our interactive Medicare Advantage (MA) dashboard to explore the nuanced enrollment trends and competitive dynamics unfolding in each state.

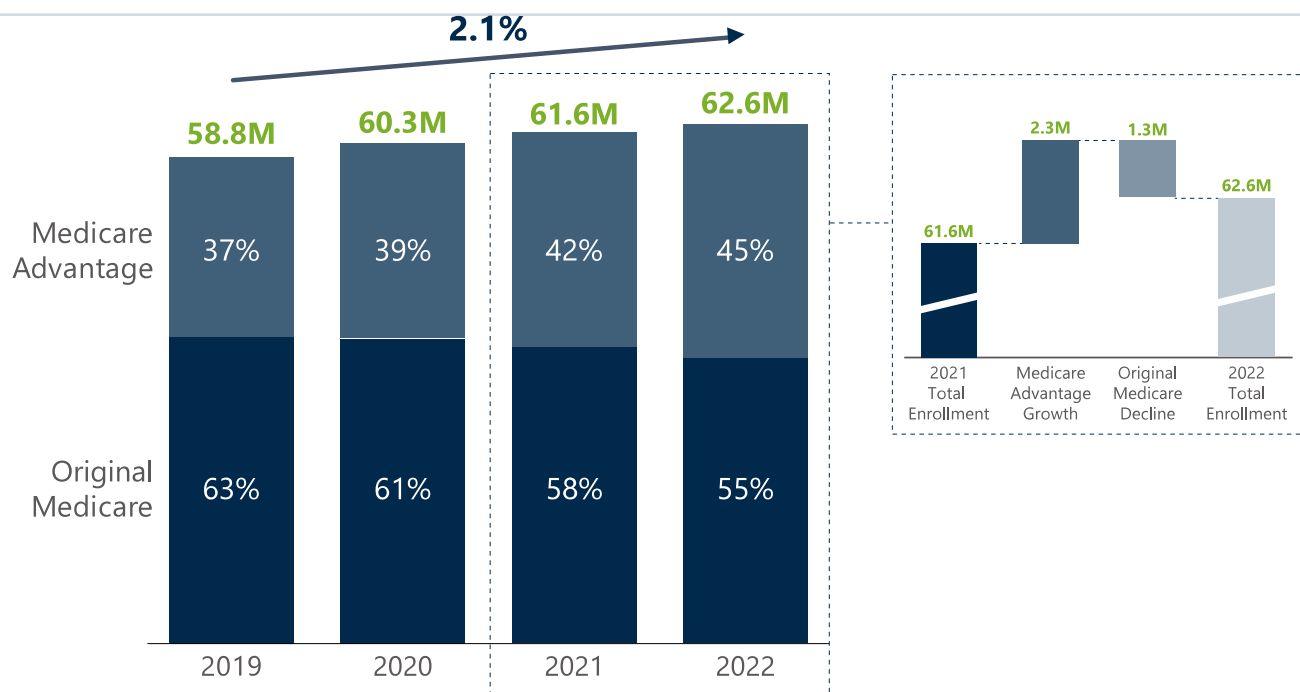
In this year's study, we focus again on the competitive pressures facing nonprofit and Blues plans as we continue to be struck by the lack of growth among these plans. In addition, we've added a discussion on the growth in duals products, SNP and PACE, given the industry's increasing focus on these high-value consumers.

The Overall Trend Is Growth, Especially Among For-Profit Plans

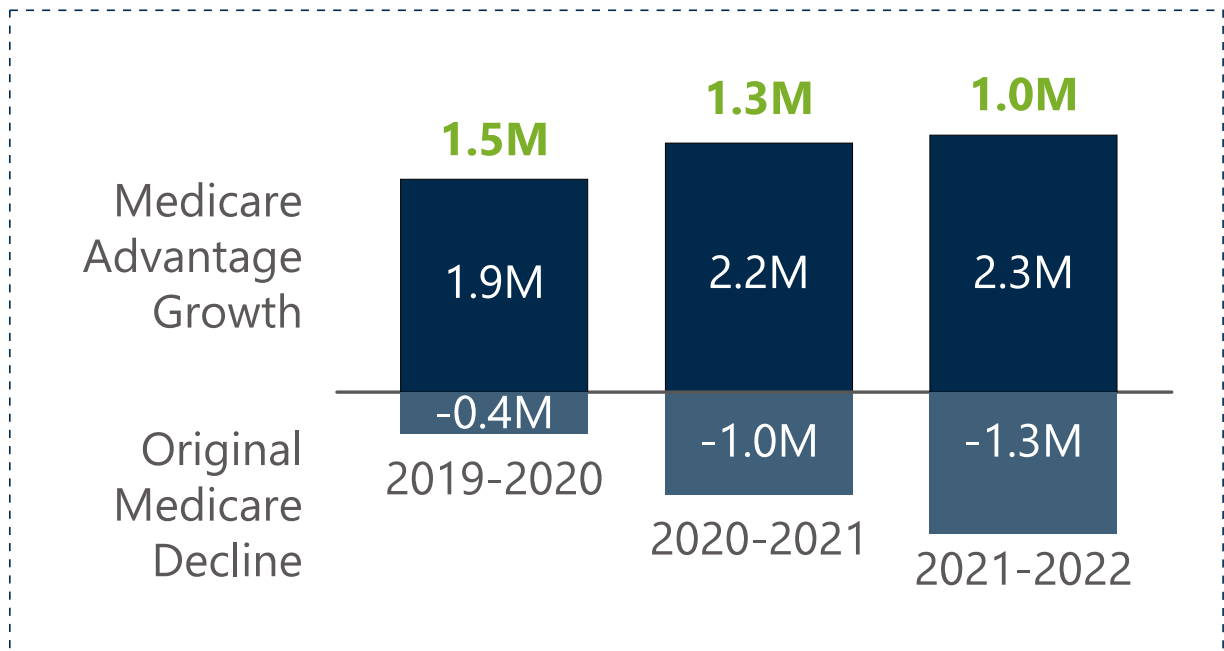
Medicare Advantage Grew More Than Any Time in Its History (Again)

This year, total Medicare enrollment grew by 1 million beneficiaries, an increase of 1.6% over the prior year. This is significant growth but represents a deceleration of senior enrollment as compared to prior years. By comparison, between 2019 and 2020, total Medicare enrollment grew by 2.6% and has averaged +2.1% per year since then. We believe the preponderance of this deceleration trend can be attributed to COVID-19 deaths among the 65+ population. The country lost more than 300,000 individuals aged 65+ due to COVID-19 in 2020 and again in 2021.

Medicare Enrollment and Penetration Change by Year

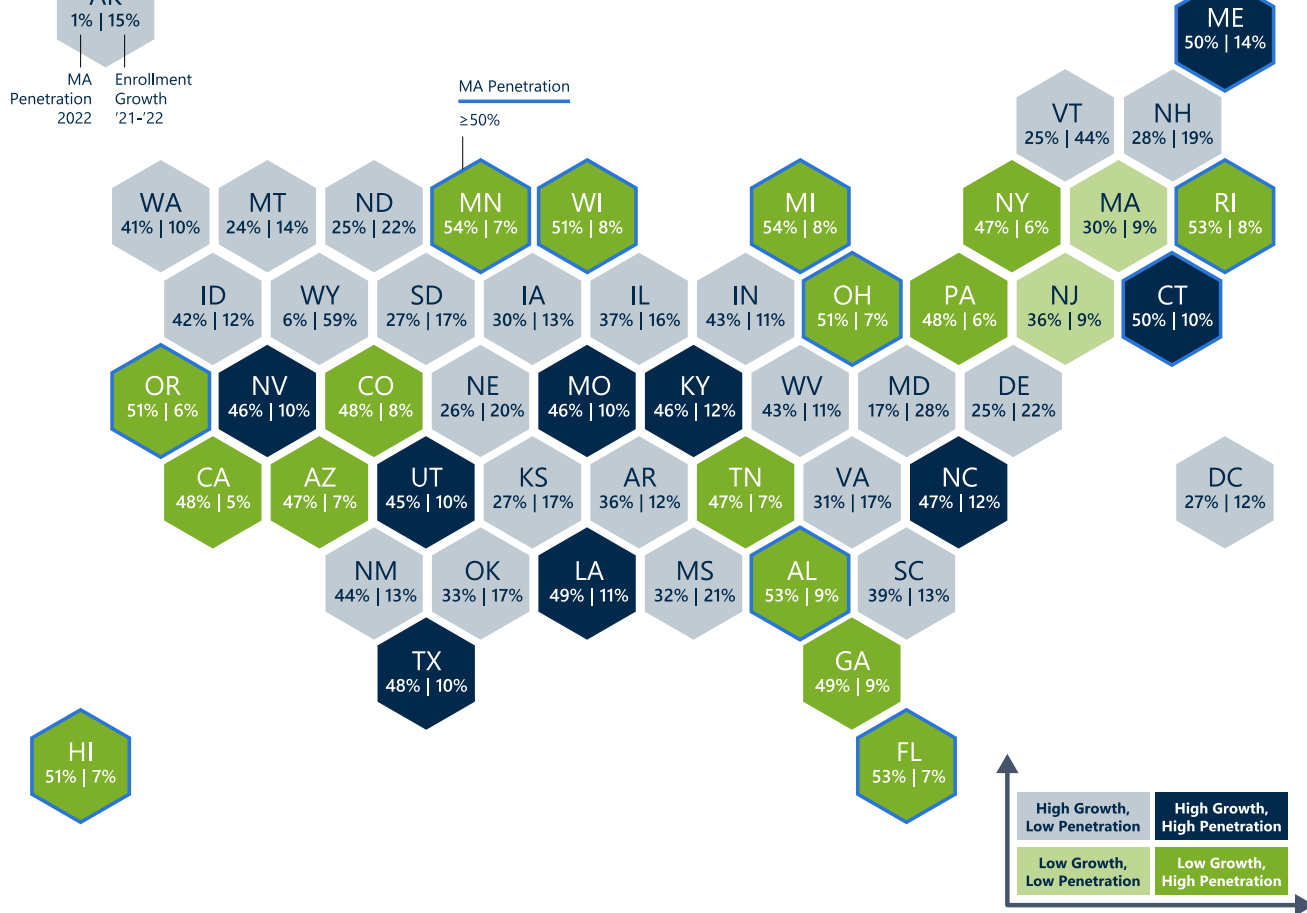


Medicare Advantage captured an additional +3% points of the Medicare eligible market, representing total enrollment growth of 2.3 million beneficiaries. This growth came at the expense of nearly 1.3 million individuals on Original Medicare who increasingly buy into Medicare Advantage products. The magnitude of this shift is stark—while Medicare Advantage enrollment has been robust, Original Medicare contraction has been accelerating.



Again this year, every state saw Medicare Advantage enrollment growth during the enrollment period, with growth ranging from 5% to 59%. The rapid growth states tended to have low existing penetration rates. Most importantly, 11 states now have half or more of their eligible populations enrolled in a Medicare Advantage product, up from only 3 states last year. While mostly symbolic, this is an important benchmark since it means that the private Medicare landscape is the rule, no longer the exception as it has been historically. In these states, healthcare service providers must plan for most of their seniors to be enrolled in a private plan and the strategic and operational consequences of that reality.

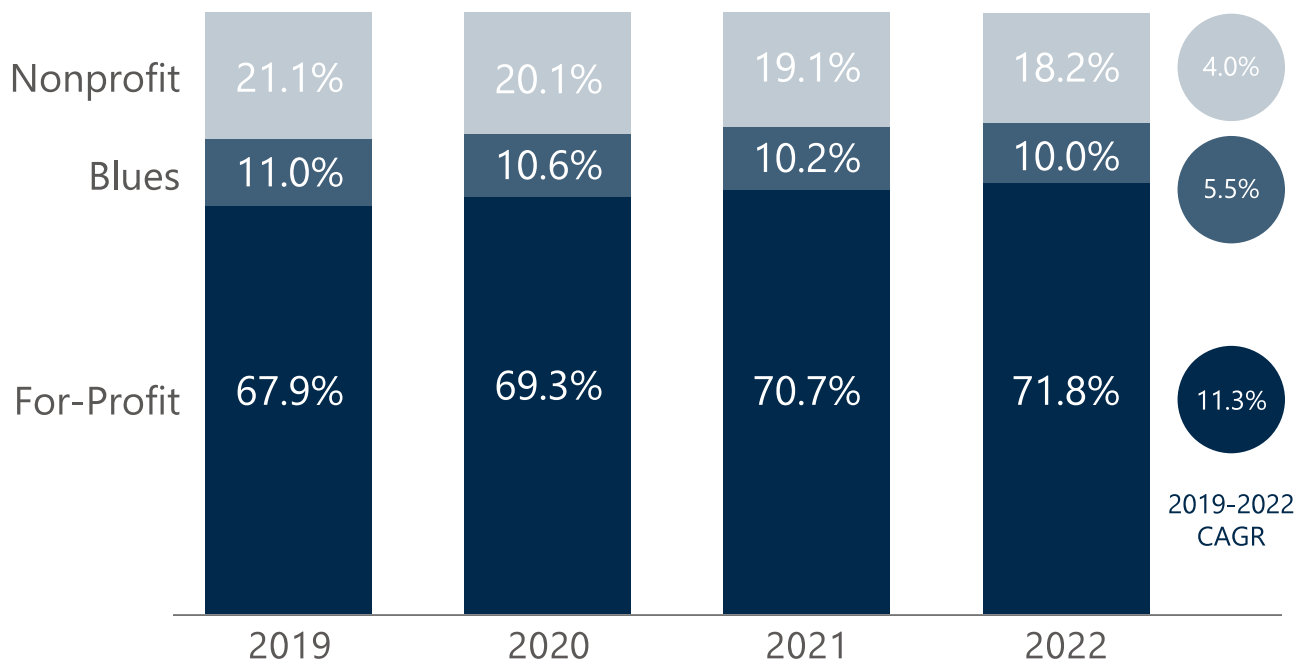
2022 Medicare Advantage Penetration and 2021-2022 Enrollment Growth by State



For-Profit Plans Continue to Grow at the Expense of Nonprofit and Blues Plans

This year, nonprofit plans and Blues plans ceded 0.9% share and 0.2% share, respectively, to their for-profit competitors. We continue to see this trend play out year after year, reflecting a slow erosion of the market position of nonprofit and Blues plans. Blues plans have fared slightly better than nonprofits in their growth, adding 5.5% membership annually since 2019 compared to 4.0%. But both cohorts trail for-profits, which have grown at a rate of 11.3% per year during the same time. Annual growth rates of 4.0% and 5.5% are enviable in most industries, but in a market growing at 9% per year, these rates are simply not enough to maintain market share.

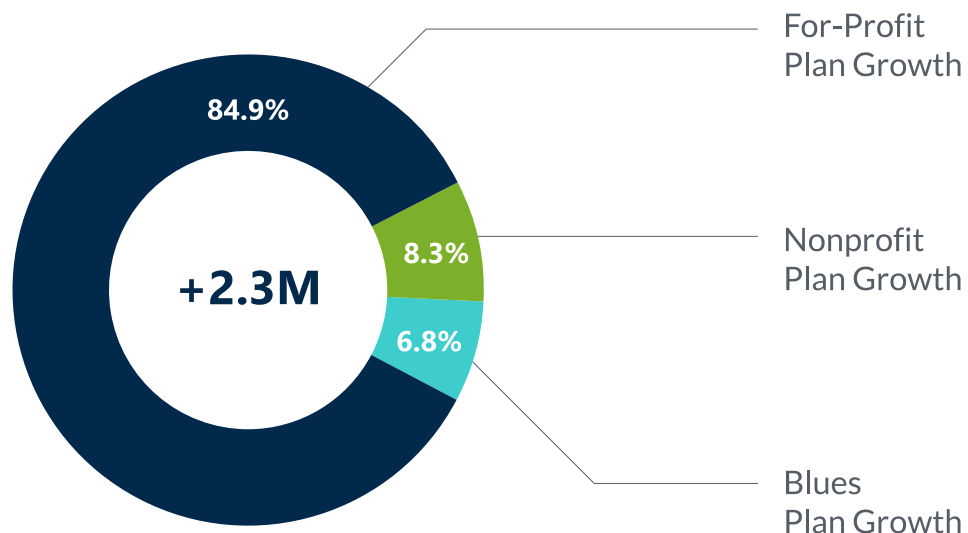
Distribution of Enrollment by Plan Cohort



Looking at share of enrollment perfectly illustrates the source of this problem: 85% of all new enrollment goes to for-profit plans—principally United, Centene, and Aetna. United alone captured one-third of all enrollment nationally. Centene, having acquired WellCare last year to catapult itself to the Medicare Advantage leaderboard, had organic growth of 338,000 lives, or nearly 15% of all enrollment this year. This juxtaposes with nonprofit and Blues enrollment figures that together captured 15% (8% and 7%, respectively) across the more than 200 health plans in that cohort.

A new entrant to the for-profit leaderboard, Bright Health added considerable membership this year, bolstered by its acquisition of Universal Care, which was a growing plan with 56,000 lives. For nonprofit plans, Kaiser continues to lead total enrollment but has been joined by SCAN, a Southwest-based Medicare Advantage health plan. Highmark Health leads among the Blues, but nearly all new lives are attributable to their HealthNow affiliation, which closed last year.

Allocation of 2022 Membership Growth by Plan Cohort



For-Profit Plan Growth

Plan Name	New Lives
UnitedHealth Group	765K
Centene Corporation	338K
CVS Health/Aetna	323K
Humana	315K
Bright Health	109K

Nonprofit Plan Growth

Plan Name	New Lives
Kaiser Foundation	64K
SCAN Group	38K
Spectrum (MI)	18K
Healthfirst (NY)	14K
NJ Collaborative Care	14K

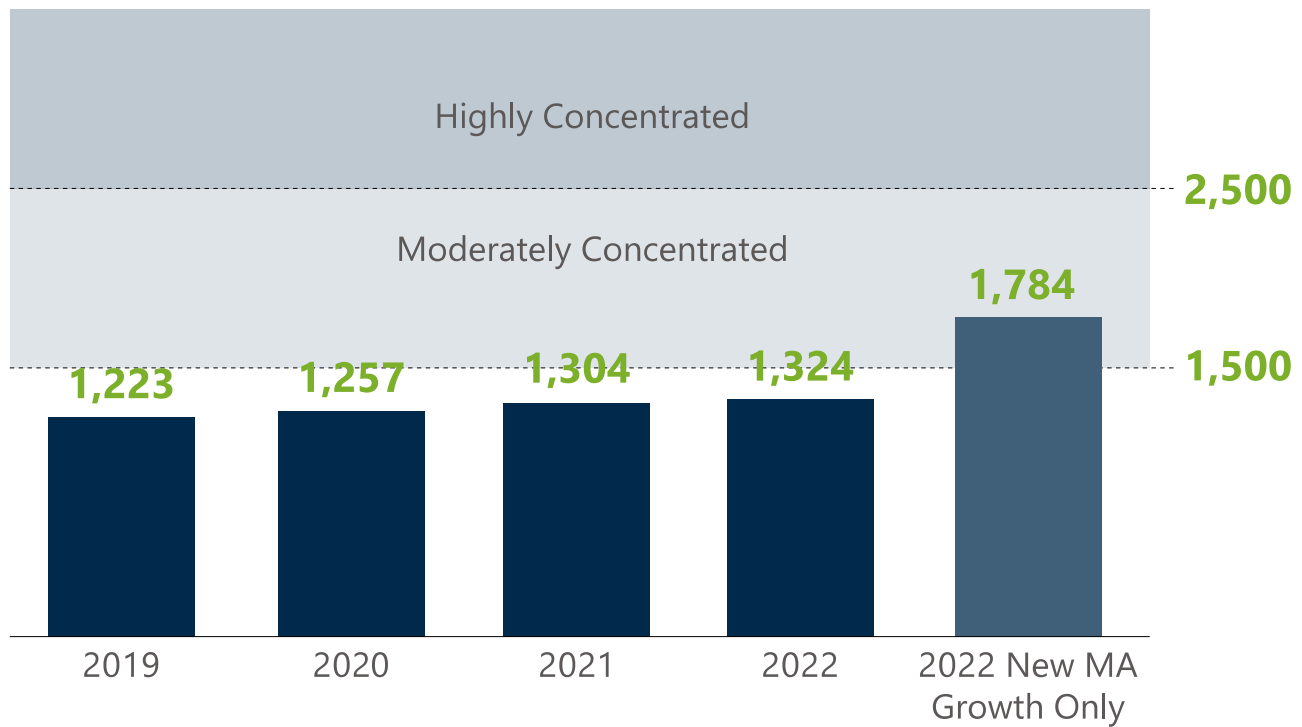
Blues Plan Growth

Plan Name	New Lives
Highmark Health	78K*
BCBS Minnesota	30K
BCBS Michigan	19K
BCBS Florida (Guidewell)	16K
BCBS North Carolina	13K

National Concentration Continues, but Local Market Competitive Trends Vary

Despite the disproportionate growth achieved by a select few plans, the Medicare Advantage market is surprisingly competitive at a national level, although those dynamics change with each year and vary considerably within local markets. The Herfindahl-Hirschman Index (HHI) is a common metric regulators use to assess the competitive environment of a given market. We applied the same test, not to make a regulatory statement around market concentration, but simply to understand the competitiveness of Medicare Advantage markets nationally. We see gradual growth in HHI over the past several years but still below thresholds that would be considered moderately concentrated. Looking at the HHI metric for 2022 new member enrollments highlights how the market is converging. As growth disproportionately accretes to large plans at the expense of smaller operators, the level of market concentration in Medicare Advantage nationally will continue to rise.

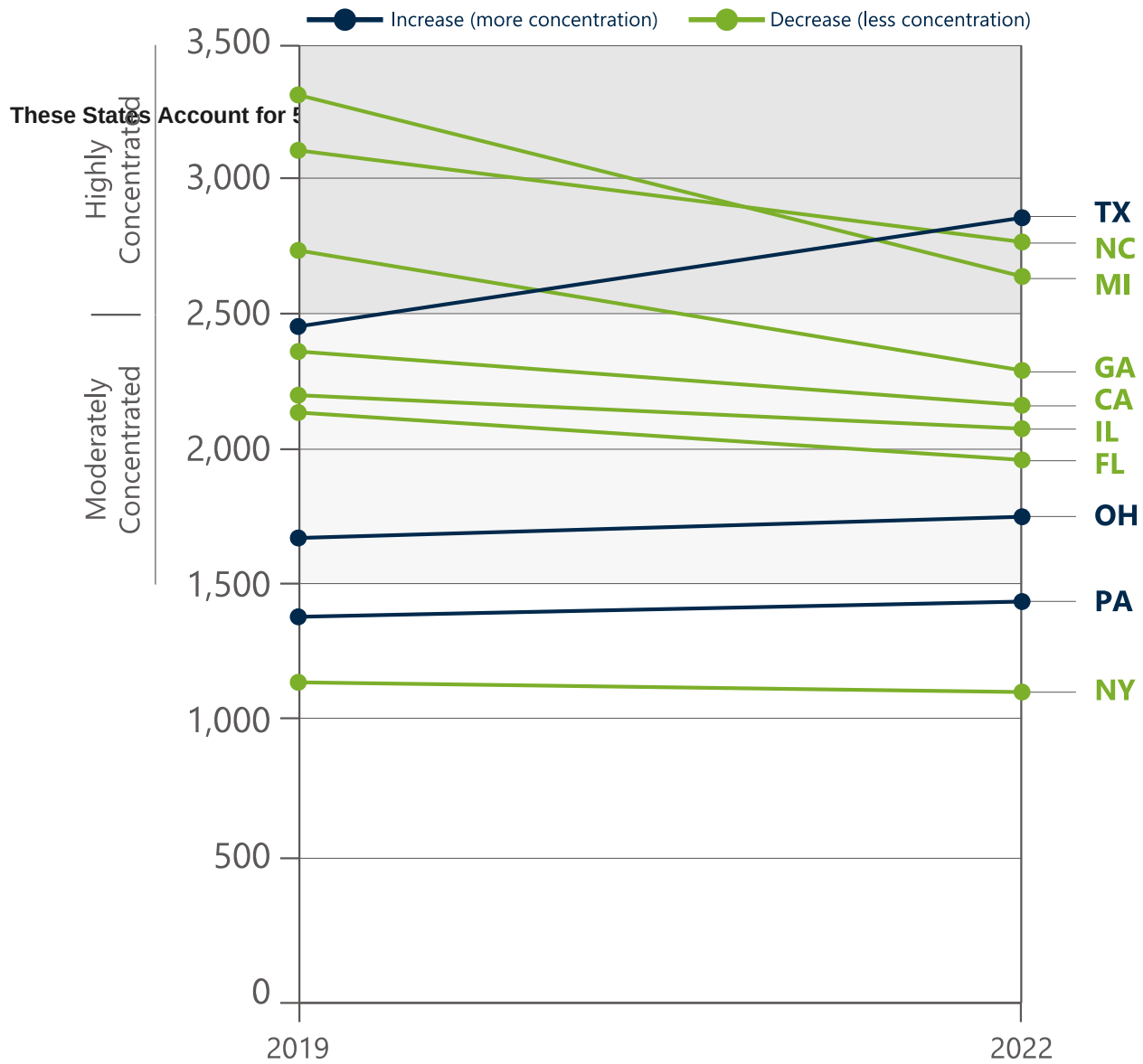
Market Concentration for the Medicare Advantage Market by Year*



**Using the Herfindahl-Hirschman Index*

However, the state-level analysis shows a different story. While Medicare Advantage enrollment is concentrating nationally, each state is experiencing much different market dynamics. State-level enrollment is far more concentrated, which is to be expected. But, interestingly, many states show signs of improving competition. This can largely be attributed to the for-profit plans trading off share in local markets through their intensifying competition. This chart illustrates the complex competitive dynamics unfolding in the top Medicare Advantage enrollment states.

HHI Trend for the 10 States with the Top 2022 Enrollment



Market Share Gains and Losses Vary Across Plan Cohorts

For-Profits: United, CVS/Aetna, and Centene Dominate Growth

Top 10 For-Profit Health Plans

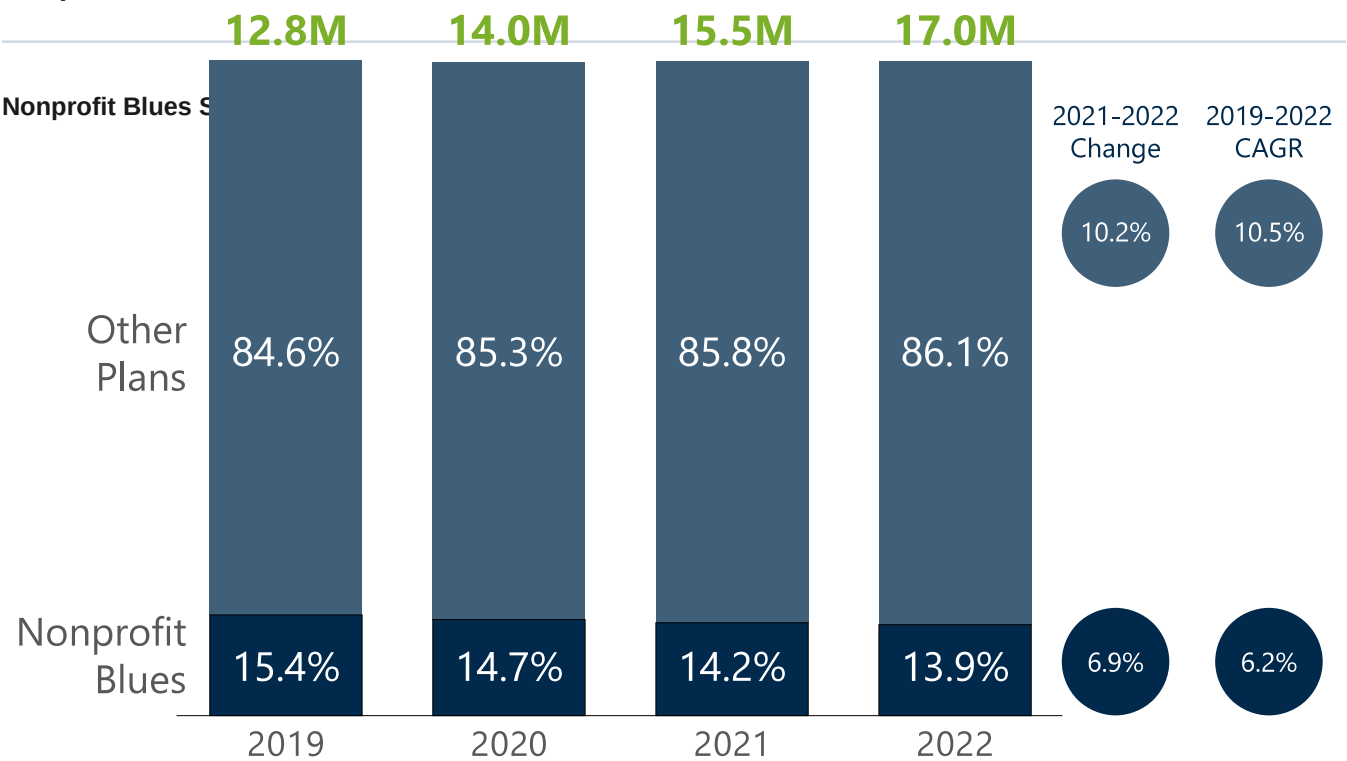
For-Profit Health Plans	2022 For-Profit Rank	2021 For-Profit Rank	2022 National Share (change)
UnitedHealthcare	1	1	27.85% (+48bp)
Humana Inc.	2	2	17.79% (-37bp)
CVS Health/Aetna	3	3	10.79% (+29bp)
Anthem	4	4	5.64% (-15bp)
Centene	5	7	5.01% (+87bp)
Cigna	6	6	1.96% (-19bp)
Molina Healthcare	7	8	0.50% (+8bp)
Bright Health	8	11	0.41% (+17bp)
Alignment Healthcare	9	8	0.32% (+2bp)
Clover Health	10	10	0.28% (+3bp)
Share Total of Top 10 For-Profit Plans			70.55% (+123bp)
Share Total of Remaining For-Profit Plans			1.24% (-5bp)

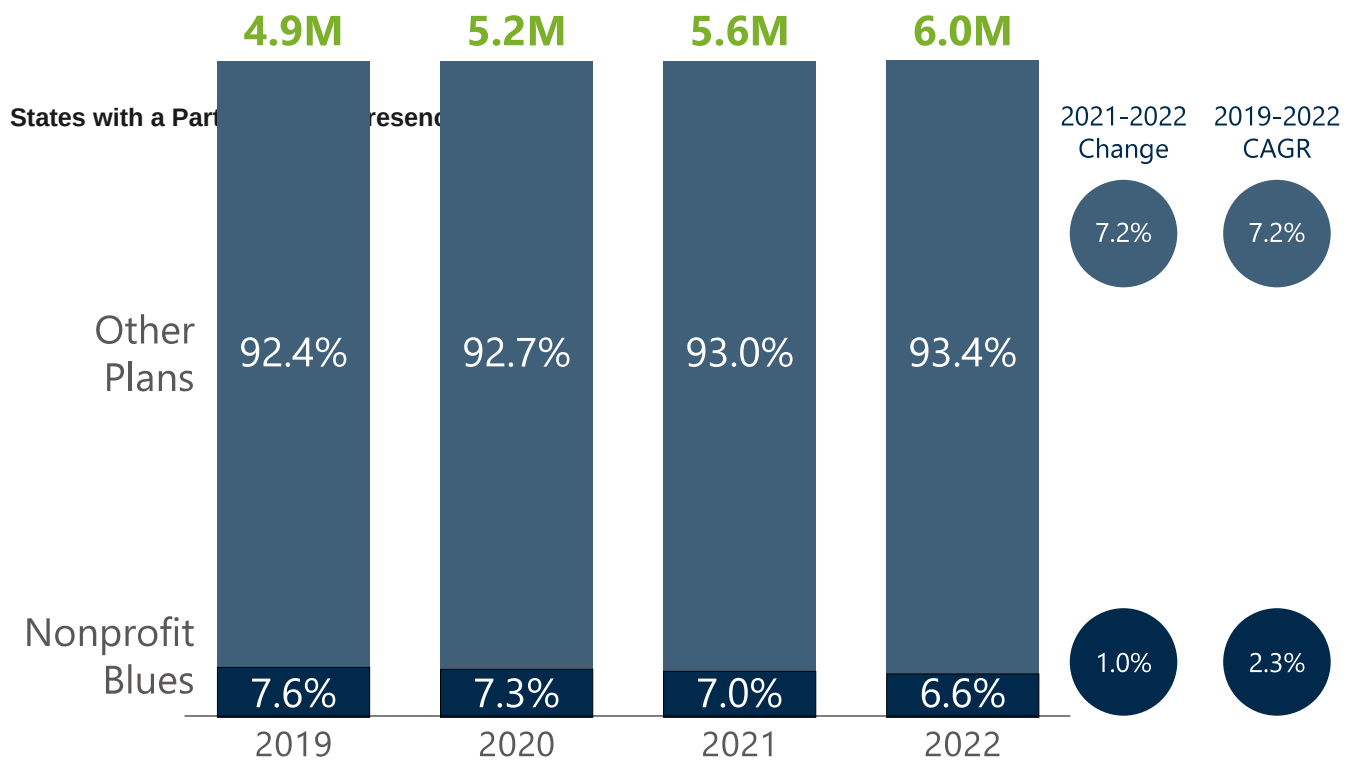
Blues: Continued Share Losses Threaten Long-Term Market Position

The market position of Blues plans continues to wane as their collective growth cannot maintain their collective share. Blues plans track their market positions based on the geographical boundaries in which they are eligible to sell. These often translate into single states. While tracking national share changes is meaningful to those that sell nationally, it's less relevant to Blues plans that have a narrower aperture. That notwithstanding, the plans increasingly struggle to compete in their home markets. While they continue to post membership growth, their positioning in their home states continues to erode meaningfully, and growth lags their for-profit counterparts.

To illustrate how meaningfully the Blues continue to lose ground, we looked at state-level enrollment changes for states with a state-wide nonprofit Blues presence (either a single Blues plan or across multiple, as in Pennsylvania). Today, in states where nonprofit Blues have full state coverage, their share has fallen 1.5 points since 2019 to 13.9% as membership growth lags their competitors. More acutely, in states with a shared or partial nonprofit Blues presence, share is only 6.6%, with considerably lower growth rates. No matter how you slice it, nonprofit Blues plans continue to struggle to attract their fair share of growth both in their markets and nationally.

Nonprofit Blues Share

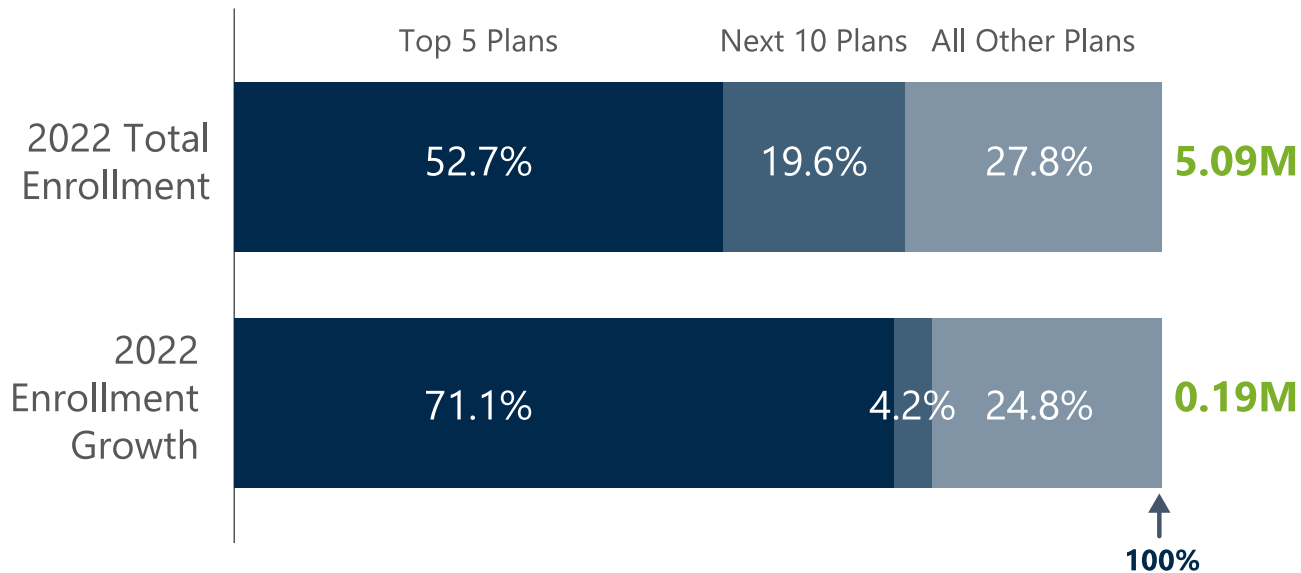




Nonprofits: Largest 5 Plans Captured Most of the Growth in this Cohort

While the nonprofit cohort overall saw growth of 4%, the overwhelming majority of growth accrued to few plans. The 5 largest nonprofit health plans captured 71% of 2022 enrollment growth among nonprofits. These 5 plans (Kaiser, SCAN, Healthfirst, Spectrum, and UPMC) collectively enrolled 137,000 lives out of the 192,000 added for the cohort as a whole. We continue to see lagging membership growth by provider-sponsored and local/regional nonprofit plans outside of the top 5 leaders. While the cohort as a whole continues to struggle to find growth against for-profits, the smaller nonprofit plans appear to be struggling to find growth the most.

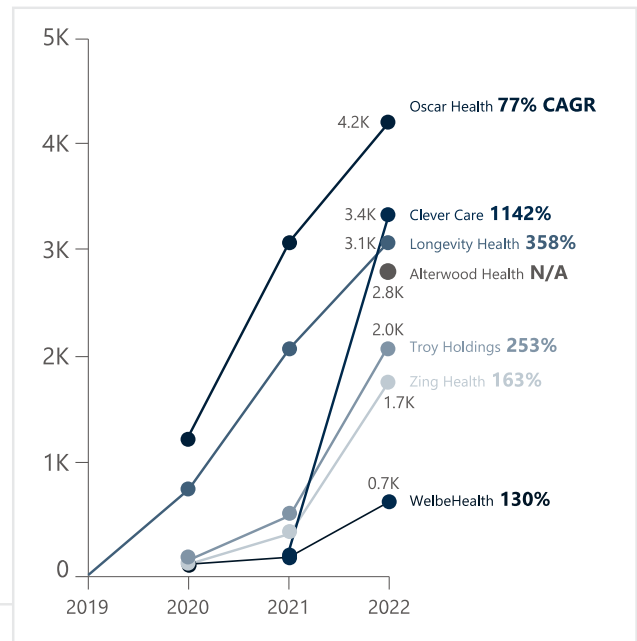
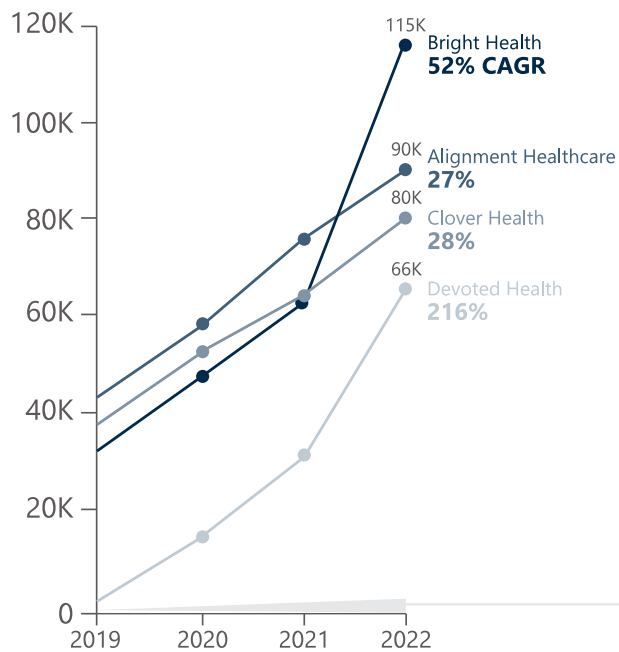
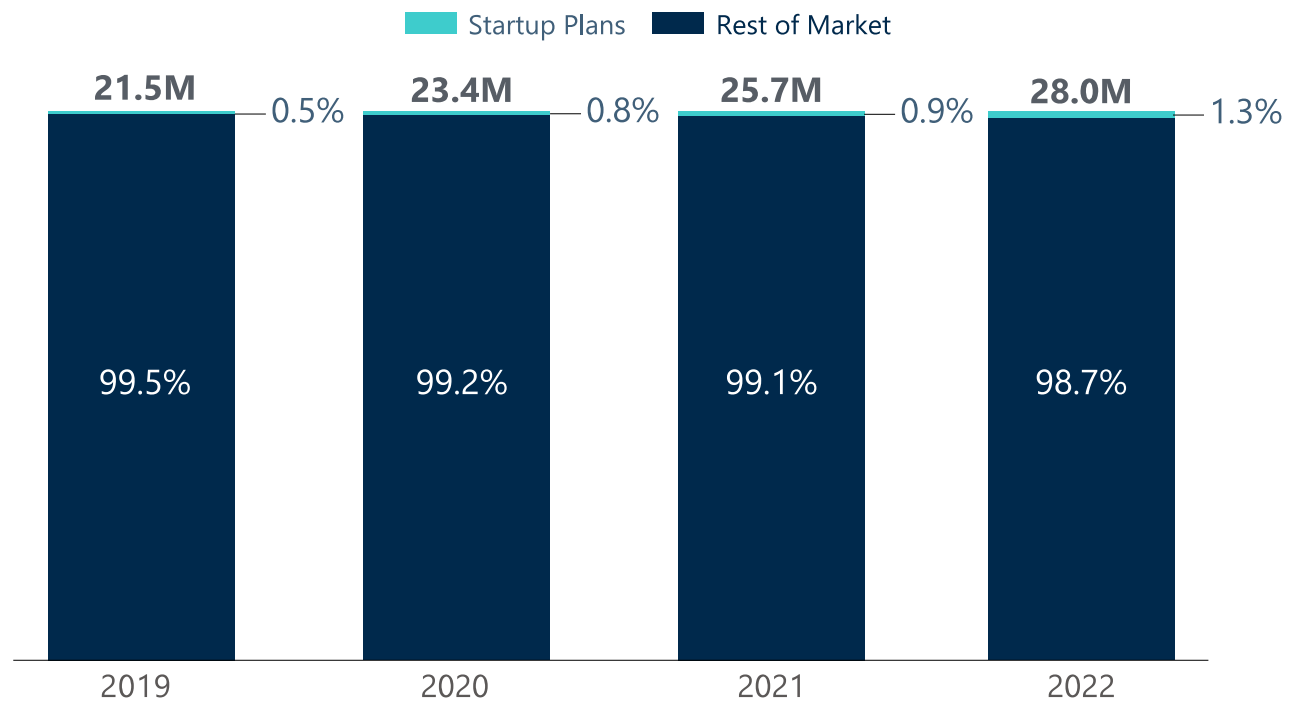
Nonprofit Plan Enrollment and Growth Distribution



Startup Plans Continue to Gain Momentum in the Market

Together, the 11 plans we have identified as “startup” plans (defined by rapid growth, largely unprofitable, and capital backed by either venture or recent IPOs) have collectively captured 1.3% of the Medicare Advantage market. Having started from scratch, these plans continue to chip away at the large Medicare Advantage market as they enter new geographies. Their collective growth rate since 2019 has been 52% per year. These plans collectively added 128,000 lives on an existing base of 241,000 lives, representing growth in 2022 alone of more than 50%. As we noted in the for-profit analysis, 3 of these plans (Bright, Alignment, and Clover) rank in the top 10 largest for-profit plans nationally. While there is a wide chasm between them and the 5 largest for-profit plans, a couple more years of growth and some targeted merger and acquisition (M&A) activity could quickly change the competitive landscape.

Startup Medicare Advantage Plans*



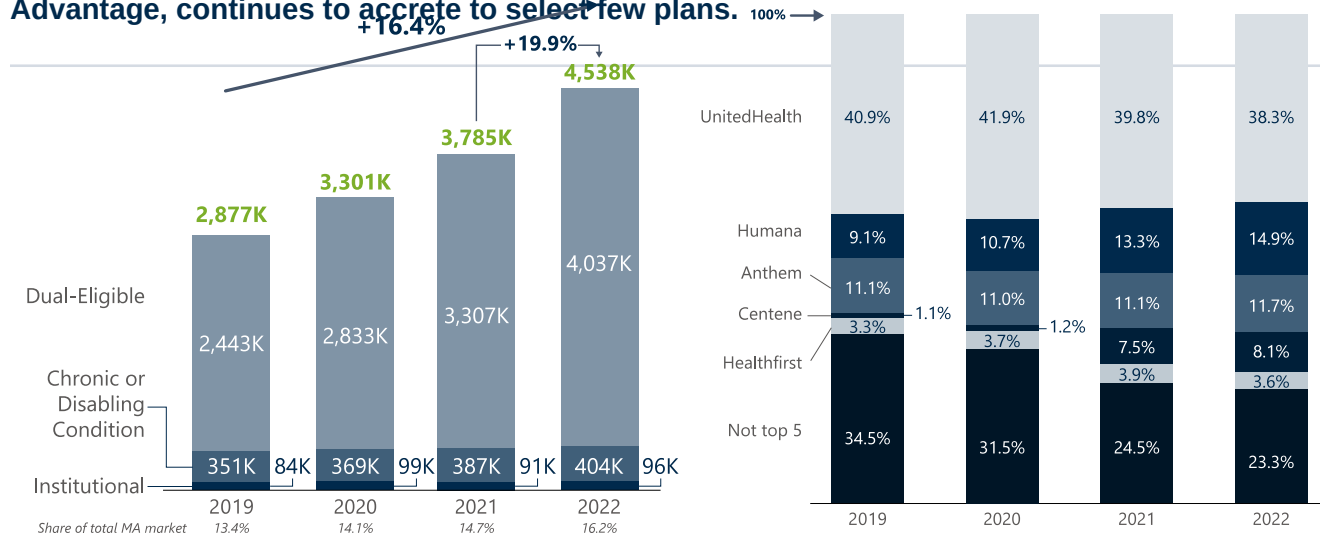
*Funding: Current/Formerly Venture Capital, Recently IPO'd

Plans for Dual Populations Gain Importance

SNP Plan Growth Is Rapid and Concentrating

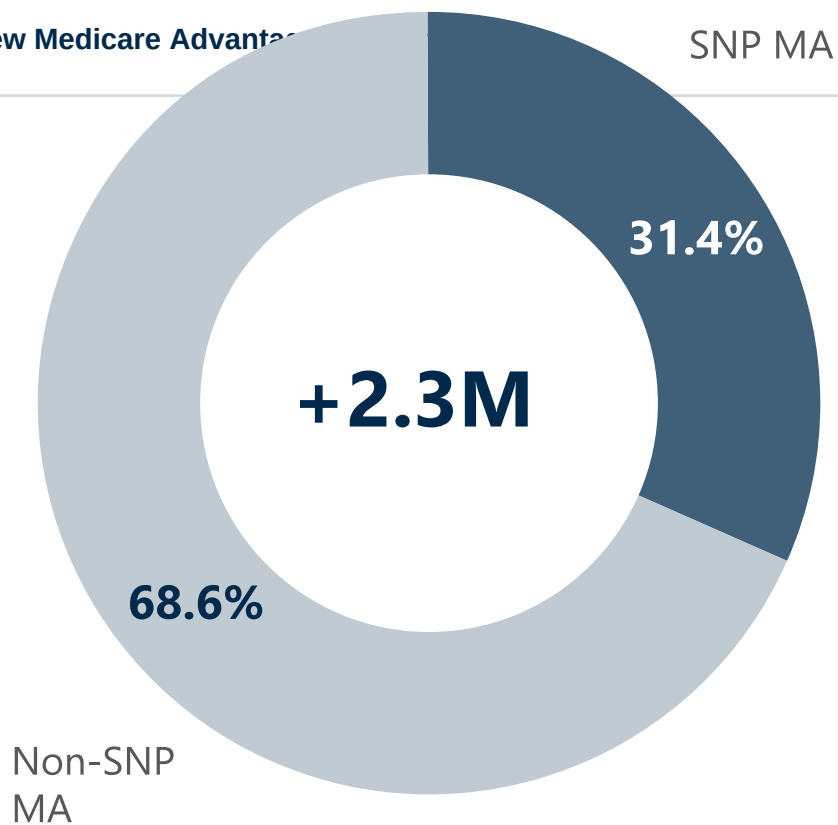
In this report, we wanted to highlight a segment of the Medicare Advantage industry that deserves a special mention—Special Needs Plans (SNP). SNPs are specific Medicare Advantage plan options historically targeted at individuals who are dually eligible for Medicare and Medicaid. Often these populations have nuanced needs and, therefore, have higher spend profiles. With that, the Centers for Medicare and Medicaid Services (CMS) has enabled SNP plan growth by allowing several new flavors of plans, including C-SNP and I-SNP for chronic and institutional populations, respectively. These plans align with the industry's push toward improved value-based care by providing enhanced levels of service to beneficiaries who are historically medically complex. Health plans have accordingly taken notice and are investing heavily in this growing segment. This is evidenced by the nearly 1,200 SNP plan options available this year, up from 734 in 2019—an increase of 63%.

SNP enrollment continues to grow at a rapid pace...and that enrollment, like broader Medicare Advantage, continues to accrete to select few plans.



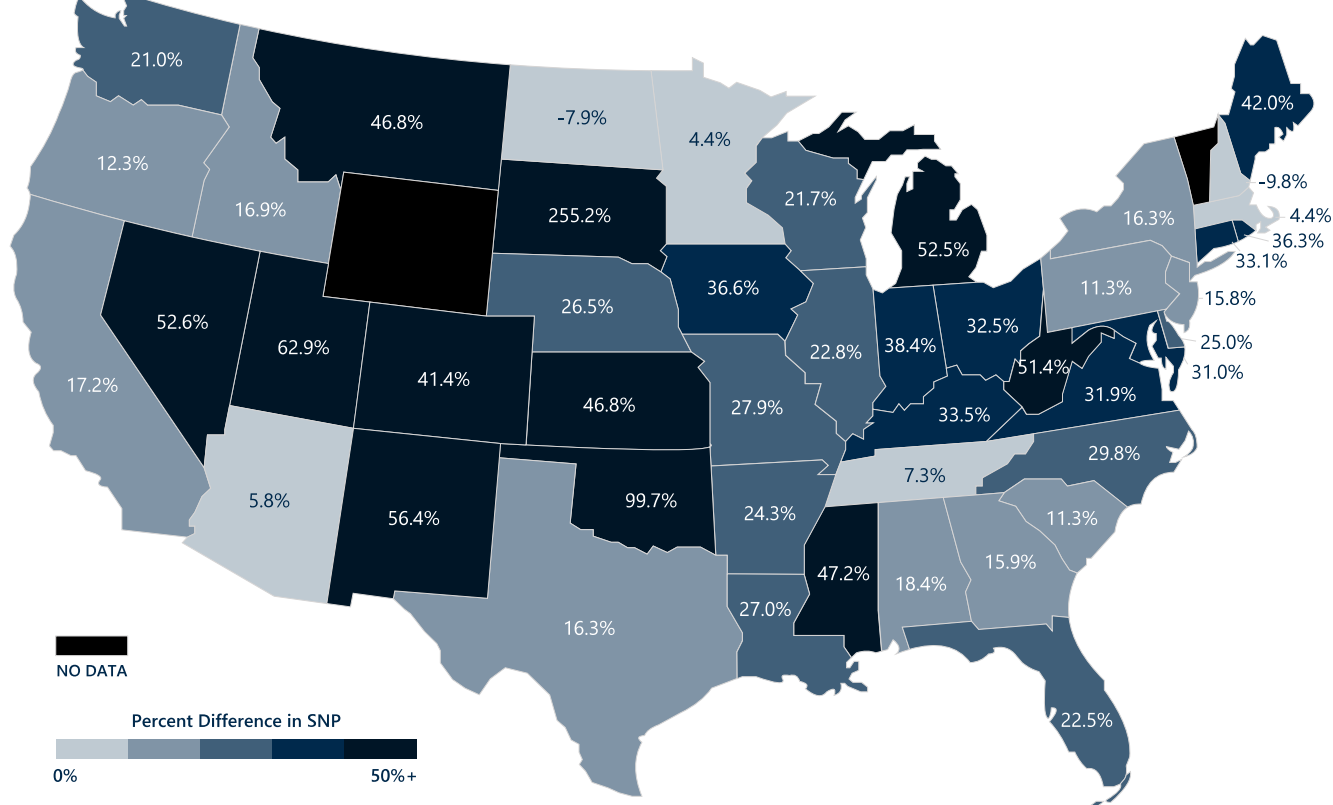
The SNP market has grown at nearly 16% per year and grew at 20% last year alone. This important segment now represents 16.2% of the entire Medicare Advantage market, or nearly 1 in 6 beneficiaries. What's more, nearly one-third (31%) of all enrollment growth in 2022 was in SNP plans. Much like Medicare Advantage broadly, this growth has not been shared equally. The top 5 plans now account for 77% of all SNP enrollment, up from 66% in 2019. Humana and Centene continue to capture the largest share of this growth, reflecting their intentional push into this space. Centene's considerable Medicaid base makes them uniquely qualified to sell into and manage populations in this market.

Distribution of New Medicare Advantage



It is worth noting that the overwhelming majority (89%) of enrollment occurs in traditional D-SNP products. While C-SNP and I-SNP are interesting growth areas, their adoption has not been nearly as widespread, growing at 5% CAGR since 2019 compared with 18% CAGR for Dual-Eligible. Finally, SNP growth varies considerably by state. Generally, smaller population states and those with less mature Medicare Advantage markets saw the highest growth. However, there are notable exceptions, such as Michigan, which boasts the nation's highest Medicare Advantage penetration rate but also one of the largest increases in SNP growth.

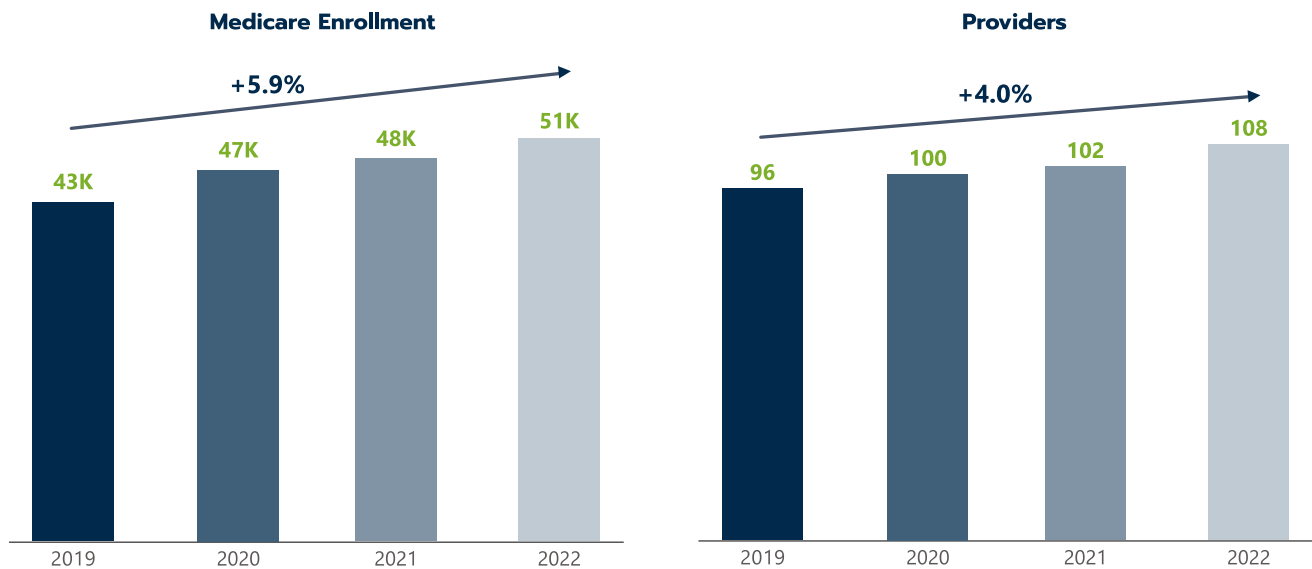
SNP Enrollment Growth by State (2021-2022)



Steady PACE Enrollment Growth Fuels Market Interest

We couldn't cover SNP plans without also giving a nod to PACE. The Program of All-Inclusive Care for the Elderly (PACE), also referred to as Living Independence for the Elderly (LIFE) in some states, has historically been a niche program that has escaped broad industry interest. However, recent regulatory changes and a surge in investment by private capital to support complex senior care has renewed focus on this previously overlooked program. To be sure, the program is small, with only 51,000 Medicare-eligible enrollees nationally, and providers operate in hyper-local markets often defined by one or several counties. That said, provider growth and beneficiary participation remain robust for this valuable program as seniors and PACE organizations alike continue to find value in this comprehensive senior plan option.

PACE Medicare Enrollment and Providers



Predictions for the Future

Enrollment surged in 2022, and we saw a continuation or acceleration of many of the same trends we've shared in past reports. Medicare Advantage continues to grow at Original Medicare's expense, materially outpacing growth in the senior market more broadly. For-profit health plans continue to methodically erode share of nonprofit and Blues plans. And growth efforts from "startup" health plans continue to drive enrollment and share growth. Accordingly, we believe the following 3 trends will be most influential in this market looking forward.

- **By 2025, more than half of all Medicare enrollees will be in a Medicare Advantage plan.** Consistent with our discussion last year, the industry is on track to meet or exceed this target. While mostly symbolic, it will mark a meaningful mindset shift whereby private Medicare beneficiaries will be the rule rather than the exception, and they will drive business efforts accordingly.
- **The growth appetite for "startup" plans will persist as they expand their geographic reach to achieve scale and profitability.** Startup health plans will continue their rapid growth efforts and continue to capture more of the market. Eventually, M&A will lead to some level of consolidation among these businesses. In the meantime, as a cohort, they will continue their joint march upward in share rankings.
- **Dual products will ride favorable tailwinds and drive further acceleration of Medicare Advantage enrollment.** SNP product interest is increasing by national plans. This, coupled with robust Medicaid enrollment and eligibility growth, will propel the products forward and lead Medicare Advantage growth. Generally, we expect PACE to continue to receive growth in interest but will be constrained by comparison due to the unique requirements and regulations of the program.

Through it all, the continued evolution of the competitive Medicare Advantage landscape has meaningful implications on healthcare organizations across the spectrum. For all but a select few health plans, it may involve rethinking growth priorities and reprioritizing this important product line. For healthcare systems, it

may require developing new strategies to position for the continued evolution of the consumer profile for the all-important senior population. And lastly, for healthcare services organizations, it creates opportunities to capture value through value-based care efforts in new and creative ways.

Senior care strategies broadly in the healthcare industry are becoming increasingly synonymous with Medicare Advantage. As the industry continues to advance its efforts to enroll as many seniors into these attractive products as possible, healthcare services companies will need to increasingly position their business models to serve this large and growing population.

Analytic Methodology

Medicare Advantage enrollment, plan, and pricing data from the Centers for Medicare and Medicaid Services (CMS), January 2019 to January 2022. Medicare fee for service (FFS) enrollment data from CMS, January 2019 to January 2022. Includes all Medicare Part C Plans, including Regional PPO and Medicare Cost; limited to 50 states and D.C. Plans categorized as for-profits, Blues, and nonprofit based on analysis by The Chartis Group. For market-level analyses, any counties not part of a CBSA (defined by the U.S. Office of Management and Budget) or that had less than 11 Medicare FFS enrollees were excluded. Special Needs Plan (SNP) data from SNP Comprehensive Reports January 2019 to January 2022. COVID-19 data provisional from the Centers for Disease Control and Prevention (CDC) dated February 2022.

Notes

1 Blues plans referenced include only those that are nonprofit. Anthem and subsidiary plans are classified as for-profit. Nonprofit plans referenced exclude nonprofit Blue-branded plans and subsidiaries.

Our services

[STRATEGIC TRANSFORMATION](#)

[PERFORMANCE TRANSFORMATION](#)

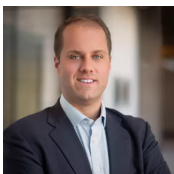
[DIGITAL & TECHNOLOGY TRANSFORMATION](#)

[CHARTIS CENTERS FOR AI & STRATEGIC INTELLIGENCE](#)

[PAYER TRANSFORMATION](#)

[STRATEGIC COMMUNICATIONS & CHANGE MANAGEMENT](#)

LEARN MORE ABOUT THE AUTHORS



Nick Herro
Senior Partner



Julianna Wokurka
Associate Partner