Table 12.1
Health Maintenance Organization (HMO) Enrollment Growth: Selected Calendar Years 1990-2006

Year	Medicare HMO Enrollment	Total HMO Enrollment
	Number in Millions	
1990	1.8	31.4
1994	2.6	47.1
1995	3.0	53.4
1996	3.8	63.3
1997	4.7	72.1
1998	6.3	78.6
1999	6.7	80.5
2000	6.6	78.9
2001	5.8	78.0
2002	5.2	74.2
2003	5.0	70.0
2004	5.2	66.1
2005	5.6	71.4
2006	6.3	72.2

NOTES: Medicare HMO enrollment numbers are for December of each year, except in 1996 (August data). For all years, the Medicare HMO enrollment includes enrollment in Risk plans—including HMO, Preferred Provider Organizations (PPO), and Provider Sponsored Organizations (PSO)—and in Cost plans other than Health Care Prepayment Plans (HCPP). For 2004 and 2005, the Medicare HMO enrollment includes enrollment in PPO that were demonstrations. For all years, the Medicare HMO enrollment excludes enrollment in Private Fee-for-Service plans (PFFS) and demonstrations that were not PPO. For 2006, the Medicare HMO enrollment excludes enrollment in Regional PPO.

SOURCES: Centers for Medicare & Medicaid Services: Medicare Advantage data are from the Medicare Managed Care Contract (MMCC) reports for 1990-2006; Total HMO enrollment numbers are from InterStudy for July of each year, 1990-2006; data development by the Office of Research, Development, and Information.

Table 12.2
Percent of Medicare Population with Access to at Least One Risk/ Medicare+Choice (M+C)/Medicare Advantage (MA) CCP (1993-2006), M+C Private Fee-for-Service (PFFS) (2000-2006), or M+C/MA Plan of Either Type (2000-2006)

Year	Population with Risk/M+C/MA CCP Access	Population with M+C PFFS Access	Population with Access to M+C/MA Plan of Either Type
		Percent	
1993	49	NA	49
1994	57	NA	57
1995	61	NA	61
1996	68	NA	68
1997	72	NA	72
1998	74	NA	74
1999	72	NA	72
2000	69	38	84
2001	63	38	82
2002	62	36	79
2003	59	36	79
2004	61	31	75
2005	79	76	97
2006	80	81	99

NOTES: PFFS became available in 2000. The 2005 and 2006 data are as of December. CCP is coordinated care plans which include Health Maintenance Organizations (HMO), Preferred Provider Organizations (PPO), Provider Sponsored Organizations (PSO), and PPO demonstrations (Medical Savings Account plans (MSA) and Regional PPOs (RPPO) were not included). Plans available only to employer or union retirees were excluded from computation of access. Special Needs Plans (SNP) were included in computation of access. NA is not applicable.

SOURCES: Centers for Medicare & Medicaid Services: Analysis of plan data from the Plan Information Control System, 1993-2000; Geographic Service Area Reports, 2000-2005; Health Plan Management System (HPMS) 2006; data development by the Office of Research, Development, and Information.

Table 12.3
Medicare Risk/Medicare+Choice/Medicare Advantage Contracts: Calendar Years 1987-2006

Year	Risk Contracts
1987	161
1988	154
1989	131
1990	96
1991	93
1992	95
1993	109
1994	154
1995	183
1996	241
1997	307
1998	346
1999	309
2000	266
2001	179
2002	155
2003	151
2004	154
2005	302
2006	367

NOTE: Data are as of December of each year. For all years, only active RISK contracts including RISK, Preferred Provider Organizations (PPO), Provider Sponsored Organizations (PSO) are included in the count. All other organization types, Private Fee-for-Service plans (PFFS), Program of All-Inclusive Care for the Elderly (PACE), COST, PPO, PPO DEMO, and Regional PPO (RPPO) are excluded.

SOURCE: Centers for Medicare & Medicaid Services: Data from the Medicare Managed Care Contract (MMCC) reports, 1987-2006; data development by the Office of Research, Development, and Information.

Table 12.4
Risk Contracts Non-Renewals, by Percent of Plans: Calendar Years 1986-2006

Year	Non-Renewals
	Percent
1986	5
1987	18
1988	22
1989	29
1990	15
1991	13
1992	8
1993	4
1994	1
1995	0
1996	1
1997	3
1998	13
1999	13
2000	25
2001	13
2002	6
2003	4
2004	2
2005	1
2006	4

NOTES: Refers only to risk non-renewals (including conversion to cost plans), not service area reductions and not terminations. The 1989 figure includes 29 plans that had no enrollees. The data for 1999 are based on the number of plans as of August 1999. The data for 2000 and 2001 are adjusted for contract consolidations (23 in 2001; 3 in 2002). The data for 2002 include one Medicare+Choice alternative payment demonstration project.

SOURCE: Centers for Medicare & Medicaid Services, Office of Research, Development, and Information: Analysis of Non-Renewal Reports, 1986-2006.

Table 12.5
Number and Percent of Medicare+Choice/Medicare Advantage Coordinated Care Plans (CCP) Contracts Available to Beneficiaries: Calendar Years 1998 and 2006

Number of Plans Available	1998	2006
	Percent	
0	26	20
1	11	12
2 to 4	25	30
5 to 9	24	26
10 or More	15	12

NOTES: Percents may not add to 100 because of rounding. The data shown represent CCP contracts which include Health Maintenance Organizations (HMO), Preferred Provider Organizations (PPO), Provider Sponsored Organizations (PSO), PPO demonstrations, and exclude plans available only to employer or union-sponsored retirees. Special Needs Plans (SNP) were included. Medical Savings Account plans (MSA) and Regional PPOs (RPPO) were excluded.

SOURCES: Centers for Medicare & Medicaid Services: Analysis of plan data from the Plan Information Control System (PICS), March 1998 and the Medicare Health Plan Management System (HPMS), December 2006; data development by the Office of Research, Development, and Information.

Table 12.6
Percent Distribution of Disabled and Aged Beneficiaries in Medicare Advantage Plans and Fee-for-Service: December 2006

Enrollment	Total	Aged	Disabled
		Percent	
Medicare Advantage	100.0	89.5	10.5
Fee-for-Service	100.0	82.5	17.5

NOTES: Medicare Advantage enrollment includes all plan types except for Prescription Drug Plans, Employer Direct plans and Regional PPOs (RPPO). Special Needs Plans (SNP) and employer only plans are included in the analysis.

SOURCES: Centers for Medicare & Medicaid Services: Analysis of plan data from the Health Plan Management System (HPMS) and the Monthly Membership Reports; data development by the Office of Research, Development, and Information.

Table 12.7
Percent Distribution of Disabled and Aged Beneficiaries, Medicare Advantage Plans Versus Fee-for-Service: December 2006

Beneficiary	Medicare Advantage	Fee-for-Service
	Percent	
Disabled	100	100
Male		
Under 35 Years	2	5
35-44 Years	6	9
45-54 Years	15	17
55-59 Years	11	11
60-64 Years	15	11
Female		
Under 35 Years	2	4
35-44 Years	6	8
45-54 Years	14	15
55-59 Years	12	10
60-64 Years	16	10
Aged	100	100
Male		
65-69 Years	11	14
70-74 Years	11	10
75-79 Years	9	8
80-84 Years	6	6
85 Years or Over	4	4
Female		
65-69 Years	14	15
70-74 Years	14	12
75-79 Years	12	11
80-84 Years	9	9
85 Years or Over	8	10

NOTES: Percents may not add to 100 because of rounding. The methodology to compute the penetration rate was changed beginning with 2005 data and may yield results that are not exactly comparable to earlier years. The data includes employer only plans and Special Needs Plans (SNP). Regional PPOs (RPPO) were excluded.

SOURCE: Centers for Medicare & Medicaid Services: Analysis of plan data from the Monthly Membership Reports, December 2006; data development by the Office of Research, Development, and Information.

Table 12.8
Medicare Advantage and Other Private Health Plan Penetration, (Percent of Medicare Beneficiaries Enrolled), by Geographic Area: December 2006

Geographic Area	Health Plan Penetration	Geographic Area	Health Plan Penetration
	Percent		Percent
Alabama	12.8	Nebraska	8.0
Alaska	0.4	Nevada	29.1
Arizona	34.9	New Hampshire	1.0
Arkansas	5.4	New Jersey	8.9
California	33.1	New Mexico	20.6
Colorado	29.8	New York	22.3
Connecticut	7.4	North Carolina	11.0
Delaware	1.5	North Dakota	5.1
District of Columbia	7.7	Ohio	15.7
Florida	23.0	Oklahoma	10.5
Georgia	7.1	Oregon	37.4
Hawaii	36.1	Pennsylvania	31.2
Idaho	16.6	Puerto Rico	52.9
Illinois	6.9	Rhode Island	34.7
Indiana	6.5	South Carolina	6.2
Iowa	9.6	South Dakota	2.7
Kansas	6.2	Tennessee	14.8
Kentucky	7.0	Texas	12.2
Louisiana	15.0	Utah	17.5
Maine	1.0	Vermont	0.4
Maryland	5.2	Virgin Islands	0.6
Massachusetts	16.7	Virginia	7.2
Michigan	5.9	Washington	17.4
Minnesota	26.0	West Virginia	8.7
Mississippi	4.0	Wisconsin	15.9
Missouri	14.7	Wyoming	4.1
Montana	7.7	NA	NA
Guam	0.2	NA	NA
American Samoa	1.3	NA	NA
Northern Mariana Islands	0.0	NA	NA

NOTES: Medicare Advantage enrollment from all plans, except Prescription Drug Plans (PDP) and Employer Direct Plans, were included. Regional Preferred Provider Organizations (RPPO), Special Needs Plans (SNP), and employer only plans were included. NA is not applicable.

SOURCE: Centers for Medicare & Medicaid Services: Market Penetration Analysis, December 2006; data development by the Office of Research, Development, and Information.

Table 12.9
Historical Prevalence of Zero Premiums and Drug Coverage in Medicare Risk/Medicare+Choice Contracts: Calendar Years 1987-1998

Year	Contracts with Zero Premium Basic Package	Contracts with Drugs in Basic Package
	Percent	
1987	10	NA
1988	13	NA
1989	9	NA
1990	18	35
1991	25	33
1992	23	NA
1993	25	32
1994	33	38
1995	51	50
1996	65	61
1997	69	68
1998	70	67

NOTE: NA is not available.

SOURCES: Centers for Medicare & Medicaid Services, Office of Research, Development, and Information: Analysis of Medicare Managed Care Contract (MMCC) reports for 1990-1998 and the adjusted community rate proposals for 1987-1989.

Table 12.10
Changes in Access to or Coverage Under a Zero Premium Plan: Calendar Years 1999-2006

Year	Medicare+Choice/Medicare Advantage Coordinated Care Plans (CCP)	
	Overall Medicare Population with Access to Zero Premium	Enrollees with Zero Premium Plan
	Percent	
1999	61	68
2000	53	61
2001	39	45
2002	34	39
2003	29	38
2004	40	48 [1]
2005	42	58 [1]
2006	61	52 [2]

[1]A change in methodology applies beginning in 2004. Because health plans are reporting enrollments by benefit package to CMS when an organization offers more than one benefit package in a given county, the 2004 and 2005 figures for enrollees choosing zero premium plans show enrollment at the actual "plan" level (that is, by benefit package). In prior years, enrollees were assigned to zero premium plans if one was offered by the organization in the county of residence of the individual. The figures for 2004 and 2005 would be a higher number if the methodology used in prior years were continued for 2004 and thereafter.

[2]For 2006 the following conventions were observed: Zero premium refers to combined part C and part D zero premium. CCP includes Special Needs Plans (SNP), but excludes Employer only. Only plans with plan type Health Maintenance Organizations (HMO), HMO Point of Service (HMOPOS), Preferred Provider Organization (PPO), Provider Sponsored Organizations (PSO) were included in the analysis. Enrollee coverage is the percent of actual CCP enrollment with zero premium.

NOTES: The 2005 data are as of March 2005. The 2006 data are as of December 2006.

SOURCES: Centers for Medicare & Medicaid Services: Analysis of submitted bids from Health Plan Management System (HPMS) data; data development by the Office of Research, Development, and Information.

Table 12.11
Access to Medicare+Choice (M+C)/Medicare Advantage (MA) Coordinated Care Plans (CCP), Private Fee-for-Service (PFFS) Plans, or Preferred Provider Organization (PPO) Demonstration Projects, Rural Areas, by Type of Coverage: Calendar Years 1999-2006

Year	Any M+C/MA CCP, PFFS Plan, or PPO Demo Plan	Any M+C/MA CCP Plan	Any Zero Premium Plan	Any Plan with Drug Coverage
			Percent	
1999	---	23	14	19
2000	62	21	9	16
2001[1]	60	14	4	8
2002	59	13	2	9
2003	59	13	2	8
2004[2]	62	15	13	26
2005[2]	97	40	54	94
2006[3]	98	41	55	94

[1]Includes 53 counties, with 99,000 beneficiaries, where PFFS became available in December 2001.

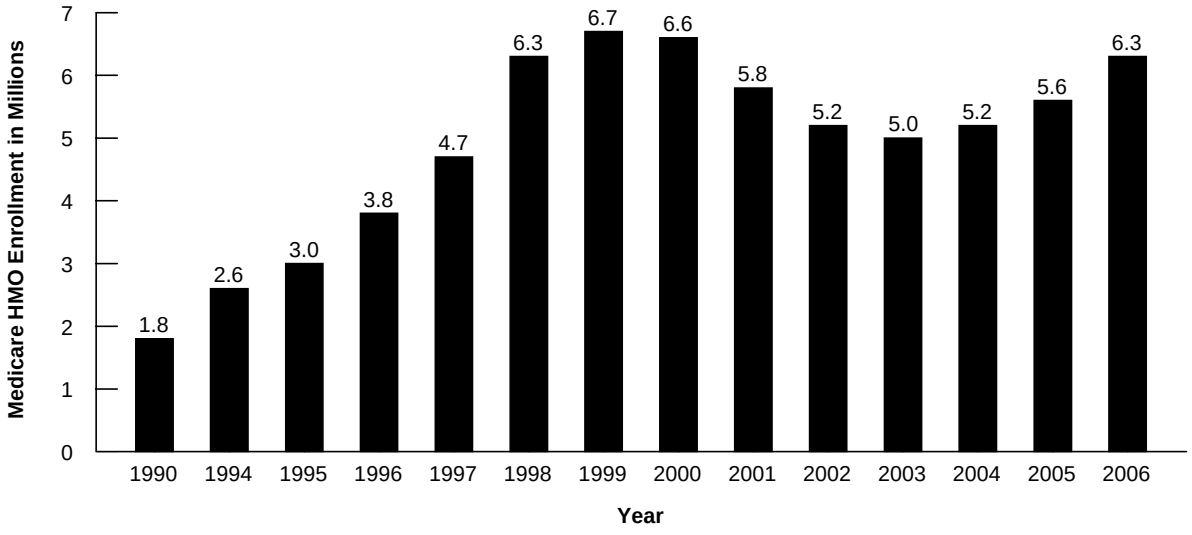
[2]The 2004 and 2005 data reflect the reclassification of the metropolitan statistical area (MSA) status of a number of counties. There was a net reduction in the number of Medicare beneficiaries residing in non-MSA (rural) counties of about one million. About 1.5 million beneficiaries were in the counties changing from non-MSA to MSA status, and about half a million beneficiaries were in counties that changed from MSA status to non-MSA status (generally because of being assigned to the new category of micropolitan areas).

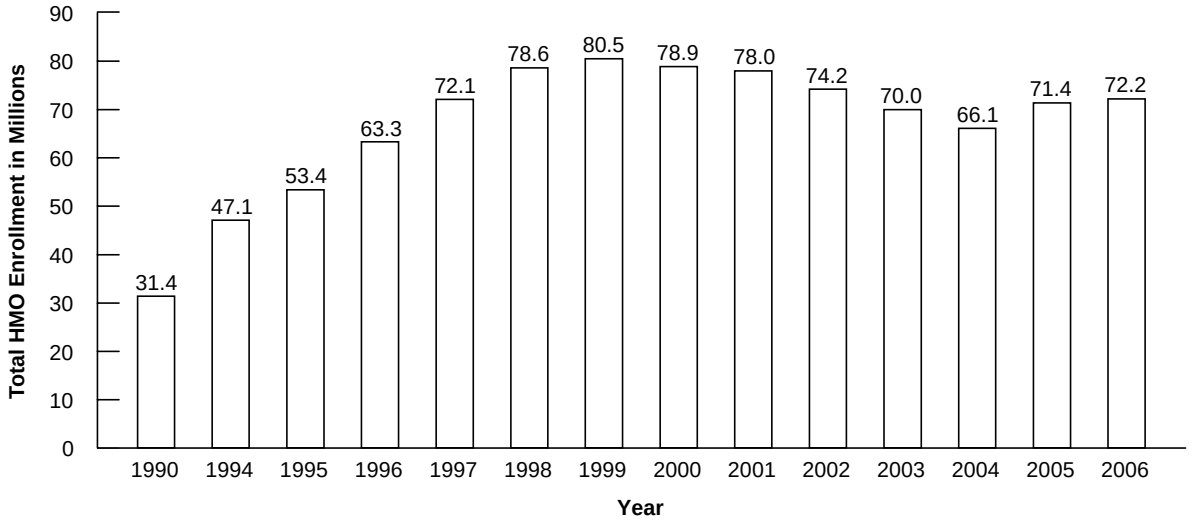
[3]The 2006 data used the same definition of rural that CMS had used in a number of other published studies. It was felt that for purposes of consistency this definition should be used: Metropolitan areas were considered urban while micropolitan areas and areas that were neither metropolitan nor micropolitan were considered rural.

NOTES: The 2005 data are as of October 2005. The 2006 data are as of December 2006. In all years, only plans available to all Medicare beneficiaries in a county are included. That is, plans such as those available only to members of an employer group, or Special Needs Plans (SNP) available as of 2005, are excluded. In 2006, only Local CCP and PFFS Organization types were used. Employer only plans were excluded but SNP were included since they frequently were either targeted to local enrollees and/or allowed disproportionate shares of non-targeted enrollees. The Zero-premium and Drug-Coverage column data included all plan types except Prescription Drug Coverage plans, Employer Direct plans, and Regional PPO.

SOURCES: Centers for Medicare & Medicaid Services, Office of Research, Development, and Information: Analysis of Health Plan Management System data; MedPAC Annual Reports 1999 and 2000.

Figure 12.1
Health Maintenance Organization (HMO) Enrollment Growth: Selected Calendar Years 1990-2006

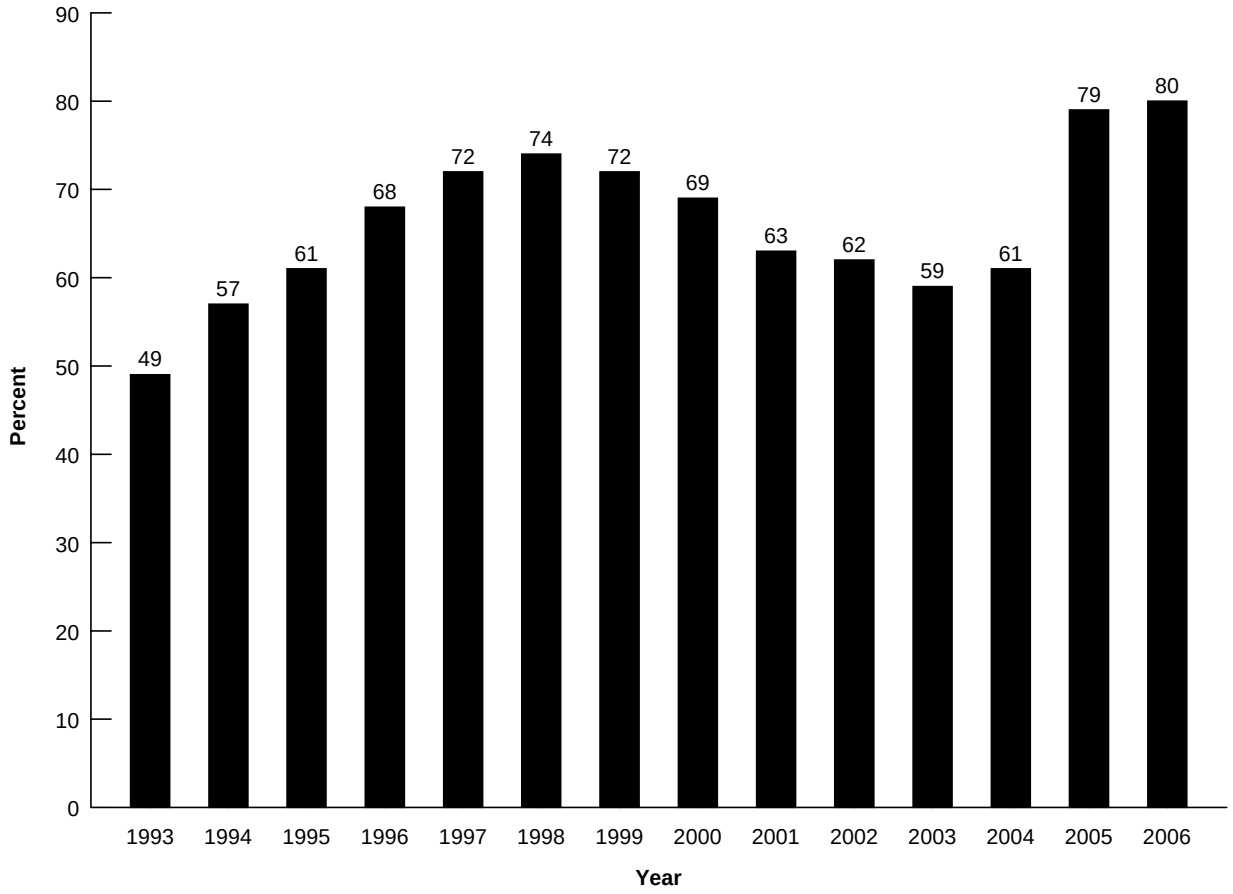




NOTES: Medicare HMO enrollment numbers are for December of each year, except in 1996 (August data), for all years, the Medicare HMO enrollment includes, for all years, enrollment in Risk plans--including H M Organizations (HMO), Preferred Provider Organizations (PPO), and Provider Sponsored Organizations (PSO)---and in all Cost plans other than Health Care Prepayment Plans (HCPP). For 2004 and 2005, the Medicare HMO enrollment excludes enrollment in PPO that were demonstrations. For all years, the Medicare HMO enrollment includes enrollment in Private Fee-for-service plans (PFFS) and demonstrations that were not PPO. For 2006, the Medicare enrollment excludes enrollment in Regional PPO.

SOURCES: Centers for Medicare & Medicaid Services: Medicare Advantage data are from the Medicare Managed Care Contract (MMCC) reports, 1990-2006; Total HMO enrollment numbers are from InterStudy for July of each year, 1990-2006; data development by the Office of Research, Development, and Information.

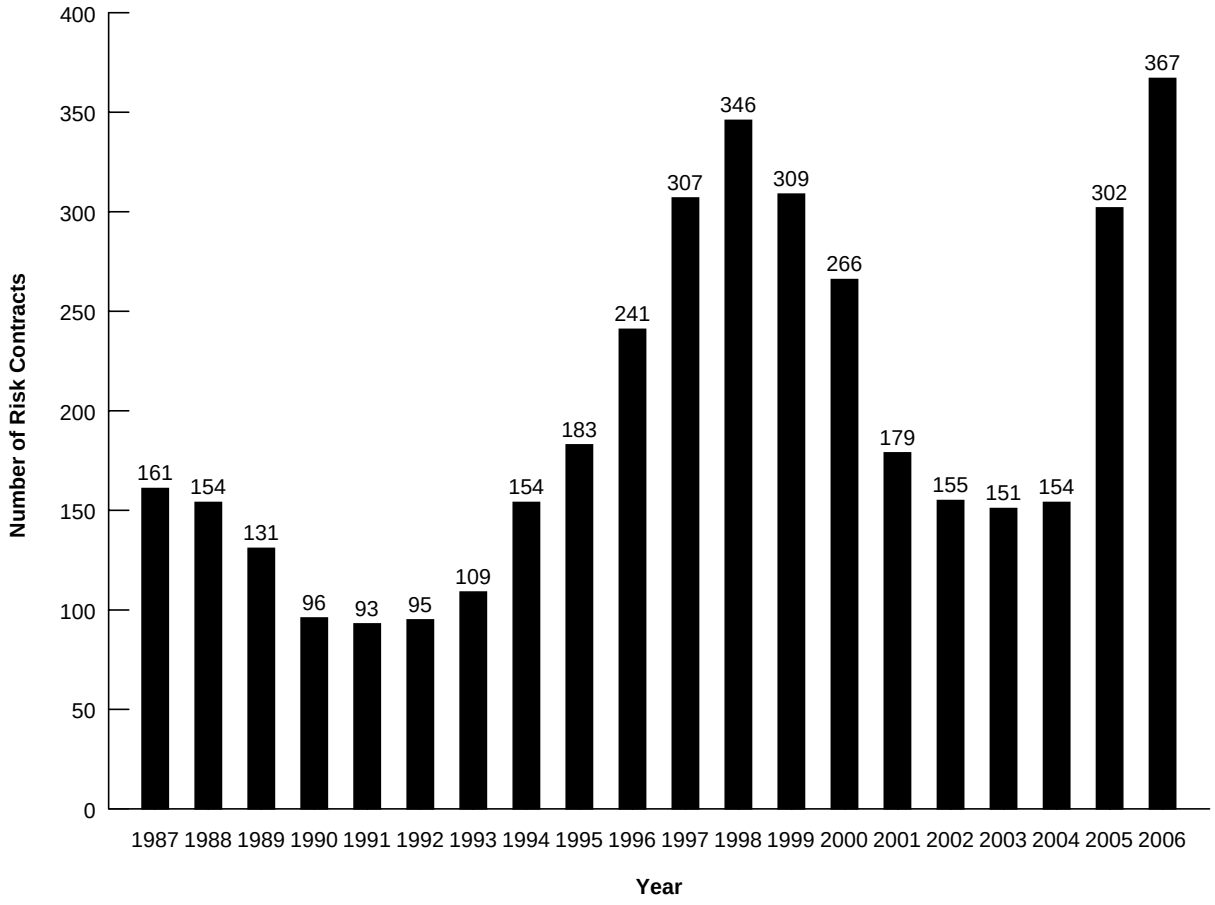
Figure 12.2
Percent of Medicare Population with Access to at Least One Risk/Medicare+Choice/Medicare Advantage Coordinated Care Plan (CCP): Calendar Years 1993-2006



NOTES: Excludes private fee-for-service plan. The 2005 and 2006 are as of December. CCP includes Health Maintenance Organizations (HMO), Preferred Provider Organizations (PPO), Provider Sponsored Organizations (PSO), and PPO demonstrations. Medical Savings Account plans (MSA) and Regional PPOs (RPPO) were not included. Plans available only to employer or union retirees were excluded from computation of access. Special Needs Plans (SNP) were included in computation of access.

SOURCES: Centers for Medicare & Medicaid Services: Analysis of plan data from the Plan Information Control System, 1993-2000; Geographic Service Area Reports, 2000-2005; Health Plan Management System (HPMS) 2006; data development by the Office of Research, Development, and Information.

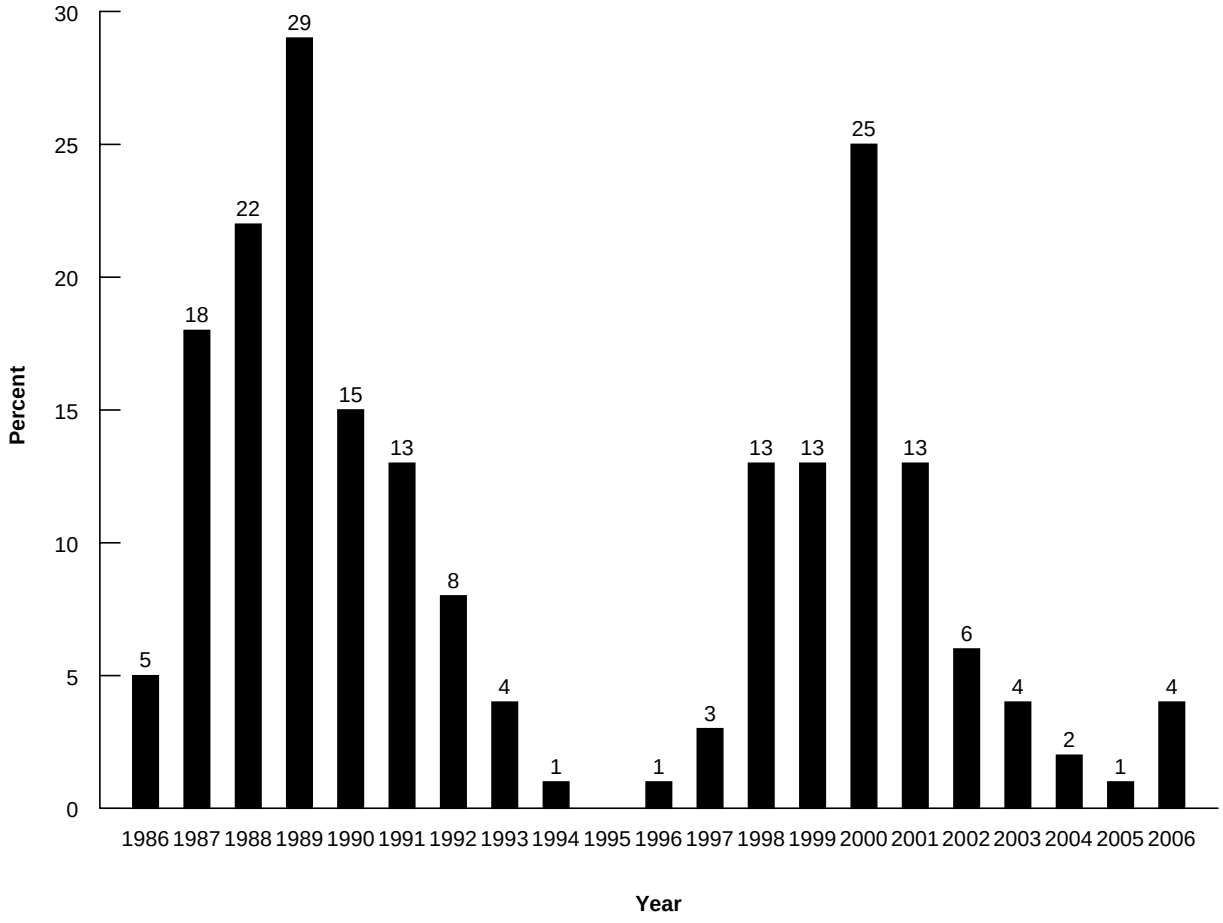
Figure 12.3
Medicare Risk/Medicare+Choice/Medicare Advantage Contracts: Calendar Years 1987-2006



NOTES: Data are as of December of each year. For all years, only active RISK contracts including RISK, Preferred Provider Organizations (PPO), Provider Sponsored Organizations (PSO) are included in the count. All other organization types, Private Fee-for-Service plans (PFFS), Program of All-Inclusive Care for the Elderly (PACE), COST, PPO, PPO DEMO, and Regional PPO (RPPO) are excluded.

SOURCE: Centers for Medicare & Medicaid Services: Data from the Medicare Managed Care Contract (MMCC) reports, 1987-2006; data development by the Office of Research, Development, and Information.

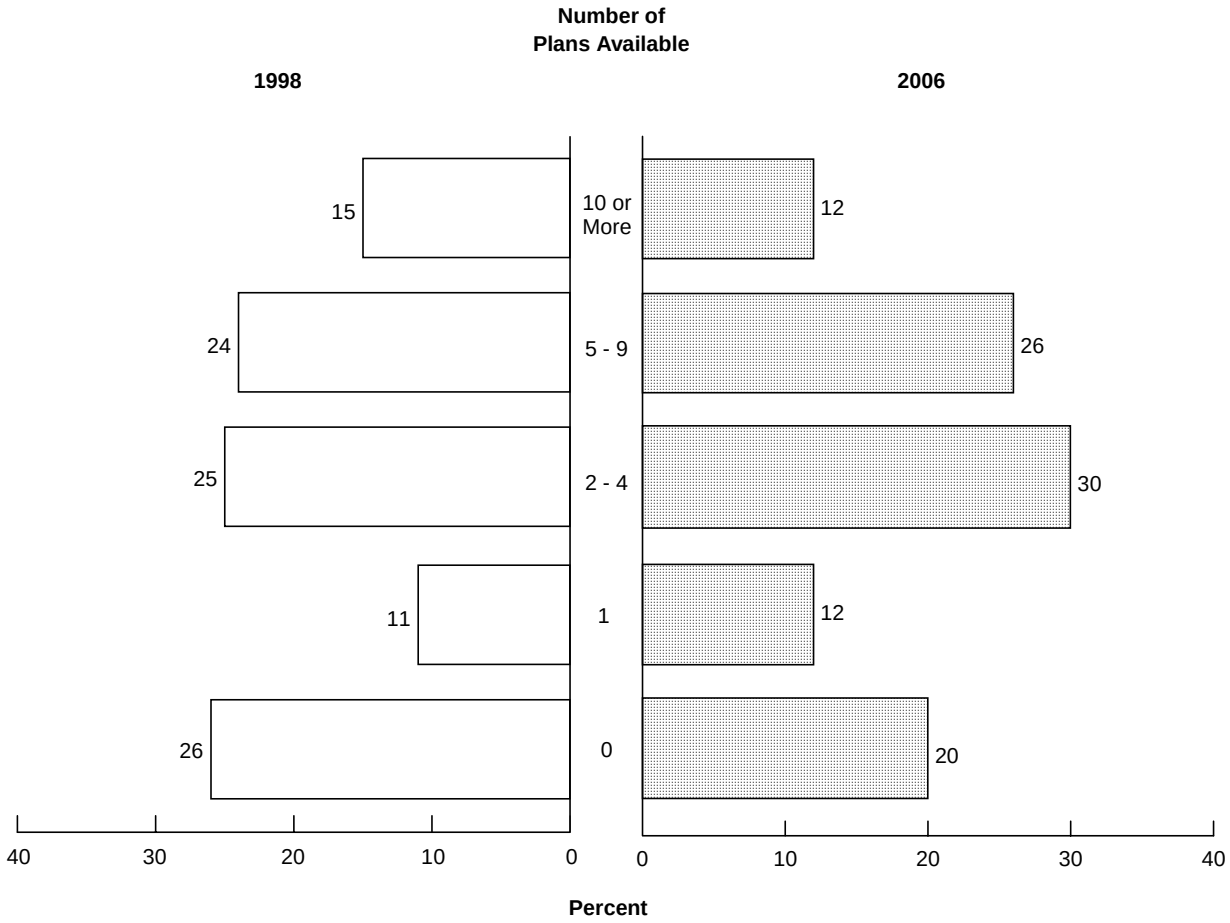
Figure 12.4
Risk Contracts Non-Renewals, by Percent of Plans: Calendar Years 1986-2006



NOTES: Refers only to risk non-renewals (including conversion to cost plans), not service area reductions and not terminations. The 1989 figure includes 29 plans that had no enrollees. The data for 1999 are based on the number of plans as of August 1999. The data for 2000 and 2001 are adjusted for contract consolidations (23 in 2001; 3 in 2002). The data for 2002 include one Medicare+Choice alternative payment demonstration project.

SOURCE: Centers for Medicare & Medicaid Services, Office of Research, Development, and Information: Analysis of Non-Renewal Reports, 1986-2006.

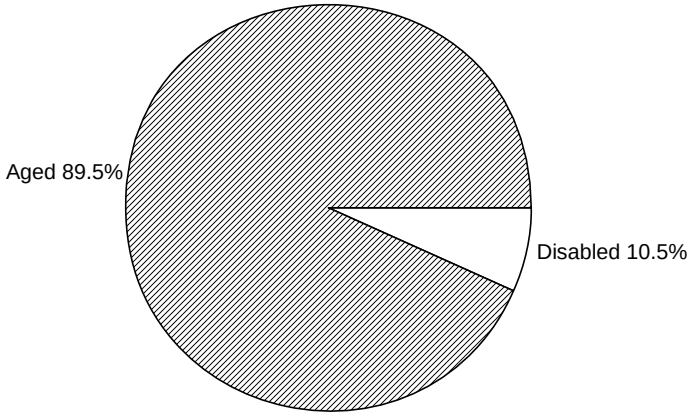
Figure 12.5
Number and Percent of Medicare+Choice/Medicare Advantage Coordinated Care Plans (CCP) Contracts Available to Beneficiaries: Calendar Years 1998 and 2006



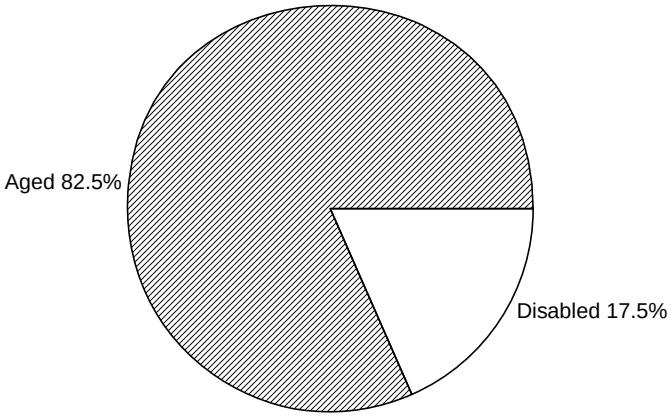
NOTES: Percents may not add to 100 because of rounding. The data shown represent CCP contracts which include Health Maintenance Organizations (HMO), Preferred Provider Organizations (PPO), Provider Sponsored Organizations (PSO), PPO demonstrations, and exclude plans available only to employer or union-sponsored retirees. Special Needs Plans (SNP) were included. Medical Savings Account plans (MSA) and Regional PPOs (RPPO) were excluded.

SOURCES: Centers for Medicare & Medicaid Services: Analysis of plan data from the Plan Information Control System (PICS), March 1998 and the Medicare Health Plan Management System (HPMS), December 2006; data development by the Office of Research, Development, and Information.

Figure 12.6
Percent Distribution of Disabled and Aged Beneficiaries in Medicare Advantage Plans and Fee-for-Service: December 2006



Medicare Advantage Enrollment

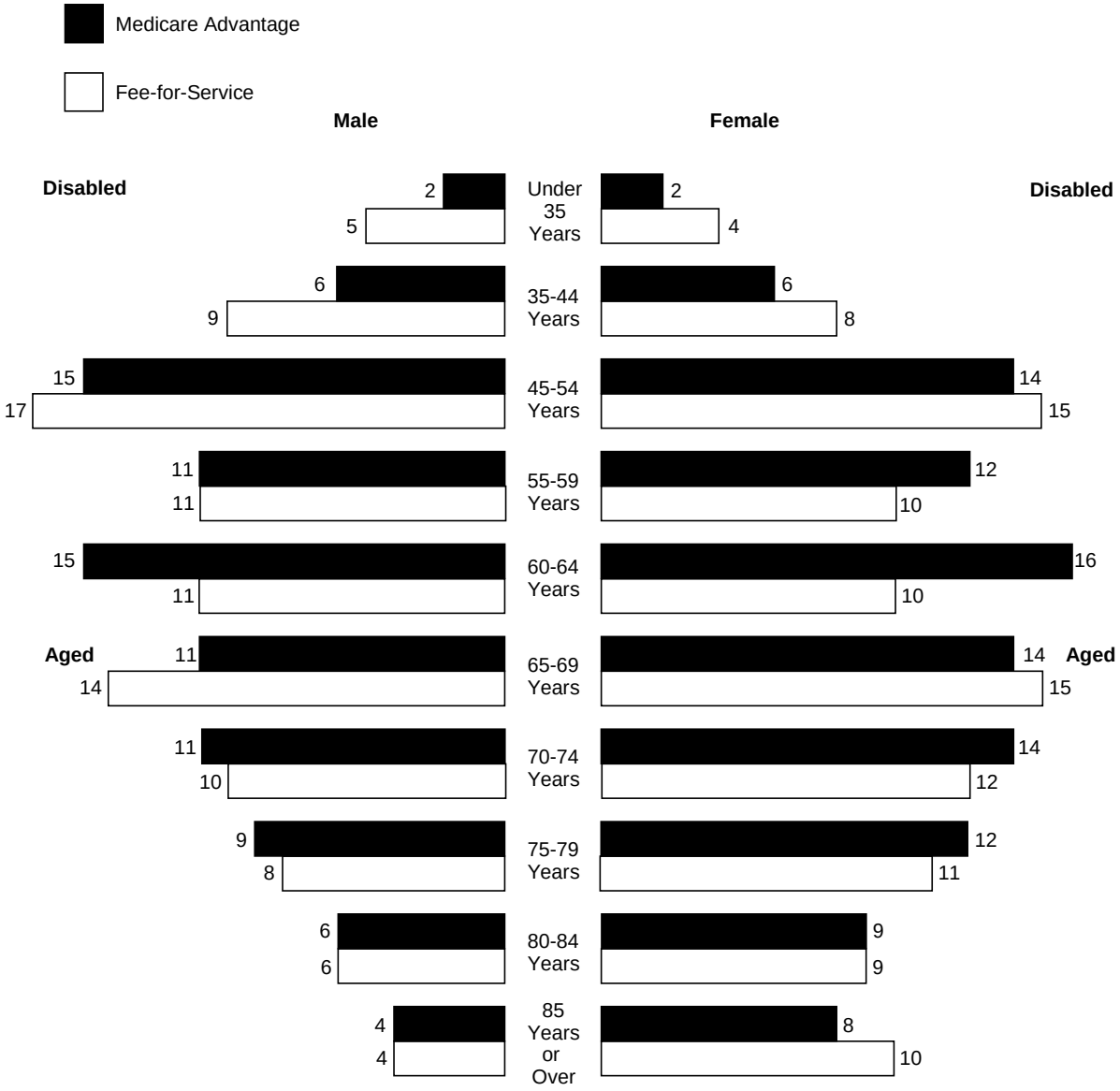


Fee-for-Service Enrollment

NOTES: Medicare Advantage enrollment includes all plan types except for Prescription Drug Plans, Employer Direct plans and Regional PPOs (RPPO). Special Needs Plans (SNP) and employer only plans are included in the analysis.

SOURCES: Centers for Medicare & Medicaid Services: Analysis of plan data from the Health Plan Management System (HPMS) and the Monthly Membership Reports; data development by the Office of Research, Development, and Information.

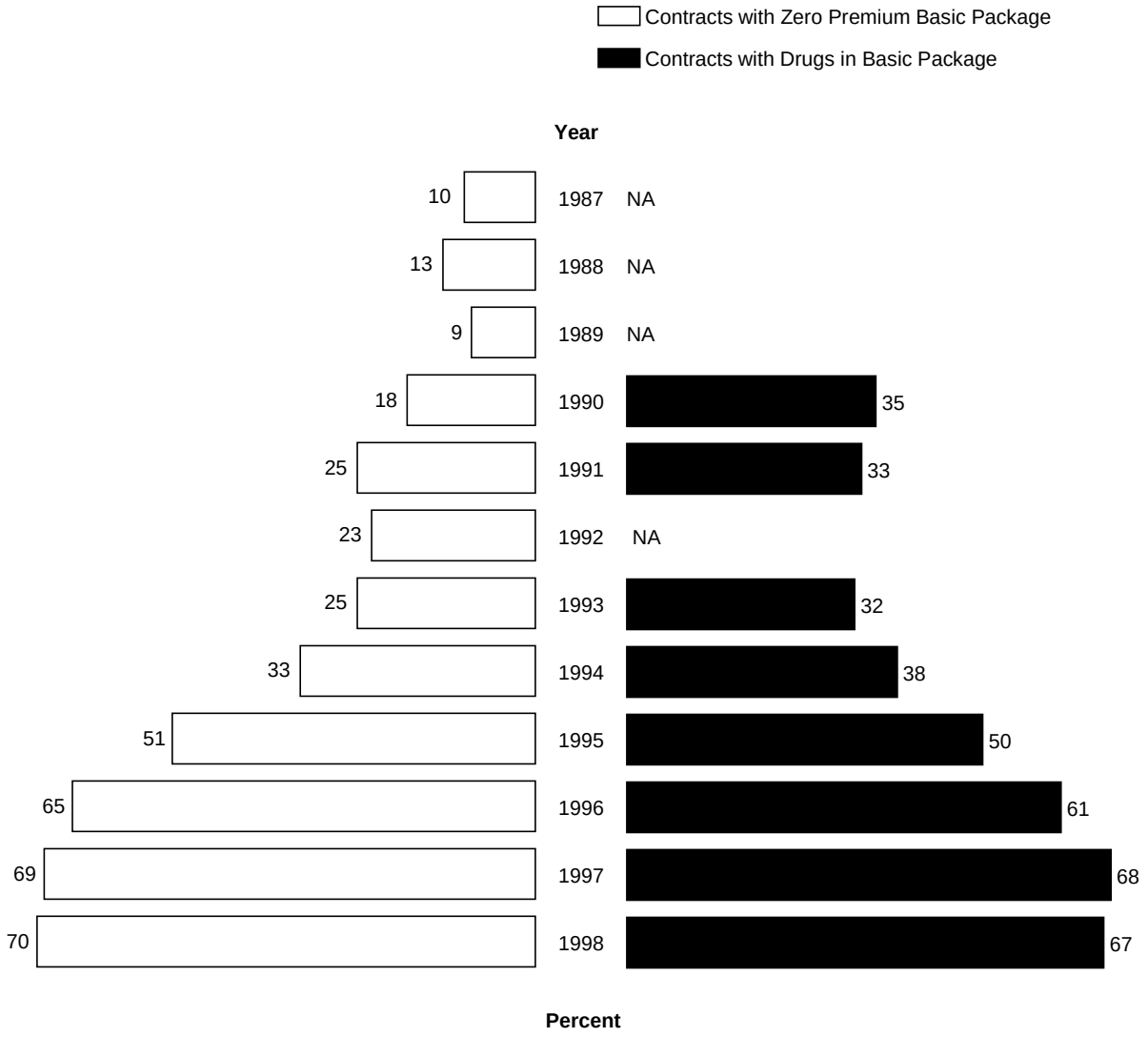
Figure 12.7
Percent Distribution of Disabled and Aged Beneficiaries, Medicare Advantage Plans Versus Fee-for-Service: December 2006



NOTES: Percents may not add to 100 because of rounding. The methodology to compute the penetration rate was changed beginning with 2005 data and may yield results that are not exactly comparable to earlier years. The data includes employer only plans and Special Needs Plans (SNP). Regional PPOs (RPPO) were excluded.

SOURCE: Centers for Medicare & Medicaid Services: Analysis of plan data from the Monthly Membership Reports, December 2006; data development by the Office of Research, Development, and Information.

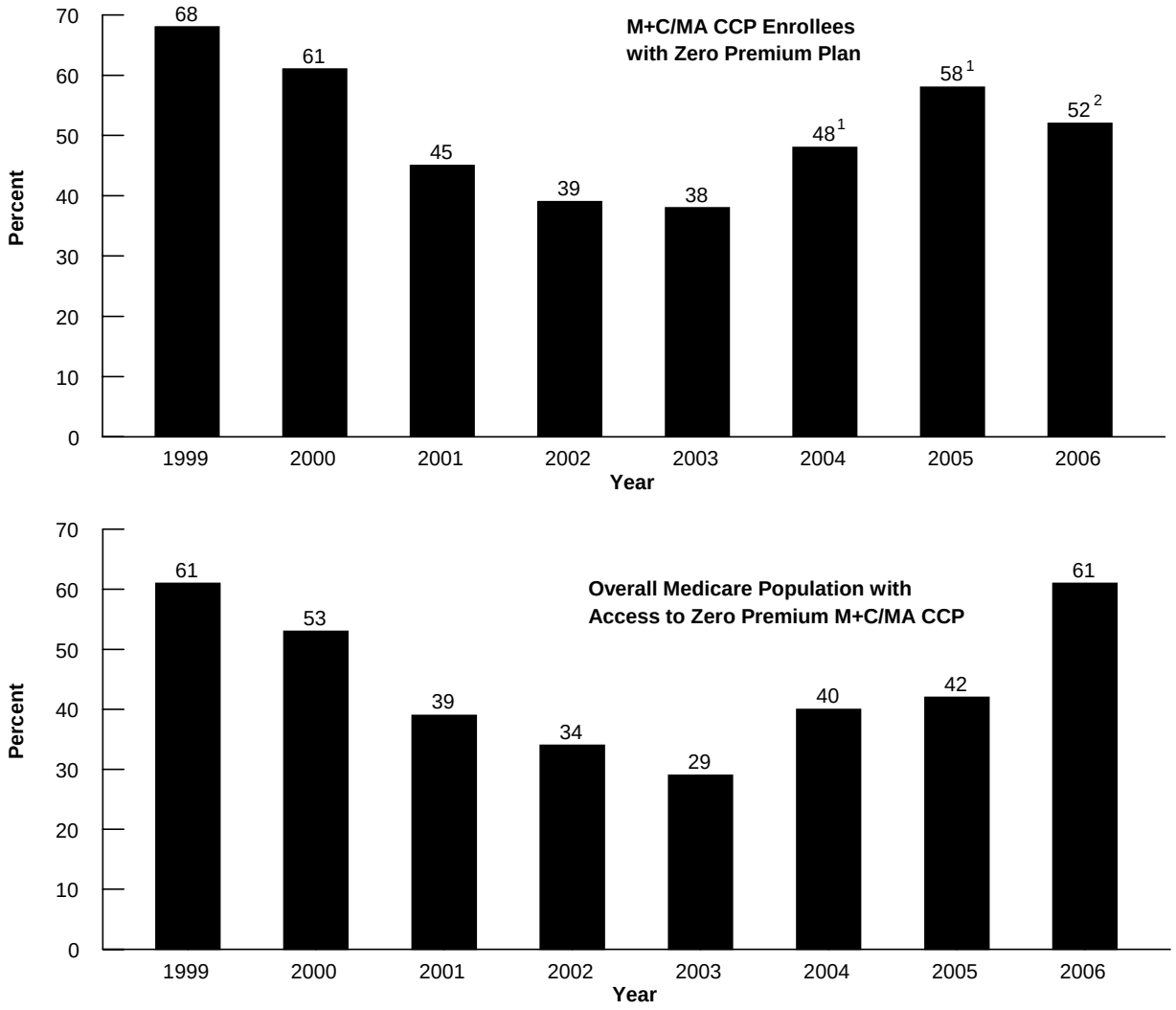
Figure 12.8
Historical Prevalence of Zero Premiums and Drug Coverage in Medicare Risk/Medicare+Choice Contracts: Calendar Years 1987-1998



NOTE: NA is not available.

SOURCES: Centers for Medicare & Medicaid Services, Office of Research, Development, and Information: Analysis of Medicare Managed Care Contract (MMCC) reports for 1990-1998 and the adjusted community rate proposals for 1987-1989.

Figure 12.9
Changes in Access to or Coverage Under a Zero Premium Plan: Calendar Years 1999-2006



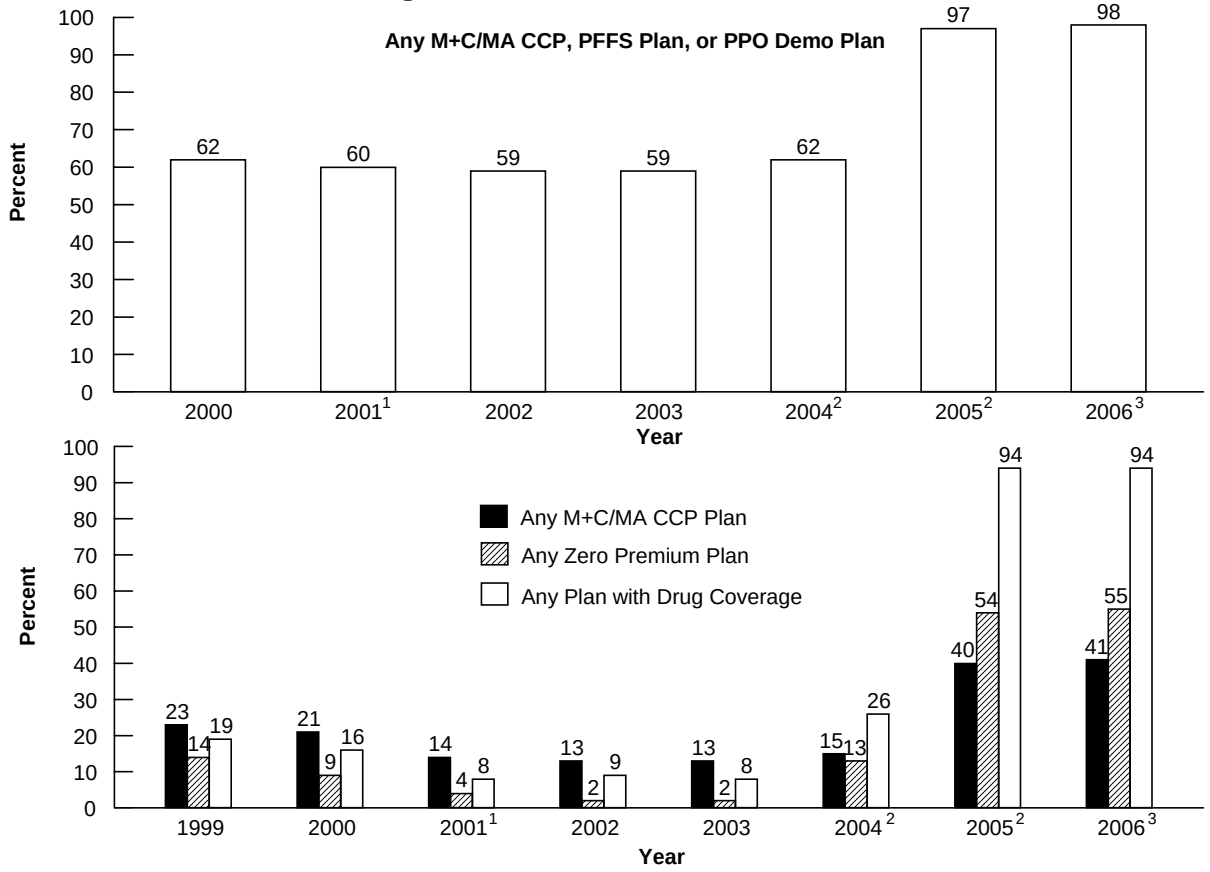
[1] Prior to 2004, enrollees in managed care plans were assigned to the zero premium catagory if a zero premium plan was offered in the county of residence, regardless of actual plan's premium. Beginning 2004, categorization is based on premium of plan in which the beneficiary is enrolled, thus depressing the trend based on the prior methodology.

[2] Beginning 2006, premium categorization combines the Part C and Part D premium. Analysis only covers selected CCP types. Enrolled coverage is the percent of the actual targeted CCP population with zero premium.

NOTES: M+C is Medicare+Choice. MA is Medicare Advantage. CCP is coordinated care plan. The 2005 data are as of March 2005. The 2006 data are as of December 2006.

SOURCES: Centers for Medicare & Medicaid Services: Analysis of submitted bids from Health Plan Management System (HPMS) data; data development by the Office of Research, Development and Information.

Figure 12.10
Access to Medicare+Choice (M+C)/Medicare Advantage (MA) Coordinated Care Plans (CCP), Private Fee-for-Service (PFFS) Plans, or Preferred Provider Organization (PPO) Demonstration Projects, Rural Areas, by Type of Coverage: Calendar Years 1999-2006



[1] Includes 53 counties, with 99,000 beneficiaries, were PFFS became available in December 2001.

[2] The 2004 and 2005 data reflect the reclassification of the metropolitan statistical area (MSA) status of a number of counties. There was a net reduction in the number of Medicare beneficiaries residing in non-MSA (rural) counties of about one million. About 1.5 million beneficiaries were in the counties changing from non-MSA to MSA status, and about half a million beneficiaries were in counties that changed from MSA status to non-MSA status (generally because of being assigned to the new category of micropolitan areas).

[3] The 2006 data used the same definition of rural that CMS had used in a number of other published studies. It was felt that for purposes of consistency this definition should be used: Metropolitan areas were considered urban while micropolitan areas and areas that were neither metropolitan nor micropolitan were considered rural.

NOTES: Various categories of plans were excluded if their membership was deemed to be overwhelmingly exclusive of the general Medicare population or were not otherwise available.

SOURCES: Centers for Medicare & Medicaid Services, Office of Research, Development, and Information: Analysis of Health Plan Management System data; MedPAC Annual Reports 1999 and 2000.