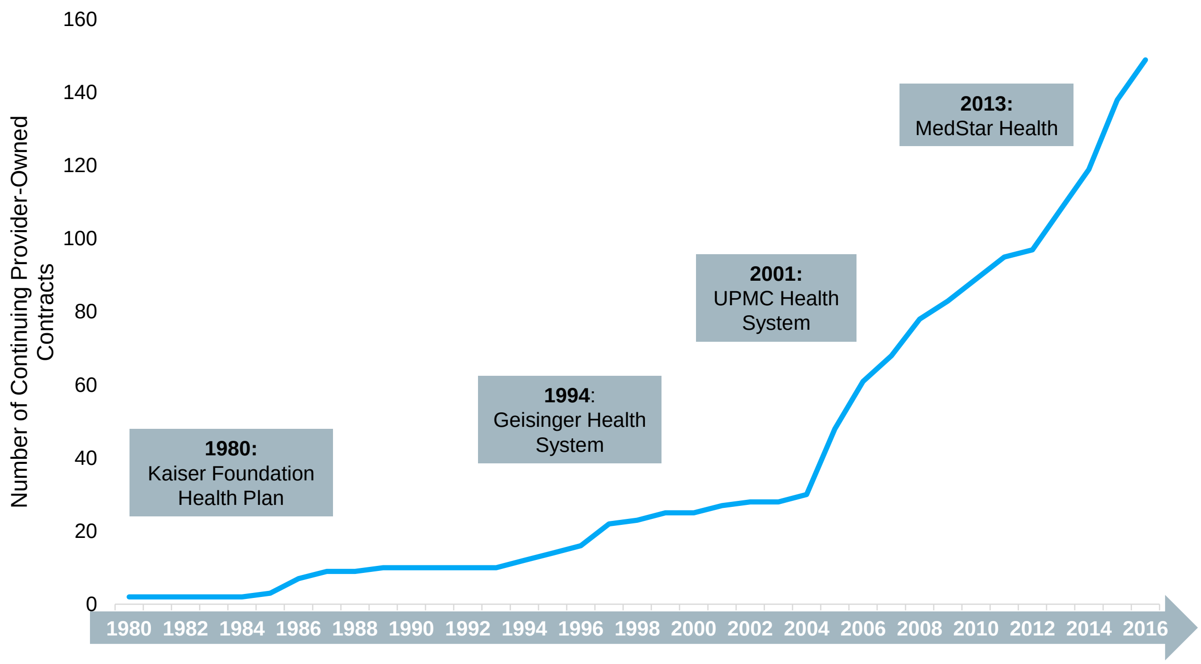
Provider-Sponsored Health Plans:
Enrollment, Quality, and Future Impact

In a previous analysis of new entrants in Medicare Advantage (MA), Avalere found that provider-sponsored plans represented 54 percent of MA entrants between 2012 and 2015.[1] In this brief, we expand our analysis of provider-sponsored plans by examining the breadth and depth of their participation in MA, their performance against quality metrics, and their role serving individuals with commercial or Medicaid coverage.

Eighty percent of provider-sponsored MA contracts became effective during the last decade.

As overall MA enrollment has grown, from 6 million in 2005 to 17 million in 2015, provider-sponsored plan participation has also increased. As shown in Figure 1, provider-sponsored parent organizations participating in MA in 2016 will hold 149 contracts. Only 30 of these existing contracts have an effective date prior to 2005. This implies that most current provider-sponsored MA parents have entered the program within the last decade, and many of them within the last few years.[2] Of course, over this time period, provider-sponsored plans have also exited the market. For example, Piedmont Wellstar Health Plans entered the MA market in 2014, but will not participate in 2016.

Figure 1: Active Provider-Sponsored MA Contracts, by Contract Effective Date[3]

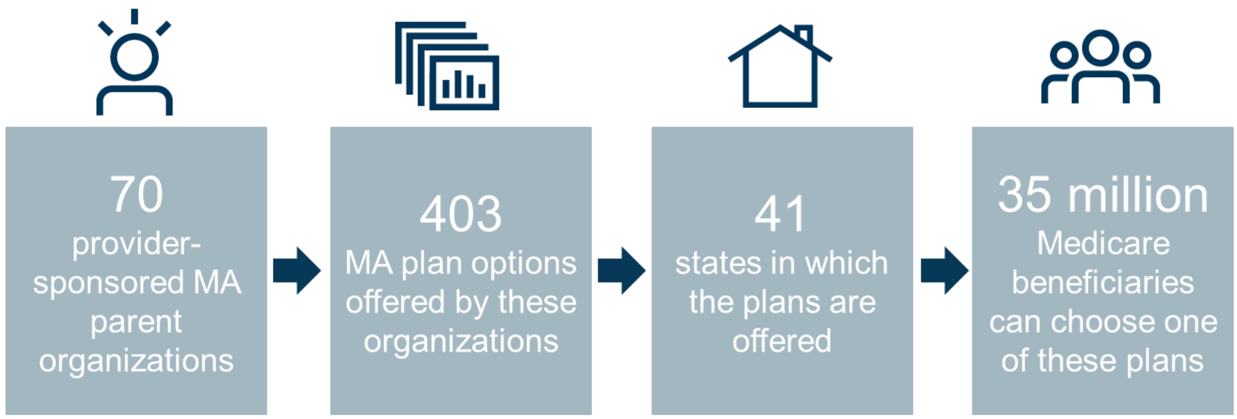


1 http://avalere.com/expertise/managed-care/insights/new-medicare-advantage-market-entrants-diversify-consumer-choice
2 Provider-sponsored plans were identified by using the list contained in the AIS 2015 Directory of Health Plans. Some current provider-sponsored parent organizations could have had contracts with pre-2005 effective dates that are no longer active.
3 Avalere analysis of October 2015 MA Contract file.

Nearly 60 percent of new MA market entrants are provider-sponsored.

Information on new entrants in 2016 also underscores the trend toward provider-sponsored plan participation in MA. Indeed, 58 percent, or 11 out of 19, new MA parent organizations in 2016 are provider-sponsored.[4] As displayed in Figure 2, 70 provider parent organizations will offer 403 MA plans in 41 states to 35 million Medicare beneficiaries in 2016.[5] In total, 64 percent of Medicare beneficiaries will have access to a provider-sponsored MA plan.

Figure 2: 2016 Provider-Sponsored MA Plan Offerings[6]



Provider-sponsored plans serve nearly 20 percent of MA enrollees.

In many areas, beneficiaries have chosen to enroll in provider-sponsored MA plans. Specifically, 3.1 million, or almost 6 percent of all Medicare beneficiaries, are enrolled in a provider-sponsored MA plan. Nearly one in every five MA enrollees was in a provider-sponsored MA plan in 2015.[7] As context, membership in all Blue Cross Blue Shield Association MA plans combined accounts for only 16 percent of current MA enrollment.[8]

4 Avalere analysis of 2016 MA Landscape file.

5 Avalere analysis of 2016 MA Landscape file and 2015 Enrollment file. Includes Local Coordinated Care plans (LCCPs), Private Fee-for-Service (PFFS) plans, and Medicare Savings Account plans (MSAs). Does not include Special Needs Plans (SNPs), Employer Group Waiver Plans (EGWPs), PACE plans, Duals Demo plans, or Cost Plans, which are not available to all Medicare beneficiaries in a county.

6 Ibid.

7 Avalere analysis of 2015 Medicare Advantage enrollment file. Does not include enrollment in MA EGWPs, PACE plans, Dual Demo plans, or Cost plans.

8 http://avalere.com/expertise/managed-care/insights/medicare-advantage-2015-national-snapshot

While provider-sponsored plans have a significant presence in MA nationally, they often maintain an even larger enrollment share in specific geographies. As shown below in Figure 3, in the service areas where the 10 largest provider-sponsored MA plans serve beneficiaries, their share of MA enrollment ranges from 15 percent for Trinity Health to 55 percent for Ministry Health Care.[9] Despite these different MA enrollment shares, both of these plans represent 6 percent of Medicare enrollment in their respective regions, reflecting variations in overall MA penetration in the area.

Figure 3: Percent of Total MA and Medicare Enrollment in Plan Service Areas for Top 10 Provider-Sponsored MA Plans by MA Enrollment[10]

Parent MA Plan	States	MA Plan Enrollment	Percent of Total Area MA Enrollment	Percent of Total Area Medicare Enrollment
Kaiser Foundation Health Plan	CA, CO, GA, HI, OR, WA	1,272,000	36%	18%
InnovaCare	PR	206,000	16%	*
UPMC Health System	PA	146,000	28%	15%
Spectrum Health System/Priority Health	MI	100,000	18%	6%
Geisinger Health System	NJ, PA	87,000	20%	3%
Group Health Cooperative	WA	85,000	33%	10%
Ministry Health Care	WI	65,000	55%	6%
Trinity Health	OH	51,000	15%	6%
Providence Health & Services	OR, WA	48,000	16%	9%
Capital District Physicians' Health Plan	NY	48,000	28%	8%

***** *CMS does not publish the total number of Medicare beneficiaries in Puerto Rico in the monthly MA penetration files.*

While the largest provider-sponsored MA plans enroll substantial numbers of Medicare beneficiaries in the areas where they participate, many smaller provider-sponsored MA plans attract even higher percentages of beneficiaries in their local geographies. For example, as shown in Figure 4, 92 percent of MA enrollees, or 4 percent of total Medicare enrollees, in USAble Mutual Insurance Company's service area choose to enroll in the plan.[11]

9 Avalere analysis of 2015 MA Landscape file, October 2015 Enrollment file, and October 2015 Penetration file. MA enrollment includes all Local Coordinated Care plans (LCCPs), Private Fee-for-Service (PFFS) plans, and Medicare Savings Account plans (MSAs). Does not include PACE plans, Dual Demo plans, or Cost Plans. Enrollment rounded to nearest thousand. Percent Area MA and Percent Area Medicare rounded to nearest whole percent.

10 Ibid.

11 Ibid.

Figure 4: Percent of Total MA and Medicare Enrollment in Plan Service Areas for Top 10 Provider-Sponsored MA Plans by Percent of Total MA Service Area Enrollment[12]

Parent MA Plan	States	MA Plan Enrollment	Percent of Total Area MA Enrollment	Percent of Total Area Medicare Enrollment
USAble Mutual Insurance Company	AR	18,000	92%	4%
Community Hospital Foundation	WA	1,000	68%	2%
Renown Health	NV	18,000	65%	15%
CommunityCare Managed Healthcare Plans of OK	OK	29,000	64%	18%
Gundersen Lutheran Health System	IA, MN, WI	15,000	57%	13%
New West Health Services	MT	18,000	56%	12%
Ministry Health Care	WI	65,000	55%	6%
Martin's Point Health Care	ME, NH	35,000	46%	9%
Presbyterian Healthcare Services	NM	42,000	40%	11%
Marshfield Clinic Health System	WI	43,000	38%	9%

Seventy percent of provider-sponsored MA plan enrollees are in a 4.5 or 5 star plan.

Growing numbers of Medicare beneficiaries are choosing high-quality MA plans.[13] The proportion of MA beneficiaries enrolled in plans with 4 or more stars climbed from 38 percent in 2014 to 60 percent in 2015. Specifically, as shown in Figure 5, while 32 percent of total MA enrollees in 2015 are in a 4.5 or 5 star plan, 70 percent of provider-sponsored MA plan enrollees are members of a plan with a similar stars rating.[14,15]

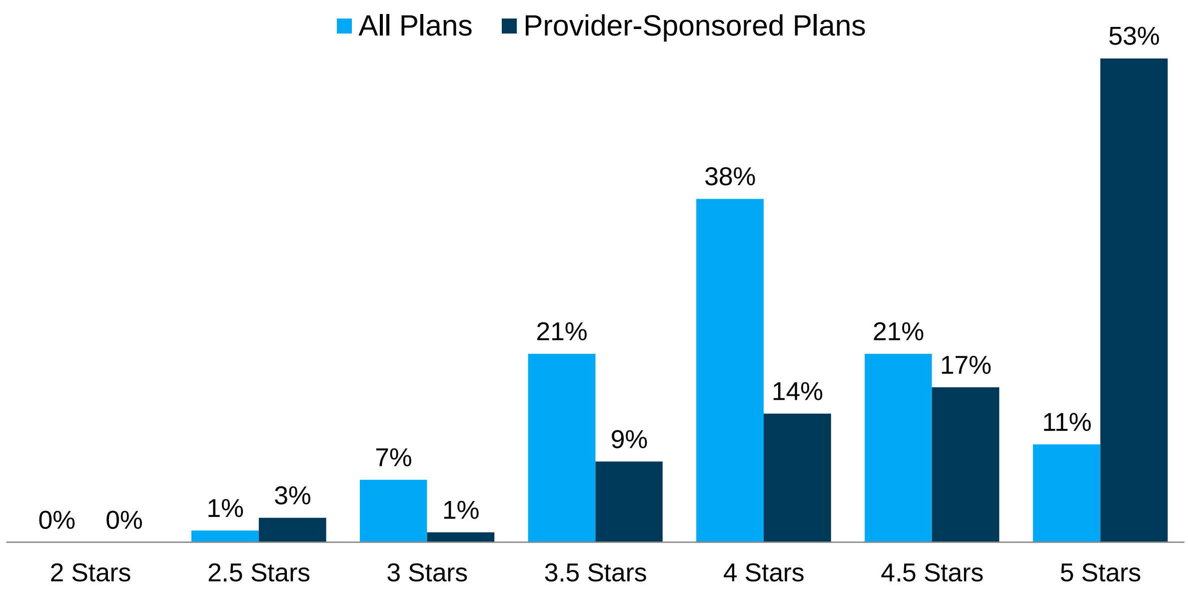
12 Avalere analysis of 2015 MA Landscape file, October 2015 Enrollment file, and October 2015 Penetration file. MA enrollment includes all Local Coordinated Care plans (LCCPs), Private Fee-for-Service (PFFS) plans, and Medicare Savings Account plans (MSAs). Does not include PACE plans, Dual Demo plans, or Cost Plans. Enrollment rounded to nearest thousand. Percent Area MA and Percent Area Medicare rounded to nearest whole percent.

13 http://avalere.com/expertise/managed-care/insights/sixty-percent-of-medicare-advantage-enrollees-now-in-plans-with-four-or-mor

14 Avalere analysis of 2015 MA enrollment file and 2015 MA star ratings file. Includes Local Coordinated Care plans (LCCPs), Regional Coordinated Care Plans (RCCPs), Private Fee For Service (PFFS) plans. Does not include Special Needs Plans (SNPs), Employer Group Waiver Plans (EGWPs), PACE plans, Dual Demo plans, Cost Plans, or Medicare Savings Account plans (MSAs).

15 Kaiser enrollment accounts for 48 percent of the 4.5 or 5 star provider-sponsored plan enrollment.

Figure 5: Distribution of 2015 MA Enrollees by Contract Quality Score, All Plans vs. Provider-Sponsored Plans[16]



Twelve of the 15 of largest provider-sponsored MA plans cover more commercial and Medicaid members than Medicare beneficiaries.

In addition to participating in the MA program, provider-sponsored plans play a significant role serving commercially-insured individuals as well as Medicaid beneficiaries. As shown in Figure 6, 12 of the 15 largest provider-sponsored MA Plans cover more lives outside of MA than they do in MA.[17] For example, while Geisinger enrolls 87,000 Medicare beneficiaries in its MA plans, it insures 384,000 individuals in its non-MA group, individual, and Medicaid plans.

16 Avalere analysis of 2015 MA enrollment file and 2015 MA star ratings file. Includes Local Coordinated Care plans (LCCPs), Regional Coordinated Care Plans (RCCPs), Private Fee For Service (PFFS) plans. Does not include Special Needs Plans (SNPs), Employer Group Waiver Plans (EGWPs), PACE plans, Dual Demo plans, Cost Plans, or Medicare Savings Account plans (MSAs).

17 Avalere analysis of October 2015 MA contract enrollment file and 2015 AIS Directory of Health Plans.

Figure 6: Non-MA Membership for the 15 Largest Provider-Sponsored MA Parent Organizations by October 2015 MA Enrollment[18]

Provider-Sponsored Plan	State(s)	MA Members	Commercial Risk Members	Self-Funded Members	Medicaid MCO Members
Kaiser Foundation Health Plan	CA, CO, DC, GA, HI, MD, OR, VA, WA	1,272,000	7,270,000	493,000	136,000
InnovaCare	PR	206,000	0	0	0
UPMC Health Plan	PA	146,000	283,000	164,000	267,000
Spectrum Health System/Priority Health	MI	100,000	327,000	73,000	72,000
Geisinger Health Plan	DE, NJ, ME PA, WV	87,000	149,000	108,000	127,000
Group Health Cooperative	WA	85,000	395,000	68,000	0
Ministry Health Care	WI	65,000	76,000	6,000	0
Trinity Health	OH	51,000	0	0	0
Providence Health Plan	OR, WA	48,000	140,000	214,000	36,000
Capital District Physicians' Health Plan	NY	48,000	252,000	47,000	94,000
Henry Ford Health System	MI	47,000	345,000	198,000	95,000
UAB Health System/VIVA	AL	46,000	28,000	27,000	0
Marshfield Clinic Health System	WI	43,000	102,000	23,000	48,000
Presbyterian Healthcare Services	NM	42,000	87,000	124,000	192,000
Summa Health System/SummaCare	OH	27,000	53,000	62,000	0

Looking Ahead

Plans owned by providers and integrated health systems have a significant and growing presence serving consumers across the country. Initiatives to expand alternative payment models, including ACOs and primary care coordination programs, position providers to become payers over time. In particular, as providers gain experience bearing risk and develop better care delivery models, they will continue to offer plans alongside traditional insurers, whether in Medicare or the commercial market. Looking ahead, recent trends suggest new provider-sponsored plans will continue to enter the health insurance business, as the line between payer and provider blurs further.

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18 Avalere analysis of October 2015 MA contract enrollment file and 2015 AIS Directory of Health Plans.

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Avalere is a vibrant community of innovative thinkers dedicated to solving the challenges of the healthcare system. We deliver a comprehensive perspective, compelling substance, and creative solutions to help you make better business decisions. As an Inovalon company, we prize insights and strategies driven by robust data to achieve meaningful results.

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