

2020 AEP Performance Report

Trends & Insights



EXECUTIVE SUMMARY

2020 marked a watershed year for Medicare Advantage. In the drive for higher Annual Election Period (AEP) numbers, health plans competed in more markets with a greater array of plan types, cost structures and supplemental benefit offerings.

Carrot Health's 2020 AEP Performance Report captures overall trends in AEP growth and the specific features that distinguished winning from losing plans. In particular, 2020 PBP's offered lower costs, more flexibility in doctor choice, and specific supplemental benefits like meal plans and transportation.

To compete effectively with the large national plans, regional plans must be highly strategic and targeted in plan design and marketing while addressing member needs for improved health outcomes and better care experience.

Results from the 2020 Annual Election Period (AEP) are in. Now, health plans can evaluate their marketing and plan design performance using real data and data-driven insights.

In this report, Carrot Health looks at:

- Overall Medicare Advantage growth trends
- How that growth occurred relative to plan type and market segment
- The expansion of supplemental benefits – both in terms of the number of plans offering benefits and the increased variety and complexity of those benefits including ones addressing non-traditional health care needs
- The core features of notable plans that won market share and plans that lost market share

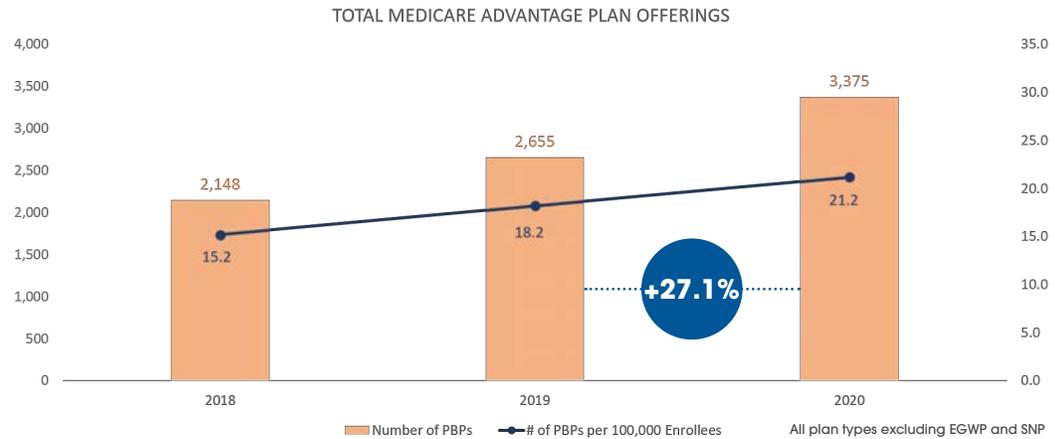


2020 AEP GROWTH TRENDS

Medicare Advantage markets are growing. There are more beneficiaries enrolled in plans this year, and more plans in the market vying for those beneficiaries with an expanded array of offerings.

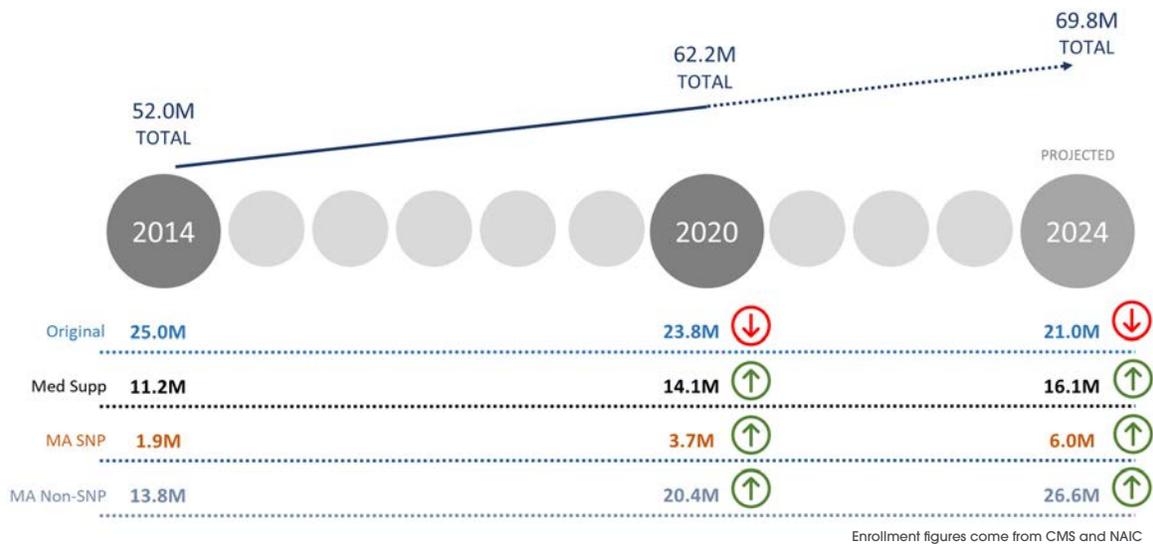
The number of plan benefit packages (PBPs) filed to CMS increased by 27.1% between 2019 and 2020.

PLAN COMPETITION IS ON THE RISE, DOUBLING IN JUST THREE YEARS



That growth in enrollment was accompanied by an intensification of competition and consumer choice. Given current trends and market needs, Carrot Health predicts that growth will continue to be strong through the next 5 years.

MEDICARE MARKET IS GROWING, MORE CONSUMERS WILL CHOOSE MA



Overall, national health plans outperformed regional plans. National plans already enjoy leverage with health systems, brokers, and marketing vendors. With the expansion of supplemental benefits, national plans also have the resources to experiment with new and alternative offerings while moving into new markets.



To withstand the continued expansion of the large nationals, regional plans step up their marketing and plan design strategies. National plans have the resources to support more experimental product deployment approaches. Regionals do not have the luxury of throwing products into the marketplace to see what works.

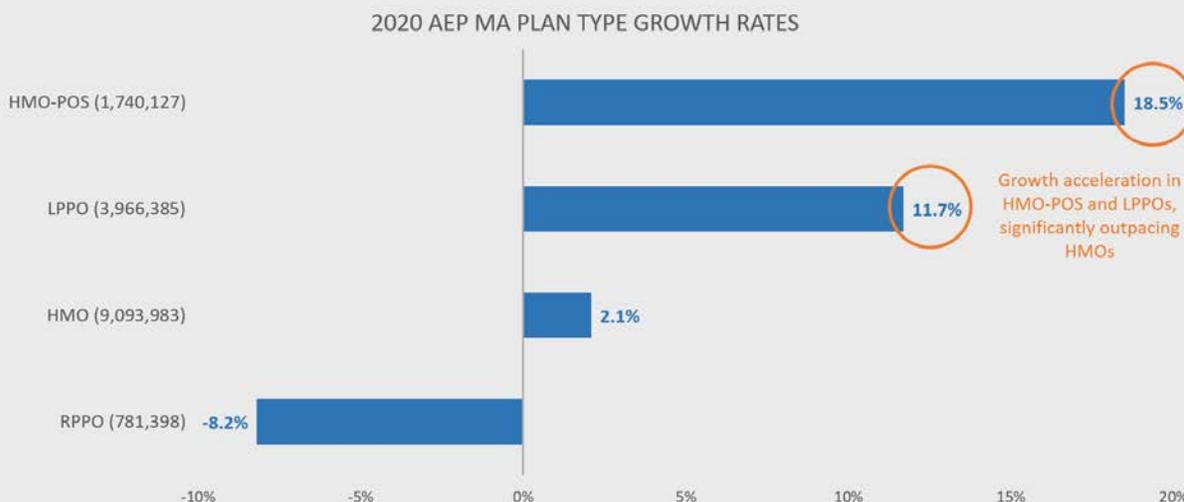
Markets vary considerably from one geography to another. Growth rates were highest in more rural counties, demonstrating MA is no longer just for areas with higher population densities.

Mature markets tended to be more responsive to lower prices and supplemental benefit offerings. In general, successful plans are becoming cheaper with zero dollar premiums plans proliferating. This is reflected in the tremendous growth in LPPO plans. Like HMOs, LPPOs can be structured to offer zero dollar premiums but they are more competitive with choosy consumers since they also offer more flexibility in doctor selection. The growth in Special Needs Plans (SNPs) further supported the theme that variety in offerings was appealing to enrollees.

2020 AEP ENROLLMENT TRENDS—HMO TO PPO REVOLUTION

Plan Type	Dec '19 Enrollment	Jan '20 Enrollment	Growth Rate	LPPO vs. HMO
HMO*	10,376,277	10,834,110	4.4%	
LPPO	3,550,739	3,966,385	11.7%	2.65x

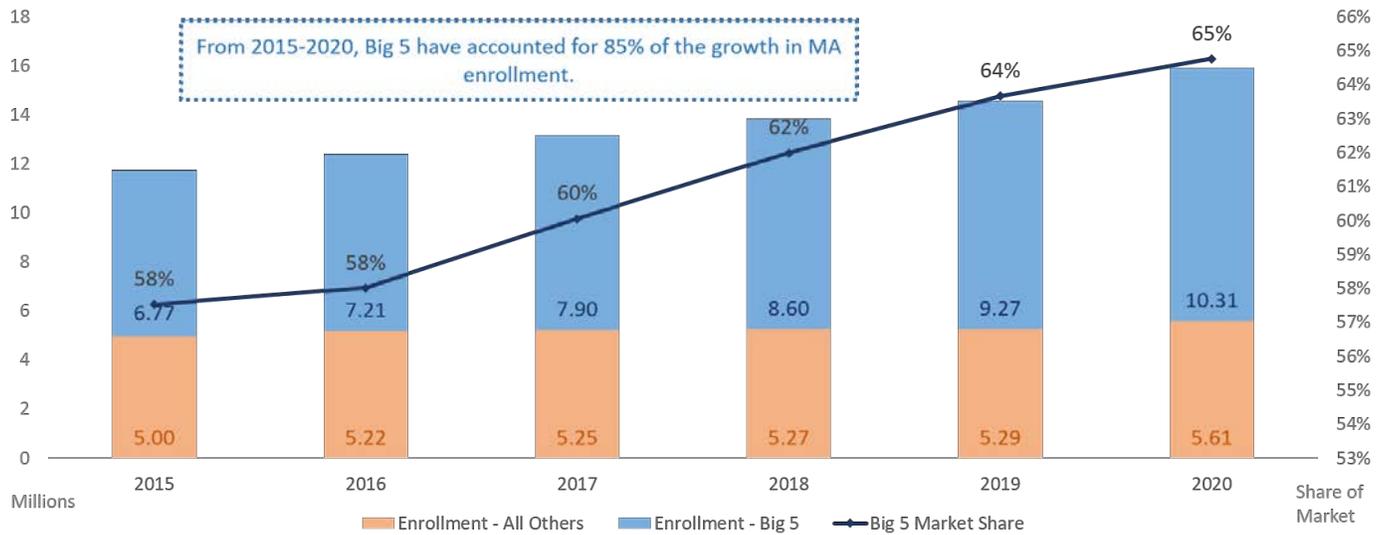
*Includes Point of Service (POS) plans





NATIONAL PRESSURES CONTINUE, BIG 5 GROWING 2x RATE OF OTHER PLANS

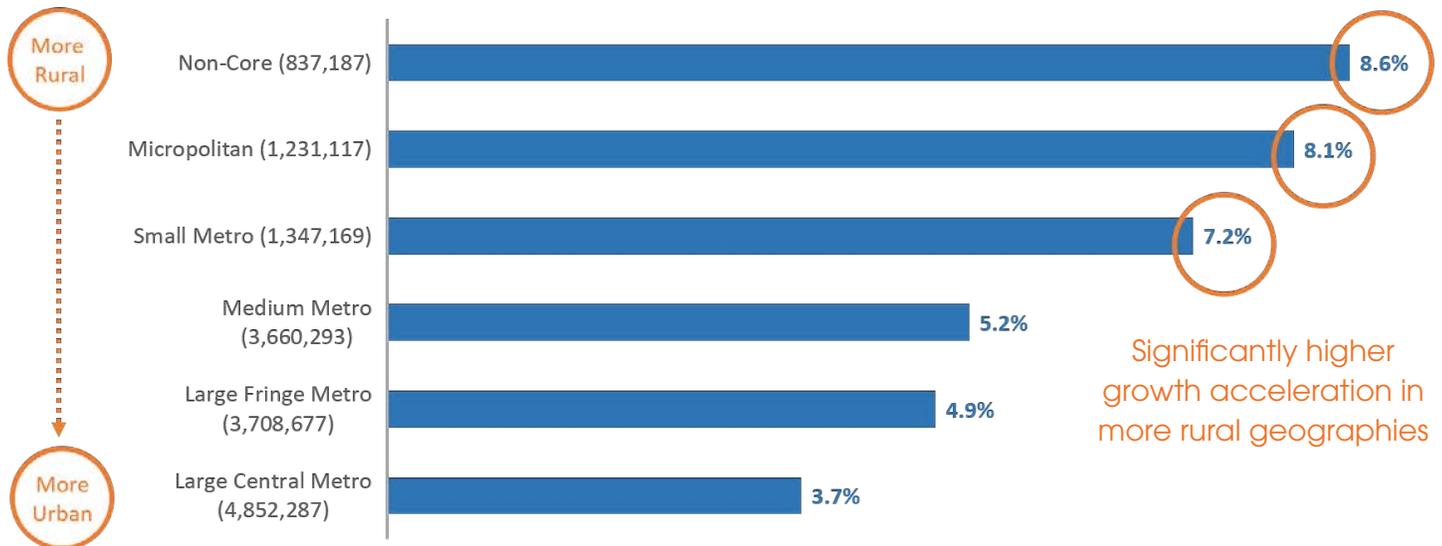
MEDICARE ADVANTAGE GROWTH FOR THE BIG 5
NON-SNP, NON-EGHP



Aetna
•
Anthem
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Humana
•
Kaiser
•
UHC

MA GROWTH IS OCCURRING AT A HIGHER RATE OUTSIDE THE BIG CITY

2020 AEP ENROLLMENT GROWTH RATES BY GEOGRAPHY





COSTS & BENEFITS

Low costs, doctor flexibility, and expanded supplemental benefits was the winning combination in 2020. New plans are cheaper and offer more supplemental benefits, reflecting increasing market competition.

Among existing PBPs for 2020, the average monthly premium was \$36. In terms of supplemental benefits, 43% of PBPs offered meals, 34% offered transportation (up from 18% in 2018), and 66% offered over-the-counter (OTC) benefits (up from 40% in 2018).

In contrast, new PBPs had average monthly premiums of only \$18. Slightly more of those plans offered meals (44%) and transportation (40%) while a more significant number offered OTC benefits (72%).

	2018		2019		2020	
PBP count	2,148	-	2,655	-	3,375	
Meals					1,464	43%
TeleHealth					1,899	56%
Home and bathroom safety devices					260	8%
In-home Support Services					115	3%
OTC coverage	859	40%	1,526	57%	2,231	66%
Transportation coverage	383	18%	722	27%	1,151	34%
Dental Exam coverage	1,348	63%	1,928	73%	2,664	79%
Eye glasses/Contacts coverage	1,433	67%	2,009	76%	2,808	82%
Hearing aid coverage	1,398	65%	2,032	77%	2,658	79%

In terms of supplemental benefits, national plans led the charge in 2020, pushing regional competitors with an expanded array of choices.

NATIONAL PLAYERS—2020 SUPPLEMENTAL BENEFITS LANDSCAPE

Humana

- ✓ **90%** of members will be enrolled in a plan that offers a meal benefit
- ✓ **43%** of members will be enrolled in a plan that offers Transportation
- ✓ **96%** of members will be enrolled in a plan that offers OTC

CVS/Aetna

- ✓ **87%** of members will be enrolled in a plan that offers a meal benefit
- ✓ **17%** of members will be enrolled in a plan that offers Transportation
- ✓ **62%** of members will be enrolled in a plan that offers OTC

Anthem

- ✓ **75%** of members will be enrolled in a plan that offers a meal benefit
- ✓ **77%** of members will be enrolled in a plan that offers Transportation
- ✓ **91%** of members will be enrolled in a plan that offers OTC

United

- ✓ **9%** of members will be enrolled in a plan that offers a meal benefit
- ✓ **25%** of members will be enrolled in a plan that offers Transportation
- ✓ **73%** of members will be enrolled in a plan that offers OTC

Cigna

- ✓ **100%** of members will be enrolled in a plan that offers a meal benefit
- ✓ **69%** of members will be enrolled in a plan that offers Transportation
- ✓ **79%** of members will be enrolled in a plan that offers OTC



Most of Humana's, CVS/Aetna's, and Cigna's members are enrolled in plans with meal benefits, for example. In contrast, Humana and Anthem distinguished themselves with high percentages of plans with OTC benefits.

National plans also introduced an interesting range of non-traditional supplemental benefits in 2020. For example:

Cigna

- Indoor Air Quality Equipment and Services
- Patient Attendant for Medical Visits
- Fall Risk Assessment
- Adult Day Health Services

Anthem

- Electronic Health Monitoring
- Outreach Support Program
- Pest Control
- Prescribed Meals
- Service Dog Assistance

WINNERS & LOSERS

Carrot Health defines "winning" health plans as those that grew at least 5% in market share while "losers" shrunk by a minimum 2%. In 2020, HMOs and LPPOs were distinguished by certain core benefit design attributes.

For example, on average, winning plans offered a \$9.37 premium, \$2.83 primary doctor copay, and \$189.71 deductible. In contrast, losing plans offered a \$33.08 premium, \$5.02 primary doctor copay and \$192.22 deductible. Winners and losers were less distinct in their MOOP costs and specialist copays.

Breaking out winners and losers by plan type reinforces these observations.

On average winning HMOs offered a \$5.22 premium, \$76.67 deductible, and \$1.32 primary doctor copay, while losing HMOs offered a \$25.42 premium, \$131.31 deductible, and \$3.42 primary doctor copay.

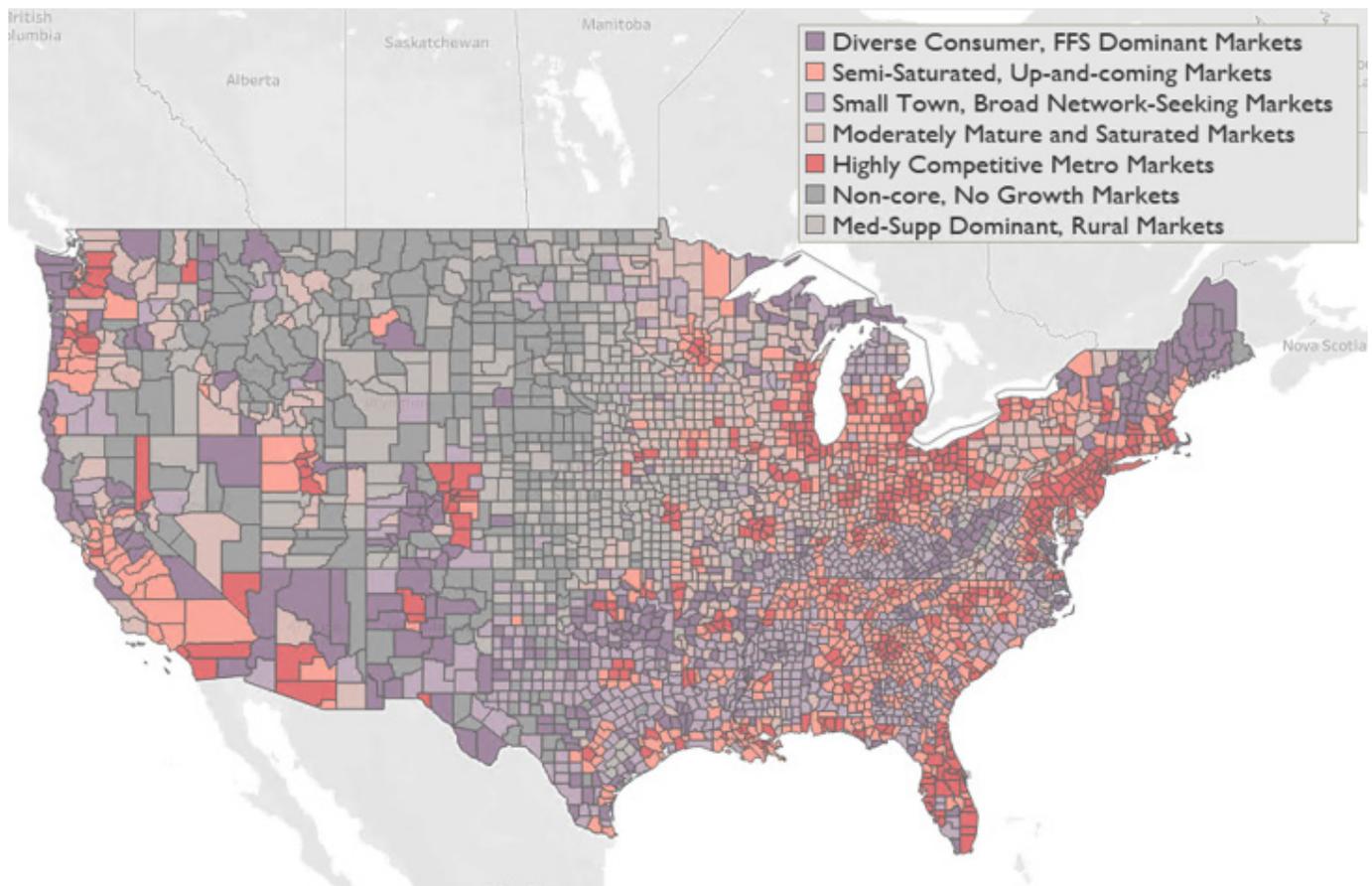
Winning PPO Plans offered an average \$15.47 premium and \$5.08 primary doctor copay, versus losing PPOs which offered an average \$51.47 premium and a \$8.90 primary doctor copay.

In addition to costs, supplemental benefits also differentiated winners and losers. Relative to the overall market, winning plans distinguished themselves most by offering meals (54% to 43%), OTC benefits (84% to 71%), and oral exams (91% to 78%).



The Big 5 national health plans have the financial resources to test a generous range of offerings and determine which will succeed in specific markets. In contrast, regional plans must be more deliberate and targeted in their offerings. They can do so by using consumer data that predicts preferences and priorities according to specific market segments; and by comparing similar markets in different regions or consumer segments in different markets.

Carrot Health uses indices of market maturity and competition, as well as specific consumer characteristics to identify similar markets and predict how particular product features will perform.



For example, comparing Highly Competitive Metro Markets with Moderately Mature & Saturated Markets, we can see that transportation (42% vs 26%) particularly stood out as an offering of winning plans.

This approach to identifying like-markets allows plans to systematically evaluate what it takes to win in markets like theirs from across the US, rather than simply look at their direct competitors. The approach of drawing insights from disparate markets allows plans to develop products proactively rather reactively in a data-driven way.



CONCLUSION: LOWERING COSTS & ADDRESSING SOCIAL DETERMINANTS OF HEALTH TO DRIVE FUTURE GROWTH

The big winners in 2020 AEP success were Cigna and Anthem which grew by 12.2% and 9.6% respectively compared to total market growth of 5.2%. In particular, Cigna expanded its PPO and HMO plans into more counties, and was aggressive in offering low cost or zero dollar premium plans with an array of supplemental benefits addressing social determinants of health (SDoH).

A low cost approach to plan premiums and deductibles must be offset with lower overall costs. Addressing SDoH effectively through supplemental benefits with strong ROI can help in that effort.

Going forward, plans will win by determining:

AEP Insights for Carrot Health's Growth Customers:

- ✓ Carrot Health's MA Growth customers grew by 7.1% during 2020 AEP. Regional competition in-market grew by 3.7% (Carrot Health customers 91% higher)
- ✓ New Carrot Health customers in 2019 grew by 11.1% during 2020 AEP. These same plans declined by 2.8% during 2019 AEP (without Carrot Health).



Plan type with the most appeal in a given market



Optimal costs for premiums, deductibles and copays



The supplemental benefits that will have the biggest impact on health outcomes



The balance of costs, flexibility and supplemental benefits that will drive market growth and star ratings performance

Such questions reflect the growing complexity of plan design, marketing, and performance goals when consumerism plays an increasingly significant role in AEP success.



To gain a 360-degree view for each individual in your population and to understand underlying SDoH risks, get in touch with our team!

Contact us at info@carrothealth.com for pricing information or check out our website at CarrotHealth.com for further details.