Medicare Advantage enrollment has grown rapidly in the past decade.

**EXHIBIT 1**

Medicare Advantage enrollment, past and projected (millions)


Source: Christina Ramsay, Gretchen Jacobson, Steven Findlay, and Aimee Cicciello, Medicare Advantage: A Policy Primer, 2024 Update (Commonwealth Fund, Jan. 2024). [https://doi.org/10.26099/69fq-dy83](https://doi.org/10.26099/69fq-dy83)
Medicare Advantage payments are based on a system of benchmarks, bids, and quality incentives.

**Benchmark**
Set in statute as a percentage of per capita traditional Medicare spending in county

**Plan bid**
Plans submit bids to cover Part A and Part B benefits for person of average health in given county

**Rebate**
Plans with bids below benchmark receive portion of difference; must be used to reduce enrollee expenses or finance supplemental benefits

**Quality bonus**
High star ratings can increase benchmark and rebate

**Risk adjustment**
Total annual payment for given beneficiary is risk adjusted based on enrollees' health risk
The prevalence of many chronic conditions is similar for enrollees in traditional Medicare and Medicare Advantage, after separating out Special Needs Plans.

**Percentage of beneficiaries with chronic condition**

<table>
<thead>
<tr>
<th>Condition</th>
<th>Traditional Medicare</th>
<th>Medicare Advantage</th>
<th>Special Needs Plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arthritis (any)</td>
<td>47</td>
<td>48</td>
<td>57</td>
</tr>
<tr>
<td>Cancer (any)</td>
<td>37</td>
<td>37</td>
<td>37</td>
</tr>
<tr>
<td>CHF</td>
<td>24</td>
<td>13</td>
<td>7</td>
</tr>
<tr>
<td>COPD</td>
<td>21</td>
<td>20</td>
<td>29</td>
</tr>
<tr>
<td>Diabetes</td>
<td>34</td>
<td>37</td>
<td>59</td>
</tr>
<tr>
<td>Depression</td>
<td>26</td>
<td>27</td>
<td>42</td>
</tr>
</tbody>
</table>

Notes: Medicare Advantage plans as shown do not include Special Needs Plans (SNPs). CHF = congestive heart failure; COPD = chronic obstructive pulmonary disease, emphysema, and/or asthma. Across all listed chronic conditions, differences between SNPs and other types of Medicare coverage are significantly different, p<.05. Data represent community-dwelling beneficiaries. Beneficiaries in SNPs were determined using plan identifiers reported in the Medicare Current Beneficiary Survey.

Margins for dual-eligible and chronic-condition Special Needs Plans are higher compared to other Medicare Advantage plans.

Medicare Advantage plans’ margins, by plan type, 2021 (%)

EXHIBIT 4

Notes: MA = Medicare Advantage; SNP = Special Needs Plan; D-SNP = dual-eligible SNP; C-SNP = chronic condition SNP; I-SNP = institutional SNP. Margin calculation excludes quality improvement and fraud reduction activities as medical expenses. This figure excludes Part D and the following plan categories: employer group plans, the Medicare–Medicaid demonstration plans, cost-reimbursed plans, Program of All-Inclusive Care for the Elderly, and medical savings account plans.

In about 75 percent of U.S. counties, beneficiaries have a choice of 20 or more Medicare Advantage plans.

**EXHIBIT 5**

Percentage of U.S. counties with selected number of available Medicare Advantage (MA) plans

- Counties in U.S. with 40+ plans = 22 counties
- Counties in U.S. with 20–39 plans = 54 counties
- Counties in U.S. with 10–19 plans = 14 counties
- Counties in U.S. with <10 plans = 2 counties
- Counties in U.S. with 0 plans = 9 counties

Average number of MA plans per county = 30

Notes: Includes all 50 states, the District of Columbia, and Puerto Rico. Data for the following organization types are included: cost, local HMO, local PPO, MSA, PFFS, and regional PPO. PACE, Special Needs Plans, Part B Only Plans, and Employer sponsored plans (800 series) are excluded. Data: Centers for Medicare and Medicaid Services, [Medicare Advantage Landscape Source File](https://www.cms.gov/), CY2024; U.S. Census.