



## 2021 Medicare Advantage Market Landscape

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### Major Changes to the Market Landscape in 2021

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The Medicare Advantage market landscape is rapidly evolving. The Medicare-eligible population is growing, and the portion of eligible individuals that choose Medicare Advantage (MA) is growing faster. Each year, new MA organizations (MAOs) are entering the market, existing plans are expanding service areas, and innovative new benefit components are being offered. Just a few years ago, the Centers for Medicare & Medicaid Services (CMS) removed the Meaningful Difference test, which made it possible for MAOs to offer more product variations within the same market than in previous years. Prompted in part by recent legislation, CMS has also recently opened the door for plans to offer innovative benefits not previously permissible, including in-home support and healthy groceries, to name a few. The favorable secular growth profile, catalyzed by regulatory changes, has led to an increasingly crowded marketplace with more competition than ever before. Without knowing what's out there, how can you know which plan designs work and which do not?

Throughout this report, we explore the current MA market landscape and changes in benefits and plan offerings from 2020 to 2021. We look at emerging market trends in core and supplemental benefits, offer insights into what the largest carriers are adding to their plans, discuss how plan value is changing year-over-year, and explore the popularity of new CMS programs.

#### [Benefit Changes](#)

As the MA marketplace becomes increasingly diverse and competitive, benefit design continues to be at the forefront of MAO strategy. In addition to all other strategic conversations and business operations, it is important that MAOs align their plan offerings with beneficiary expectations in order to capture market share. The correlation of various benefits with market capture has been explored in a previously published Wakely white paper "What Drives Medicare Advantage Sales?"<sup>1</sup>. While specific benefit trends vary based on geography and market space, there are still several nationwide observations of interest.

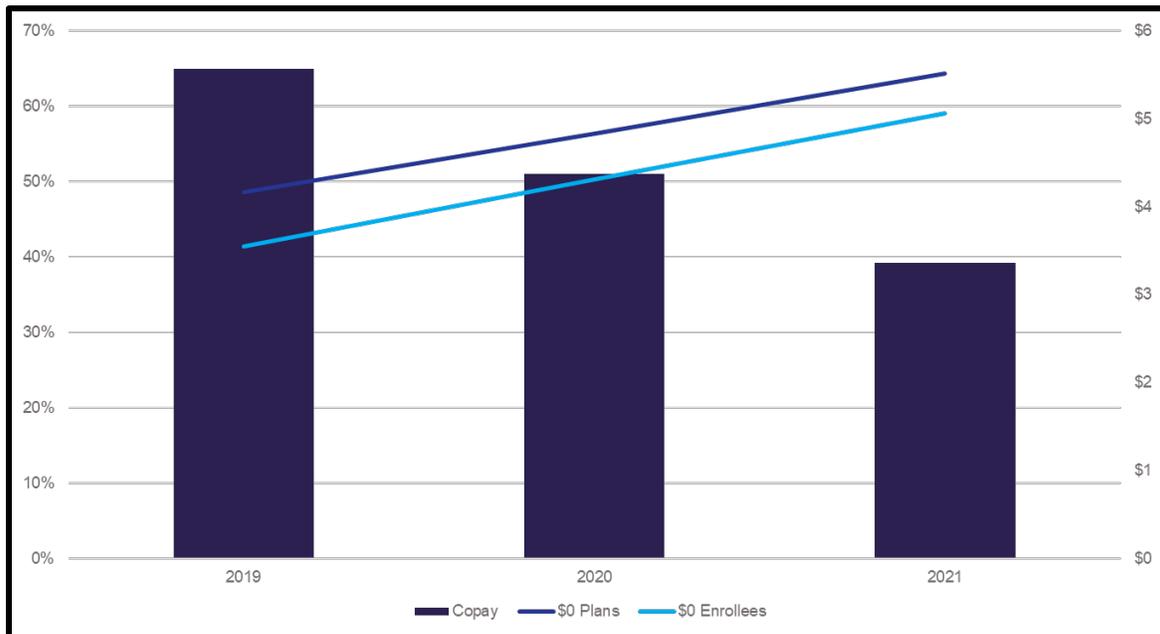
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<sup>1</sup> <https://www.wakely.com/blog/what-drives-medicare-advantage-sales>

**Primary Care Physician Copay**

In the General Enrollment (GE) market, the vast majority of beneficiaries are enrolled in a plan that offers a copay structure for Primary Care Physician (PCP) benefits. Given the relative frequency with which beneficiaries see their PCP, it comes as no surprise that recent years have seen a downward push on PCP copays. As seen in Figure 1 below, the percentage of plans offering a zero dollar PCP copay has grown by roughly 15%. The number of enrollees in plans offering no cost share has grown proportionally. This has driven an approximate \$2 average PCP copay decrease across the GE market from 2019 to 2021.

**Figure 1: General Enrollment \$0 and Average PCP Copays**



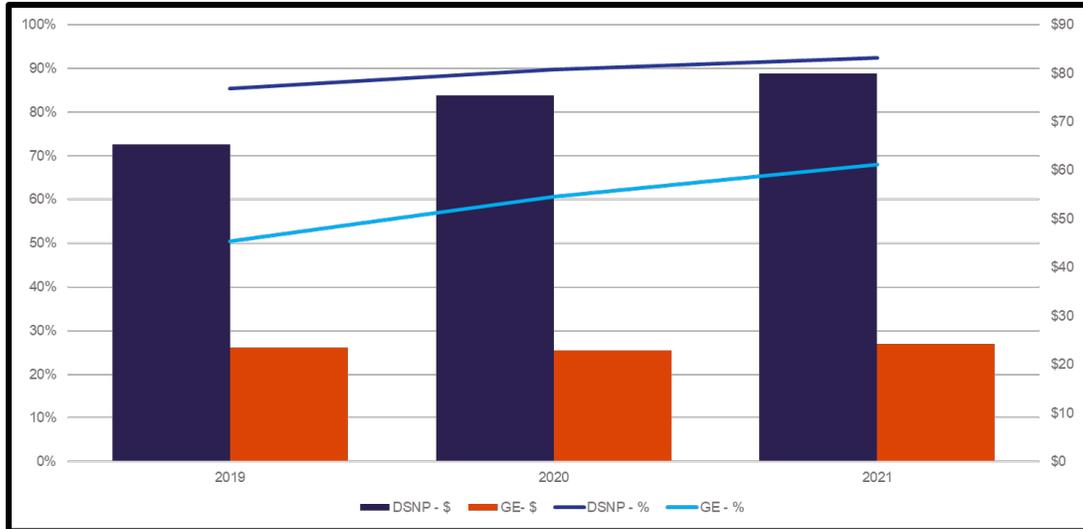
**Over-the-Counter Pharmacy**

Mandatory supplemental benefits<sup>2</sup> have also been enriched greatly over prior years, with plans seeking to attract new membership by offering improved coverage beyond Medicare-covered categories. One such benefit is Over-the-Counter pharmacy (OTC) benefit. As presented in Figure 2, OTC benefits have become more prevalent and richer in both GE and Dual Eligible Special Needs Plans (DSNPs). While the percentage of plans offering OTC coverage has remained relatively stable in the DSNP market over the last three years, we see that the average monthly allowance has increased almost \$15 per month, indicative of a “race to the top” for this benefit. Conversely, while allowances have remained relatively

<sup>2</sup> Mandatory supplemental benefits are additional benefits (e.g., dental, vision) not covered under the Medicare Fee-For-Service (FFS) program that MAOs offer to all enrolled beneficiaries.

stable for GE plans, we see an increase in prevalence, with almost 20% more plans offering OTC as a mandatory supplemental benefit.

**Figure 2: Over-the-Counter Benefit Prevalence and Average Allowance**



### Miscellaneous Benefits

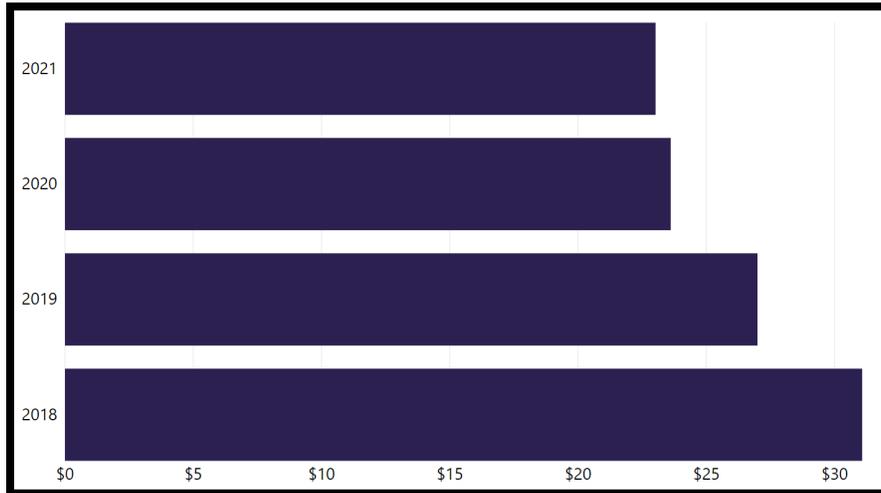
In addition to the two benefits specifically noted above, we have observed similar decreases in specialist copay levels. While plans are not lowering specialist copays to \$0, as is observed for PCP visits, there has been a demonstrable downward shift in the average copay. Additionally, plans continue to enrich other mandatory supplemental benefit offerings, such as dental and vision. Roughly 15% more beneficiaries are projected to have access to non-routine dental coverage in 2021 than in 2019. Meanwhile, participation in plans offering supplemental vision coverage remains flat, though plans continue to improve allowances for this benefit to maintain competitiveness.

### [Other Changes to 2021 Plan Offerings](#)

#### Member Premium

As can be seen in Figure 3 below, average member premium has been decreasing year over year. General competition in the Medicare Advantage market is growing stronger. Along with the more enriched benefits discussed above and the lower member premium shown here, more and more plans are also offering Part B premium buy-downs. Although these trends vary significantly by product and market segment, and through numerous other factors that determine enrollment growth, in general, MAOs should expect that richer supplemental benefits and lower premium offerings continue to drive intense MA market competition.

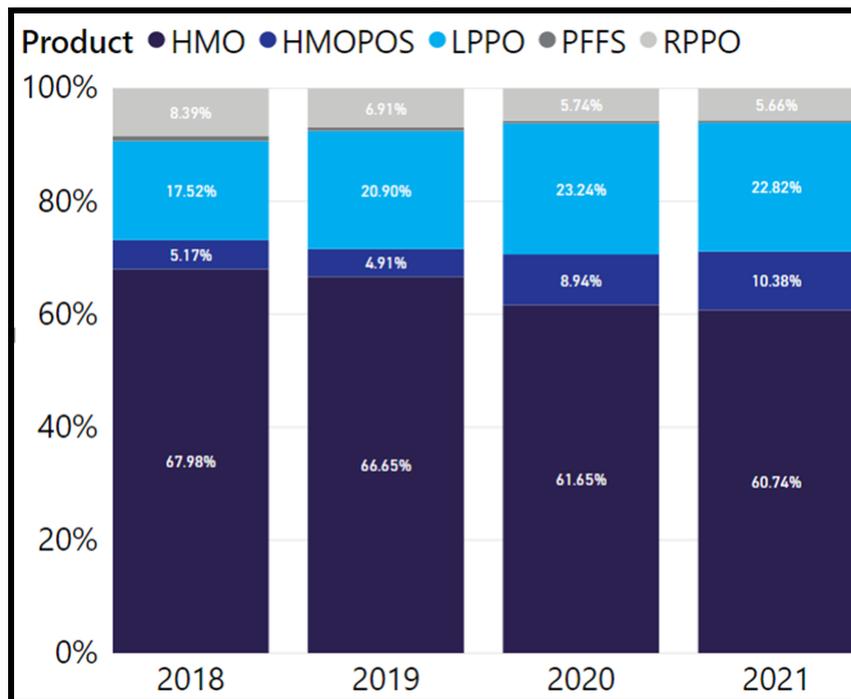
**Figure 3: Average Member Premium by Year for Individual MA Plans**



**Product Offerings**

Along with decreasing member premiums, we also evaluated market enrollment trends by type of product. Our analysis revealed noteworthy increases in HMOPOS and Local PPO plans, as measured by both plan count and enrollment. It appears that having the option to use out-of-network providers is becoming more of a priority for members, even if that requires them to pay a higher plan premium.

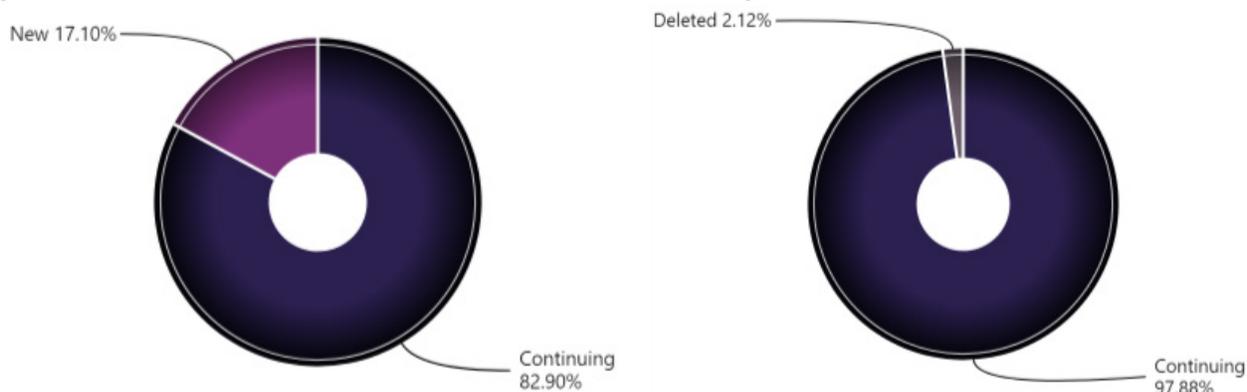
**Figure 4: Distribution of Membership within each Product Type, by Year**



## Plan Entrants and Exits

Finally, we looked at what new plans were being offered in 2021 relative to 2020 and what plans were being terminated. Out of all of the plans offered in 2021, almost 20% of them are new plans. There is also a greater number of segmented plans<sup>3</sup> in 2021 relative to 2020, increasing the plan variability among the 80% “continuing” plan bucket. Only 2% of 2020 plans are no longer offered in 2021, and such plans are generally lower enrollment plans. Overall, the number of plans is drastically increasing year over year, offering more plan options for beneficiaries.

**Figure 5 & 6: Percent of Plans that were New, Continuing, or Terminated between 2020 and 2021**



## Benefits Deep Dive

As part of Wakely’s ongoing MA market analysis, going forward, we will be regularly publishing MA benefits landscape “deep-dives.” These brief reports will provide insights and analysis of one specific benefit, with additional regional and market insights as relevant. As noted above, it is important for MAOs to consider the specific competitive landscape in their service area when examining market trends. We will leverage Wakely’s Medicare Advantage Competitive Analysis Tool (WMACAT) in order to provide insights at this more granular level within these papers.

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Special thanks to Brad Heywood and Gavin Jean-Pierre for their support in creating the analyses underlying this paper.

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<sup>3</sup> Segmented plans and consolidated plans were considered “continuing” for the purposes of this report.