AHIP

State of Medigap:

Trends in Enrollment and Demographics

Summary

For Medicare enrollees, purchasing Medicare supplemental (Medigap) coverage helps fill gaps in their Medicare Fee-For-Service (FFS) benefits. This report describes Medigap coverage options, demographics of enrollees with Medigap policies, and the most recent enrollment trends by using the latest available data sources: the 2018 National Association of Insurance Commissioners (NAIC) data, the 2018 California's Department of Managed Health Care data, and the 2017 Medicare Current Beneficiary Survey (MCBS) results.

Among fee-for-service (FFS) Medicare enrollees without additional insurance coverage (such as Medicaid, employer-provided insurance, etc.), **49 percent had Medigap coverage in 2017**.

Between December 2017 and December 2018, the national **Medigap enrollment increased from 13.5 million to 14.0 million enrollees.**

Medicare enrollees with Medigap coverage were two times less likely to have problems paying medical bills compared to enrollees without Medicare Supplement policies. **Only 5% of enrollees with Medigap coverage reported having difficulty paying medical bills** in last 12 months, compared to 12% of FFS Medicare enrollees without Medigap coverage.

What Is Medicare Supplement?

Medicare Supplement (also known as Medigap) is a key source of additional coverage for Medicare enrollees to further protect their health and financial security. Seniors purchase Medigap coverage to protect themselves from high out-of-pocket costs not covered by traditional Medicare, to budget for medical expenses, and to avoid the confusion and inconvenience of handling complex bills from health care providers.

In 2018, the traditional Medicare program had a $1,340 deductible per benefit period for inpatient hospital care (Part A) and coinsurance beginning with day 61 of hospitalization.[1] Part B required 20% coinsurance for outpatient and physician care after an annual deductible of $183.[2] The traditional Medicare program does not have a limit on enrollees' potential out-of-pocket costs.

Appendix A, found at the end of this report, provides detailed information on the benefits and cost sharing features of 2018 standardized Medigap plans.

Standardized Plans. Over the last 25 years, Medigap plans have undergone four major changes to benefit designs. First, the provisions of the Omnibus Budget Reconciliation Act of 1990 (OBRA 1990) required that policies sold after July 1992 conform to one of 10 uniform benefit packages, known among Medicare Supplemental plans as Plans A through J. Then in 2003, the Medicare Modernization Act (MMA) required elimination of prescription drug benefits from Medicare Supplement coverage, authorized the two new plans (K and L) with cost sharing features, and encouraged development of standardized benefit designs with additional cost-sharing features.

Further changes to standardized plans occurred in 2008 with the passage of the Medicare Improvements for Patients and Providers Act (MIPPA)[3] and included:

- Elimination of the at-home recovery benefit in favor of a new hospice benefit (described below);
- Addition of a new core hospice benefit that covers the cost sharing under Medicare FFS for palliative drugs and inpatient respite care;
- Removal of the preventive care benefit in recognition of the increased Medicare FFS coverage under Part B;
- Introduction of two new Medigap policies (Plans M and N) with increased enrollee cost-sharing features; and
- Elimination of several standardized plans (Plans E, H, I, J and J with high deductible) that became duplicative or unnecessary due to benefit design changes.

All Medigap plans are "guaranteed renewable" regardless of when they were purchased. Therefore, some policyholders continue to maintain plans with previous benefits even though the plans can no longer be sold.

Most Medigap plans cover enrollees' Part A deductible and Part B coinsurance. Two plans—standardized plans C and F—offer full coverage for the Part B deductible (Plan F can also be sold as a high-deductible plan). These two plans also cover Part B coinsurance and copayment amounts, as do most but not all standardized plans.

Plans K and L do not cover the Medicare Part B deductible and cover a portion of enrollees' Part B coinsurance. However, there is a limit on enrollees' annual out-of-pocket costs for Medicare eligible expenses —$5,240 for Plan K and $2,620 for Plan L in 2018.[4]

New Plans M and N entered the market in June of 2010. Plan M covers half of the Part A deductible and does not cover the Part B deductible. Plan N covers all of the Part A deductible and does not cover the Part B deductible. Plan N also includes cost-sharing amounts of up to $20 for certain physician visits and up to $50 for certain emergency department visits.

Medicare SELECT plans are identical to standardized Medigap plans but require policyholders to use provider networks to receive the full insurance benefits. For this reason, Medicare SELECT plans generally cost less than other Medigap plans.

In April 2015, Congress passed the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA). This new law provides that beginning on Jan. 1, 2020, Medigap insurance carriers may no longer sell Medigap plans covering the Part B deductible to individuals who are "newly eligible" for Medicare. People who attain age 65 before Jan. 1, 2020, and those who were eligible for Medicare due to disability before that date, will continue to have access to Plans C and F, which are the only standardized plans currently available for sale that cover the Part B deductible.

Waivered States. Three states (Massachusetts, Minnesota, and Wisconsin) offer standardized Medigap plans but are exempt from the OBRA 1990 standardized plan provisions (and subsequent revisions under the MMA or MIPPA). Standardized plans may therefore be changed by waivered states without federal approval. Individuals who purchase Medigap plans in one of these three states may keep their plans if they move to other states.

Pre-Standardized Plans. Historically, Medigap changes have been phased in for new purchasers, and existing policyholders were allowed to retain their pre-standardized policies. Although OBRA 1990 prohibited the sale of new pre-standardized plans, some enrollees still have pre-standardized policies. Because these policies may no longer be sold, there has a been a 27% decline in the enrollment in pre-standardized plans since 2015.

Who Enrolls in Medicare Supplement?

National Medigap enrollment has been growing in each of the last four years for which data are available. In 2018, 14 million Americans had Medicare Supplement coverage - an increase of 3.7% compared to 2017 (See Table 1).

Table 1. Trends in National Medigap Enrollment, 2014-2018

Statistic	Year			
	2015	2016	2017	2018
Enrollment reported to NAIC	11,835,727	12,636,647	13,059,201	13,546,429
Enrollment reported to California DMHC	421,236	425,657	435,259	444,391
Total national Medigap enrollment	12,256,963	13,062,304	13,494,460	13,990,820
Annual percent change in total national Medigap enrollment, %	5.7%	6.6%	3.3%	3.7%

Source: AHIP Center for Policy and Research analysis of the NAIC Medicare Supplement Insurance Experience Exhibits, for the Years Ended Dec. 31, 2014; Dec. 31, 2015; Dec. 31, 2016; Dec. 31, 2017; and Dec. 31, 2018 and of the California DMHC The Enrollment Summary Reports, 2014-2018.
Notes: National enrollment statistics previously presented in AHIP's reports Trends in Medigap Enrollment and Coverage Options, 2013, 2014, 2015 included only the Medigap enrollment numbers reported by insurers to the NAIC.

The share of enrollees in Medicare Supplement has been steadily growing. However, in 2017-18 the annual rate of growth in the national Medigap enrollment somewhat moderated, (see Table 1). As a result, the national share of enrollees with Medigap insurance remained largely unchanged at 34.0% in 2017 and 33.7% in 2018 (See Figure 1).

Please note that this represents a revision of the 2017 rate of enrollees with Medigap insurance from 35.1% (as previously reported in State of Medigap 2019) to 34.0%. In preparation of this report, AHIP identified inconsistencies in the publicly available CMS statistics from 2017 on the Medicare-eligible population (CMS Medicare Advantage/ Part D Contract and Enrollment Data, Monthly Enrollment by State files) and notified CMS. Subsequently, CMS amended the state-level statistics on the number of Medicare-eligible individuals, and these amended statistics were used to calculate Figure 1.

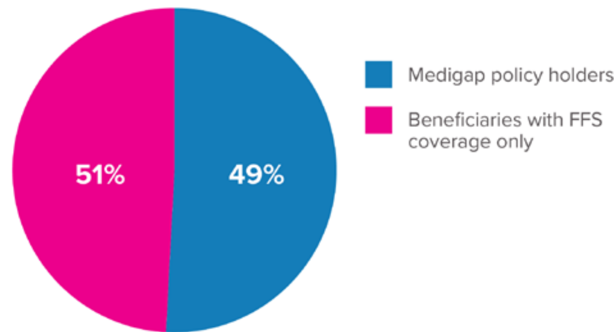
Figure 1. Share of Medicare Fee-For-Service Enrollees with Medigap Insurance, 2013-2018

Year	Medigap, Total covered lives (state)	Total FFS	Percent of Medicare FFS Beneficiaries with Medigap
2013	11,264,020	36,570,503	30.8%
2014	11,594,238	37,371,975	31.0%
2015	12,256,963	37,488,532	32.7%
2016	13,062,304	38,720,520	33.7%
2017	13,494,460	39,635,307	34.0%
2018	13,990,820	41,520,608	33.7%

Source: National Association of Insurance Commissioners (2013-2017), California's Department of Managed Health Care (2013-2017).
Notes: The enrollment data for this Figure include Medigap enrollment numbers reported by insurers in 2013-2017 to both the NAIC and the California DMHC.

Nationwide, the Medicare Current Beneficiary Survey (MCBS) estimates show that 49% of all non-institutionalized Medicare enrollees without any additional coverage (i.e., Medicare Advantage, Medicaid, Veterans Affairs coverage, employer-provided insurance, retiree drug subsidy plan, self-purchased specialty plan, etc.) had Medigap policies in 2017.

Figure 2. Medicare Enrollees Without Any Additional Insurance Coverage That Have Medigap Coverage, 2017



Source: Medicare Current Beneficiary Survey Public Use Files, 2017 (CMS).

Demographic Characteristics of Medigap Enrollees

The demographic characteristics of Medigap enrollees are based on the Medicare Current Beneficiary Survey (MCBS) 2017 data, which is the latest year of data available.

Gender

Across the country, a majority—56% —of Medigap enrollees in 2017 were women (see Table 2).

Table 2. Gender Distribution of Medigap Policyholders, by Geographic Location, 2017

Geographic Location	Gender Distribution	
	Men	Women
All Medigap Policy Holders	44%	56%

Source: Medicare Current Beneficiary Survey Public Use Files, 2017 (CMS).
Note: Calculations based on responses by non-institutionalized Medicare enrollees reporting gender.

Age

Medicare enrollees with Medigap insurance were older than the general Medicare population: 43% of Medigap policyholders were 75 years old or older compared with 35% for all Medicare enrollees (see Table 3).

Table 3. Age Distribution of Medigap Policyholders, by Geographic Location, 2017

Age Groups			
	Younger Than 65 Years	65-74 Years	75 Years and Older
All Medicare	15%	50%	35%
All Medigap	4%	53%	43%
Urban Medigap	4%	53%	43%
Rural Medigap	2%	54%	43%

Source: Medicare Current Beneficiary Survey Public Use Files, 2017 (CMS).
Note: Calculations based on responses by non-institutionalized Medicare enrollees reporting age. The percentages in this table may not sum to 100 due to rounding.

Income and Financial Security

A significant number of Medigap policyholders were individuals with lower incomes: 12% had annual household incomes of 135% of the Federal Poverty Line (FPL) or less (the threshold used by the CMS to determine the eligibility for the need-based Part D subsidies) and 28% had incomes 200% of the FPL or less. This pattern was more widespread in rural areas, where 36% of Medigap policyholders had 200% of the FPL or less, while for urban policyholders the share of individuals with annual household incomes of 200% of the FPL or less was 25% (see Table 4).

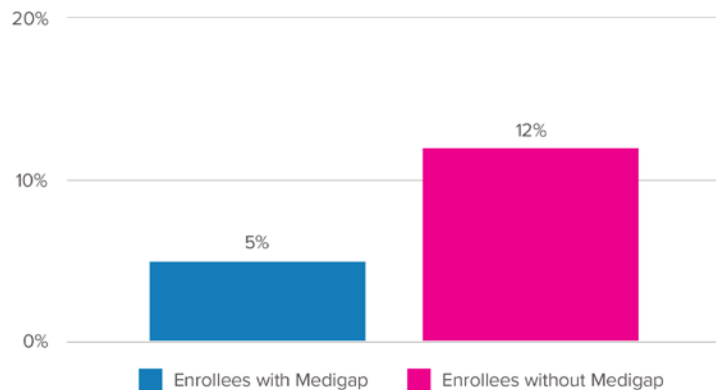
Table 4. Income Range of Medigap Policyholders (Enrollee's Household Income as Share of Federal Poverty Level), By Geographic Location, 2017

Enrollee's Household Income as Share of Federal Poverty Level (FPL)					
	<=100% FPL	101%-120% FPL	121%-135% FPL	136%-200% FPL	>200% FPL
All Medigap	6%	3%	3%	16%	72%
Urban	6%	3%	3%	14%	75%
Rural	7%	4%	5%	21%	64%

Source: Medicare Current Beneficiary Survey Public Use Files, 2017 (CMS).
Note: Calculations based on responses by non-institutionalized Medicare enrollees reporting age. The percentages in this table may not sum to 100 due to rounding.

Medicare enrollees with Medigap coverage were more than two times less likely to have problems paying medical bills compared to enrollees without Medicare Supplement policies (see Figure 3).

Figure 3. Share of Medicare Enrollees Who Had Problems Paying Medical Bills in Last 12 Months, by Medigap Insurance Status, 2017



Note: The category of Medicare enrollees without Medigap excluded any enrollees who reported being enrolled in a Medicare Advantage plan at any time during the calendar year of the interview.

Geography

25% of Medigap policyholders lived in non-metropolitan areas (which, for the purpose of this report, include any area with an urban cluster of less than 10,000 people) in 2017.

Rural Medigap policyholders had substantially fewer financial resources than urban policyholders: Only 64% of rural Medigap policyholders had incomes above 200% of the FPL compared to 75% for urban Medigap policyholders (see Table 4).

Marital Status

Many Medigap enrollees live without a partner and thus have less robust support networks to rely on in case of financial or health problems: 41% of Medigap enrollees were widowed, divorced, separated, or never married in 2017 (See Table 5). Medigap coverage provides an important source of security for that potentially vulnerable group.

Table 5. Marital Status of Medigap Policyholders, by Geographic Location, 2017

Marital Status	Geographic Location		
	Rural	Urban	All Areas
Married	62%	59%	59%
Widowed	23%	23%	23%

*Continued on Page 6

Marital Status		Geographic Location	
Divorced /Separated	13%	13%	13%
Never Married	2%	6%	5%
Total	100%	100%	100%

Source: Medicare Current Beneficiary Survey Public Use Files, 2017 (CMS).
Note: Calculations based on responses by non-institutionalized Medicare enrollees reporting age. The percentages in this table may not sum to 100 due to rounding.

Companies That Offer Medigap Coverage

As of December 2018, 9% of companies offering standardized Medigap policies covered individuals in 41 or more states or territories, 17% of companies covered individuals in 26 to 40 states or territories, 13% covered individuals in 11 to 25 states or territories, and 17% of companies covered individuals with standardized Medigap plans in 2 to 10 states or territories. In addition, 43% of all Medigap companies had standardized policies in force in a single state or territory (see Table 6).

Table 6. Distribution of Medigap Companies with Standardized Medigap Policies in Force, by Market Size, December 2018

Number of States or Territories	Percent of Companies
41 or more	9%
26 to 40	17%
11 to 25	13%
2 to 10	17%
1	43%

Source: AHIP Center for Policy and Research analysis of the NAIC Medicare Supplement Insurance Experience Exhibit, for the Year Ended Dec. 31, 2018.
Notes: The enrollment data for this Figure do not include Medigap enrollment numbers reported by insurance providers in 2018 to the California DMHC. Data in this table depicting the number of states is based on companies with standardized Medigap policies in force; data do not include companies with only pre-standardized policies in force. The data for standardized policies include Medicare SELECT plans and those issued in three states (MA, MN and WI) that received waivers from the standardized product provisions of OBRA 1990. The number of companies with standardized Medigap policies in force reporting to the NAIC for 2018 was 289. The U.S. territories are Guam, Northern Mariana Islands, Puerto Rico and Virgin Islands. Percentages may not sum to 100 due to rounding.

Eighty-nine companies had Medicare SELECT policies in force for about 580,000 of Medicare enrollees on Dec. 31, 2018 (see Table 7). Companies with Medicare SELECT policies in force were located across the country in 40 states on December 31, 2018.

Table 7. Number of Companies with Medicare Select Policies in Force and Number of Enrollees with Medicare Select Plans, December 2017

Number of Companies with Medicare SELECT Policies in Force	89
Number of Enrollees with Medicare SELECT Policies	582,217

Source: AHIP Center for Policy and Research analysis of the NAIC Medicare Supplement Insurance Experience Exhibit, for the Year Ended December 31, 2018.
Notes: The enrollment data for this Figure do not include Medigap enrollment numbers reported by insurers in 2018 to the California DMHC.

Overall, the percentage distribution of reporting companies with standardized Medigap policies in force by plan type in 2018 remained largely unchanged from 2015-2017 for most plan types (see Table 8). However, Plan G and Plan N proved to be an exception to that trend, with progressively more insurance providers offering them every year. In 2018, 66% of Medigap insurance providers had Plan G policies in force vs. 52% in 2015, while 59% of insurance providers had Plan N policies in force in 2018 vs. 50% in 2015. Also, over time, fewer companies are offering Plan B, from 59% of insurance providers in 2015 to 55% in 2018.

Table 8. Percent of Companies with Standardized Medigap Policies in Force, by Plan Type, 2015 – 2018

	Percent of Companies			
Plan Type	**2015**	**2016**	**2017**	**2018**
A	82%	82%	82%	81%
B	59%	58%	56%	55%
C	75%	75%	75%	74%
D	43%	43%	42%	42%
E	27%	26%	24%	24%
F	83%	84%	85%	85%
G	52%	57%	62%	66%
H	22%	22%	21%	21%
I	22%	21%	20%	19%
J	25%	24%	23%	22%
K	15%	16%	15%	15%
L	16%	15%	15%	14%
M	10%	10%	10%	9%
N	50%	54%	56%	59%
Waivered State Plans	31%	31%	32%	34%

Source: AHIP Center for Policy and Research analysis of the NAIC Medicare Supplement Insurance Experience Exhibits, for the Years Ended December 31, 2015; December 31, 2016; December 31, 2017 and December 31, 2018.
Notes: The enrollment data for this Figure do not include Medigap enrollment numbers reported by insurance providers in 2018 to the California DMHC. The data for standardized policies include Medicare SELECT plans and those issued in three states (MA, MN and WI) that received waivers from the standardized product provisions of OBRA 1990. The number of companies with standardized Medigap policies in force was 271 for 2016, 282 for 2017, and 289 for 2018. All plans offering new coverage must offer Plan A. Plans E, H, I and J are no longer sold but some policyholders have retained their coverage for these plans.

Medigap Policies in Force

According to the NAIC data, 98% of Medigap policies in force on December 31, 2018 were standardized plans. Pre-standardized plans, which were no longer sold after July 1992, account for only 2% of all Medigap policies (see Table 9).

Table 9. Number of Policies for Standardized and Pre-Standardized Medigap Plans, December 31, 2018

	Policies	Percent
Standardized Plans	13,307,213	98%
Pre-Standardized Plans	239,216	2%
All Medigap Plans	13,546,429	100%

Source: AHIP Center for Policy and Research analysis of the NAIC Medicare Supplement Insurance Experience Exhibit, for the Year Ended December 31, 2018.
Note: The data for standardized plans contain both pre- and post-MIPPA plans. See page 3-4 for further explanation.

Among enrollees with Medigap standardized plans, Plan F retained its position as the plan with by far the highest number of enrollees, covering 53% of policyholders in 2018. Formerly the second most popular option, Plan C continued to lose its market share, falling from 8% in 2015 to 5% in 2018. At the same time, Plan G continued to rapidly gain market share, accounting for 17% of policyholders in 2018 compared to 8% in 2015. (see Tables 10-11).

Despite the variety of standardized Medigap plans in the market, only three plan types (F, G, and N) accounted for 80% of the total enrollment. At the same time, three standardized Medigap plans with the lowest enrollment (L, H, and M) combined added up to only 0.8% of all standardized policies (see Tables 10-11).

Table 10. Distribution of Enrollment by Standardized Plan Type, 2015-2018

Standardized Plan	Percent of Enrollment			
	2015	2016	2017	2018
A	1%	1%	1%	1%
B	3%	2%	2%	2%
C	8%	7%	6%	5%
D	2%	1%	1%	1%
E	1%	1%	1%	< 0.5%
F*	57%	55%	55%	53%
G	8%	10%	13%	17%
H	< 0.5%	< 0.5%	< 0.5%	< 0.5%
I	1%	1%	1%	1%
J	5%	4%	3%	3%
K	1%	1%	1%	1%
L	< 0.5%	< 0.5%	< 0.5%	< 0.5%
M	< 0.5%	< 0.5%	< 0.5%	< 0.5%
N	8%	9%	10%	10%
Waivered State Plans	6%	5%	5%	5%

*Includes high-deductible Plan F.

Source: AHIP Center for Policy and Research analysis of the NAIC Medicare Supplement Insurance Experience Exhibits, for the Years Ended December 31, 2015; December 31, 2016; December 31, 2017; and December 31, 2018.

Notes: The enrollment data for this Figure do not include Medigap enrollment numbers reported by insurance providers in 2017 to the California DMHC. The data for standardized policies include Medicare SELECT plans and those issued in three states (MA, MN and WI) that received waivers from the standardized product provisions of OBRA 1990. Percentages may not sum to 100 due to rounding.

Table 11. Change in Medigap Enrollment, Standardized, Pre-Standardized and Waivered-State Policies, December 2015 to December 2018, by Plan Type

Plan Type	Enrollment				Change in Enrollment 2017-2018	Percent Change 2017-2018
	2015	2016	2017	2018		
A	143,373	151,189	145,124	120,514	-24,610	-17%
B	294,935	273,199	251,163	227,256	-23,907	-10%
C	971,602	896,666	781,070	700,552	-80,518	-10%
D	192,640	177,654	160,726	146,347	-14,379	-9%
E	81,632	73,476	65,096	58,229	-6,867	-11%
F	6,496,615	6,939,504	7,062,798	7,043,167	-19,631	0%
G	895,637	1,263,744	1,660,548	2,305,925	645,377	39%
H	34,654	31,359	29,931	33,299	3,368	11%
I	96,337	91,392	81,727	72,217	-9,510	-12%
J	521,422	479,014	441,742	407,964	-33,778	-8%
K	74,565	75,813	82,066	82,202	136	0%
L	48,535	47,989	49,295	47,858	-1,437	-3%
M	1,604	5,116	4,785	4,403	-382	-8%
N	966,887	1,143,035	1,280,507	1,342,350	61,843	5%
Waivered State Plans	641,157	659,431	690,099	714,930	24,831	4%

Plan Type	Enrollment				Change in Enrollment 2017-2018	Percent Change 2017-2018
	2015	2016	2017	2018		
Pre-Standardized Plans	374,132	328,066	272,524	239,216	-33,308	-12%
Total	11,835,727	12,636,647	13,059,201	13,546,429	487,228	4%

Sources: AHIP Center for Policy and Research analysis of the NAIC Medicare Supplement Insurance Experience Exhibit, for the Years Ended December 31, 2015, 2016, 2017, and 2018.
Notes: The enrollment data for this Figure do not include Medigap enrollment numbers reported by insurance providers in 2017 to the California DMHC. The data for standardized policies include Medicare SELECT plans and those issued in three states (MA, MN and WI) that received waivers from the standardized product provisions of OBRA 1990.

Fast Growing Medigap Plans

In 2018, most of the enrollment growth was in plans G and N.

The enrollment in Plan G, which covers all Medicare deductible and coinsurance amounts except the Part B deductible, increased by 39% from 2017 to 2018, by almost 650,000 enrollees. Plan G posted the fastest rate of growth in 2018 in both relative and absolute terms.

Similarly, enrollment in Plan N—a new standardized plan with predictable cost-sharing amounts – also increased, growing by 5% from 2017 to 2018. However, this increase moderated somewhat compared to its typically double-digit rate of growth in the previous several years.

The enrollment in the largest Medicare Supplement plan by far, Plan F, remained largely unchanged in 2018 compared to the previous year, at 7,043,000 enrollees. The regular version of Plan F provides coverage for Medicare deductibles and coinsurance amounts. Plan F also includes a high-deductible option that allows for a deductible amount of $2,240 (in 2018) before the policy can begin paying benefits.

At the same time, the enrollment in several other Medigap plan types continued to decline. The most sizable enrollment declines occurred in Plan A (-17%), Plan I (-12%), Plan E (-11%), Plan B (-10%), and Plan C (-10%)

As a side note, plan H demonstrated a robust rate of growth in 2018, increasing by 11%, which was even more remarkable given the fact that previously the enrollment in this plan has been steadily decreasing for several years. However, Plan H is one of the least popular Medigap plans, being offered by only 21% of the companies and having only around 33,000 policyholders nationwide. At that level of enrollment, the actions of a single insurance provider can have an oversized impact on the enrollment trends. More information from later years will be needed to determine if this increase becomes a trend or will be regarded as only a temporary, one-time event.

Medigap Policies by State

Table 12 shows enrollment in Medigap by state—including the District of Columbia and U.S. territories—and plan type as of December 31, 2018.

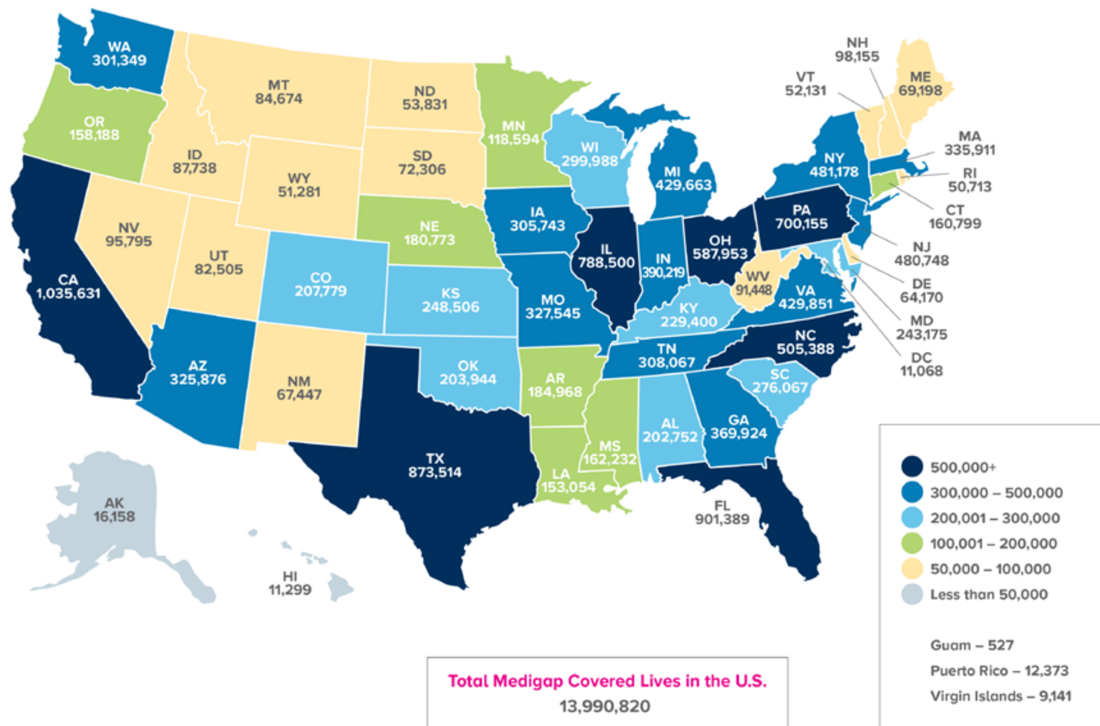
Figure 4 is a map of the United States representing the number of Medigap enrollees by state, District of Columbia, and U.S. territories, and Figure 4 is a map of the United States showing Medigap enrollees as a percentage of Medicare FFS enrollees by state, District of Columbia, and U.S. territories.

Table 12: Enrollment: Plan Type by State and Territory, As Reported to the NAIC, December 2018

State	A	B	C	D	E	F	G	H	I	J	K	L	M	N	Waivered	Pre-standardized	Total covered lives (state)
AK	266	97	410	57	35	10,735	1,713	5	225	907	216	145	0	1,242	0	105	16,158
AL	665	91,194	2,928	518	149	69,786	24,219	32	145	1,035	550	243	2	10,989	0	297	202,752

State	A	B	C	D	E	F	G	H	I	J	K	L	M	N	Waivered	Pre-standardized	Total covered lives (state)
AR	488	373	1,393	357	60	36,741	16,584	15	117	2,152	490	277	3	7,293	0	118,625	184,968
AZ	1,828	901	9,951	591	411	195,282	74,748	424	1,026	9,003	2,429	1,130	15	26,941	0	1,196	325,876
CA	6,162	2,877	10,250	1,768	933	396,195	42,270	725	3,978	45,861	6,394	2,826	25	65,187	0	5,789	591,240
CO	1,568	918	2,514	660	264	132,717	37,896	152	994	5,750	1,483	1,138	9	20,808	0	908	207,779
CT	2,053	2,338	5,880	1,084	569	70,804	7,793	4,979	996	16,561	1,859	794	0	33,349	0	11,740	160,799
DC	166	96	307	31	34	7,176	713	11	111	1,135	117	48	0	984	0	139	11,068
DE	599	663	1,801	2,273	457	34,281	6,709	99	948	3,674	910	302	0	11,161	0	293	64,170
FL	8,169	28,433	55,032	44,604	8,411	555,187	27,313	1,310	5,376	64,445	8,606	4,232	120	80,902	2	9,247	901,389
GA	2,010	2,436	12,414	1,809	6,166	199,510	90,411	90	1,168	9,651	2,015	890	10	38,850	9	2,485	369,924
GU	11	9	129	0	0	301	15	0	0	19	1	1	0	41	0	0	527
HI	113	56	304	26	10	7,625	568	13	44	476	403	70	0	1,534	0	57	11,299
IA	1,281	212	1,636	512	1,917	234,772	47,065	83	174	3,863	241	658	3	10,032	0	3,294	305,743
ID	599	241	1,203	117	68	48,035	25,616	26	139	2,774	1,373	340	14	6,996	0	197	87,738
IL	3,728	3,356	18,100	17,846	1,370	506,283	161,490	2,721	1,048	7,173	1,931	1,840	3	54,163	912	6,536	788,500
IN	2,848	2,211	8,650	2,358	1,532	201,604	113,457	407	1,396	7,199	1,243	1,053	23	43,545	0	2,693	390,219
KS	1,075	486	15,214	1,062	533	156,260	53,829	46	449	2,062	1,185	362	4	14,459	0	1,480	248,506
KY	1,242	3,744	13,644	789	3,778	126,598	46,942	1,723	766	2,718	824	569	3	24,268	0	1,792	229,400
LA	455	2,153	2,084	397	127	94,307	35,805	52	486	1,080	1,097	674	1	13,153	0	1,183	153,054
MA	119	73	592	57	96	2,405	89	28	147	755	56	35	3,031	604	327,209	615	335,911
MD	5,565	3,658	13,169	1,565	427	127,531	43,431	681	557	9,046	2,227	1,062	30	31,622	0	2,604	243,175
ME	1,102	624	6,348	348	523	42,879	4,063	23	1,388	2,732	368	188	96	8,351	0	165	69,198
MI	8,005	950	111,012	997	454	139,085	85,583	117	923	5,503	1,994	803	5	68,591	0	5,641	429,663
MN	148	2,864	206	13	704	1,718	24	38	154	1,451	35	41	511	610	107,429	2,648	118,594
MO	1,981	1,950	8,938	4,555	904	186,122	87,259	374	1,707	7,753	1,032	904	11	21,139	0	2,916	327,545
MP	0	0	5	0	0	27	2	0	0	0	0	1	0	4	0	0	39
MS	1,329	815	2,506	577	152	100,109	41,479	48	170	3,355	599	348	3	9,946	0	796	162,232
MT	551	289	3,513	308	71	53,974	16,563	22	339	2,099	550	237	5	5,692	28	433	84,674
NC	2,932	2,480	10,244	1,802	1,086	296,027	127,411	330	2,587	20,655	1,820	1,123	83	33,846	0	2,962	505,388
ND	173	54	926	98	9	44,138	6,416	18	62	605	37	26	0	1,085	0	184	53,831
NE	436	575	2,461	684	45	108,724	58,261	108	212	2,175	200	419	19	5,055	0	1,399	180,773
NH	995	621	2,038	342	681	44,707	10,992	198	291	11,300	630	501	192	23,459	0	1,208	98,155
NJ	6,709	2,825	61,290	1,817	459	193,882	72,809	2,569	8,143	29,554	3,276	2,846	8	87,811	0	6,750	480,748
NM	790	627	1,472	219	80	40,696	12,635	51	642	3,077	468	258	5	6,061	0	366	67,447
NV	738	418	1,321	243	113	54,742	21,243	237	425	3,262	744	464	1	11,550	0	294	95,795
NY	13,019	19,353	23,550	1,236	4,341	270,533	11,213	2,558	6,731	6,549	8,534	3,217	7	106,874	1	3,462	481,178
OH	3,151	3,717	45,722	6,581	1,740	281,215	110,710	628	2,762	11,658	2,883	6,310	25	107,163	0	3,688	587,953
OK	3,353	885	2,742	1,827	321	127,427	46,041	69	434	3,438	1,410	1,544	6	13,134	0	1,313	203,944
OR	1,067	342	2,801	425	202	100,011	32,939	46	544	2,534	1,104	466	3	14,589	0	1,115	158,188
PA	5,263	20,890	136,790	8,150	11,371	268,334	111,214	8,926	10,121	13,534	2,742	1,698	15	98,734	0	2,373	700,155
PR	50	51	6,591	10	10	4,318	31	21	38	958	22	9	0	219	0	45	12,373
RI	810	162	20,909	55	42	19,883	1,812	9	103	830	145	167	2	5,692	0	92	50,713
SC	1,577	2,244	6,420	12,898	299	156,466	62,199	126	751	5,529	1,192	854	4	24,307	0	1,201	276,067
SD	309	91	406	40	96	50,506	17,348	8	53	527	101	84	2	1,983	0	752	72,306
TN	2,475	1,986	13,664	5,390	2,380	175,561	70,799	227	1,111	9,904	1,106	487	55	21,002	0	1,920	308,067
TX	9,925	3,712	15,066	7,126	1,003	478,558	254,314	1,598	3,848	23,956	5,748	3,472	33	61,163	0	3,992	873,514
UT	640	307	2,096	731	230	49,230	16,579	325	266	2,018	632	308	1	8,726	0	416	82,505
VA	2,522	2,788	7,448	1,086	1,240	259,379	90,245	647	4,660	20,504	1,877	807	13	32,083	0	4,552	429,851
VI	80	59	448	24	5	6,412	47	7	26	342	46	19	0	1,620	0	6	9,141
VT	1,092	678	13,037	9,309	1,648	9,991	815	164	36	3,875	310	113	0	10,501	0	562	52,131
WA	2,606	854	7,403	406	423	179,803	44,979	76	2,435	6,287	6,130	927	2	39,939	12	9,067	301,349
WI	4,432	6,459	525	138	23	1,636	122	6	51	374	22	31	0	316	279,328	6,525	299,988
WV	806	853	3,752	265	168	51,607	19,617	79	746	2,781	446	293	0	9,235	0	800	91,448
WY	438	208	1,297	166	59	31,332	11,485	24	168	1,506	349	204	0	3,747	0	298	51,281

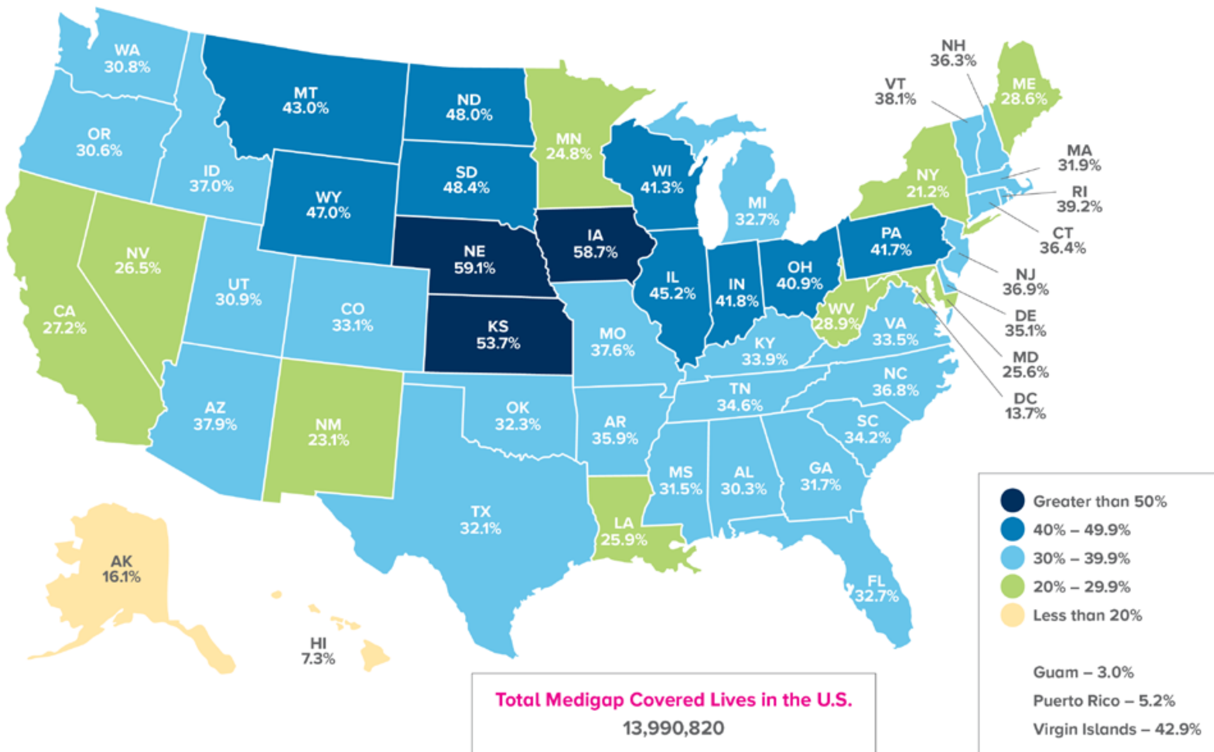
Figure 4: Number of Medigap Enrollees by State and U.S. Territory, December 2018



Source: National Association of Insurance Commisioners (2018), California's Department of Managed Health Care (2018).
Notes: The enrollment data for this Figure include Medigap enrollment numbers reported by insurers in 2018 to the California DMH (444,391 covered lives

Total Medigap Covered Lives in the United States: 13,990,820

Figure 5: Percent of FFS Enrollees with Medigap, by State and U.S. Territory, December 2018



Source: National Association of Insurance Commisioners (2018), California's Department of Managed Health Care (2018).
Notes: The enrollment data for this Figure include Medigap enrollment numbers reported by insurers in 2018 to the California DMH (444,391 covered lives).

Methodology

For this report we analyzed 2018 Medicare Supplement data from the National Association of Insurance Commissioners (NAIC). Health insurance providers submit their annual statement data directly to the NAIC using an electronic filing portal. Each state sets its own requirements for filing.

Data from four health insurance providers are not included in the 2018 NAIC data; they are required to report their data to the California's Department of Managed Health Care (DMHC), which does not report Medigap enrollment data to the NAIC. Since, as in previous years, the DMHC does not provide the breakdown of the Medigap enrollment by plan type or market size, the data from the four Medigap insurance providers reporting to DMHC were included only in the tables and graphs presenting national and state Medigap enrollment and penetration, while all of the tables further subdividing Medigap enrollment by market size, Medicare Select policies and Medigap plan type have been calculated using exclusively the data from the NAIC.

We derived the total Medigap enrollment during 2018 by adding two variables together: 1) the number of policies issued before 2011, and 2) the total number of policies issued in 2011-2018. The NAIC requires Medigap companies to report these data separately. Only one person is covered per Medigap policy.

All analyses in the report contain data from the 50 states, District of Columbia, and the U.S. territories. The territories are Guam, Northern Mariana Islands, Puerto Rico, and Virgin Islands.

The NAIC data set is structured so that reported enrollment is a point-in-time measure for December 31, 2018. Other data set measures, such as those for premiums and claims, are for the full year. Therefore, it is possible that a company may submit information on a plan type even though at the end of the year enrollment was zero. To show the number of companies with policies in force as of December 31, 2018, we selected records where the number of people covered was greater than zero.

We calculated the percent of FFS enrollees with Medigap plans for 2015 to 2018 by dividing the number of Medigap enrollees by the number of Medicare FFS enrollees for each year. For the numerator we obtained the number of Medigap enrollees from the current and previous AHIP reports on Medigap trends.[5] The denominator was the number of Medicare FFS enrollees from the Centers for Medicare and Medicaid Services (CMS) data for December of each year.[6] The CMS data set provided the number of enrollees eligible for Medicare and the number of enrollees enrolled in Medicare Advantage. We subtracted the number of enrollees with Medicare Advantage from the number of eligible Medicare enrollees to get the number of Medicare enrollees with FFS. Figures 4 and 5 show these data by state and territory.

Data describing the demographic makeup of Medigap enrollees came from the 2017 Medicare Current Beneficiary Survey (MCBS) Public Use Files (PUF), maintained by CMS. Likewise, we used SAS Enterprise Guide® 6.1[7] software to analyze the data.

Our analysis includes data on non-institutionalized enrollees in the 50 states, the District of Columbia, and Puerto Rico eligible for Medicare as of January 1, 2017. June 2017 was the point in time for which enrollees records were selected for inclusion.

In the previous reports, the source of the demographic data was the MCBS Access to Care files. Over the years, CMS substantially increased the number of variables included in the publicly available MCBS PUF files, which made possible using these files for the description of the demographic composition of Medicare enrollees with Medigap insurance starting with the 2017 MCBS data.

It is worth noting that the MCBS survey field procedures, questionnaire structure and data categorization in 2015 underwent significant changes compared to the MCBS surveys conducted in 2013 and prior. For example, the Income And Assets questionnaire section underwent a major redesign to improve the accuracy and level of detail of Medicare enrollees' reported income and assets. As a result, the income variable used in this report reflects the combined income of a Medicare enrollee and a spouse as opposed to the individual income of a Medicare enrollee used in our previous reports. For more details on changes in the MCBS methodology, please see *MCBS 2015 Methodology Report*.[8] Additionally, the changes in the MCBS data collection and categorization enabled the production of more precise point-in-time (as of June 2015) statistics, which was achieved by using the "ever enrolled" EEYRSWGT weights unlike the "continuously enrolled" CS1YRWGT weights

used in the previous year's reports. As a result, comparisons of the data from this report with the data from our previous reports may not be meaningful.

Medicare enrollees were identified as Medigap policyholders based on survey responses indicating the June 2016 coverage via a self-purchased non-specialty private insurance. Additionally, in case of multiple insurance coverage, those enrolled in Medicare Advantage plans according to CMS administrative data, were excluded from the Medigap-covered category.

The current MCBS data format does not allow for the separation of enrollees enrolled in Medicare Advantage plans from enrollees enrolled in non-Medicare Advantage capitated plans. As a result, all of the statistics in this report presented as Medicare Advantage may include some enrollees in non-Medicare Advantage capitated plans.

In the MCBS dataset, Medicare enrollees were classified as residing in either metropolitan, micropolitan or rural areas in 2017 based on CMS administrative data. CMS used information from the Office of Management and Budget to define a metropolitan statistical area, which is used to define the "urban" category in this report. The "Urban" category in our report includes individuals living in Metropolitan Statistical Areas (MSA), which are defined by the Office of Management and Budget as urban clusters with the population of 10,000 or more, while the "rural" category area all of the enrollees living outside of the MSAs.

As a general rule, all records in the MCBS dataset containing data values such as "unknown" or "refused" were dropped from the analyses.

Data Limitations

As noted, the total number of enrollees with Medigap is slightly understated because California does not require all insurance companies to report their data to the NAIC; four companies in California are required to report their data to California's Department of Managed Health Care. Data from these companies represent 444,391 Medigap enrollees[9], about 3% of all Medigap enrollment in the United States and are not included in the subset of analyses describing Medigap insurers by market size, Medicare Select policies and Medigap plan type.

Enrollees have an option to purchase Plan F as a high-deductible plan. However, due to the way data are reported to the NAIC we are unable to determine what percent of enrollees in Plan F have a high-deductible policy or what percent of companies offer high-deductible Plan F. Therefore, data in this report representing Plan F may also include the high-deductible version.

Medigap plans are guaranteed renewable, therefore policyholders may keep their plans even though the plan may have been discontinued or the standard benefit design changed. This report does not make a distinction among standardized Medigap policies in force in December 2018 with respect to whether their benefit designs comply with requirements under OBRA 1990, MMA, or MIPPA.

Appendix A

Medigap Benefits 2018	Standardized Medigap Plans									
	A	B	C	D	F*	G**	K	L	M	N
Part A coinsurance and hospital costs up to an additional 365 days after Medicare benefits are used up	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Part B coinsurance or copayment	Yes	Yes	Yes	Yes	Yes	Yes	50%	75%	Yes	Yes****
Blood (first 3 pints)	Yes	Yes	Yes	Yes	Yes	Yes	50%	75%	Yes	Yes
Part A hospice care coinsurance or copayment	Yes	Yes	Yes	Yes	Yes	Yes	50%	75%	Yes	Yes
Skilled nursing facility care coinsurance	No	No	Yes	Yes	Yes	Yes	50%	75%	Yes	Yes
Part A deductible	No	Yes	Yes	Yes	Yes	Yes	50%	75%	50%	Yes
Part B deductible	No	No	Yes	No	Yes	No	No	No	No	No
Part B excess charges	No	No	No	No	Yes	Yes	No	No	No	No
Foreign travel exchange (up to plan limits)	No	No	80%	80%	80%	80%	No	No	80%	80%
Out-of-pocket limit***	N/A	N/A	N/A	N/A	N/A	N/A	$5,240	$2,620	N/A	N/A

Notes: This table reflects the benefit design for standardized Medigap plans under the 2015 Medicare Access and CHIP Reauthorization Act of 2015. **Plans C and F** (and F with a high deductible) will be available ONLY for enrollees eligible prior to January 1, 2020. Plans C and F are redesignated **Plans D and G** for enrollees newly eligible after January 1, 2020.

***Plan F** also offers a high-deductible plan. If the enrollee chooses this option he/she must pay Medicare covered costs up to the deductible amount of $2,240 in 2018 before the Medigap plan pays anything.

****Plan G** will offer a high deductible for those enrollees newly eligible after January 1, 2020.

*** **For Plans K and L,** after meeting the out-of-pocket yearly limit and the yearly Part B deductible ($183 in 2018), the Medigap plan pays 100% of covered services for the rest of the year.

**** **Plan N** pays 100% of the Part B coinsurance, except for a copayment of up to $20 for some office visits, and up to a $50 copayment for emergency room visits that don't result in an inpatient admission.

Acknowledgments

For further information, please contact AHIP's Center for Policy and Research at 202.778.3200, or visit our website at www.ahip.org/research.

Endnotes

[1] There is no coinsurance for inpatient hospital care for the first 60 days of hospitalization, per benefit period. Enrollees would pay $335 in coinsurance per day per benefit period from days 61 to 90; and would pay $670 for coinsurance per each "lifetime reserve day" per benefit period after day 90 (up to 60 days over lifetime). After that all inpatient costs are borne by the enrollee. https://www.cms.gov/newsroom/fact-sheets/2018-medicare-parts-b-premiums-and-deductibles

[2] Ibid.

[3] Effective June 1, 2010.

[4] https://www.cms.gov/Medicare/Health-Plans/Medigap/Downloads/CY2018-OOP-Limits-Medigap-Plans-K-L.pdf

[5] Trends in Medigap Coverage and Enrollment (2014 through 2015), State of Medigap 2018, 2019, accessed March 31, 2020 at https://www.ahip.org/research/

[6] CMS Medicare Advantage Penetration Reports, 2014-2017, accessed April 20, 2020 at https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/MCRAdvPartDEnrolData/Monthly-Enrollment-by-State

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[8] Centers for Medicare & Medicaid Services. Medicare Current Beneficiary Survey, 2015 | METHODOLOGY REPORT. Baltimore, MD: U.S. Department of Health and Human Services, 2018, accessed March 31, 2020 at https://www.cms.gov/Research-Statistics-Data-and-Systems/Research/MCBS/Downloads/MCBS2015MethodReport508.pdf

[9] California Department of Managed Health Care, Enrollment Summary Report 2018, accessed March 31, 2020 at http://www.dmhc.ca.gov/DataResearch/FinancialSummaryData.aspx