

State of Medigap 2019

TRENDS IN ENROLLMENT AND DEMOGRAPHICS



SUMMARY

For Medicare beneficiaries, purchasing Medicare supplemental (Medigap) coverage helps fill gaps in their Medicare Fee-For-Service (FFS) benefits. This report describes the Medigap coverage options, demographics, and the most recent enrollment trends by using the latest available data sources: the 2017 National Association of Insurance Commissioners (NAIC) data, the 2017 California's Department of Managed Health Care data, and the 2016 Medicare Current Beneficiary Survey (MCBS) results.



One out of three fee-for-service (FFS) Medicare beneficiaries in 2017 had a Medigap insurance (35 percent), with this share rising to 39 percent (2016 data) among beneficiaries without additional insurance coverage (such as Medicaid, employer-provided insurance, etc.).



Between December 2016 and December 2017, the national **Medigap enrollment increased from 13.1 million to 13.5 million beneficiaries.**



Medigap is an important source of health coverage for Medicare beneficiaries of all income ranges. Notably, in 2016, 37 percent of Medigap enrollees had annual combined beneficiary and spouse income below \$30,000; **that percentage jumped to 42 percent in rural areas.**

Background

Medigap is a key source of supplemental coverage for Medicare beneficiaries. Seniors purchase Medigap coverage to protect themselves from high out-of-pocket costs not covered by Medicare, to budget for medical expenses, and to avoid the confusion and inconvenience of handling complex bills from health care providers.

In 2017, the Medicare program had a \$1,316 deductible per benefit period for inpatient hospital care (Part A) and coinsurance beginning with day 61 of hospitalization.¹ Part B required a 20 percent coinsurance for outpatient and physician care after an annual deductible of \$183.² In addition, the Medicare program does not have a limit on beneficiaries' 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 2017 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, Plans A through J. Then in 2003, the Medicare Modernization Act (MMA) required elimination of prescription drug benefits, authorized 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 beneficiary 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.

It should be noted that 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 beneficiaries' Part A deductible and Part B coinsurance. Two plans—standardized plans C and F—currently offer full coverage for the Part B deductible (however, 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 beneficiaries' Part B coinsurance. However, there is a limit—\$5,120 for Plan K and \$2,560 for Plan L in 2017—on beneficiaries' annual out-of-pocket costs for Medicare eligible expenses.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 waived 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 beneficiaries still have pre-standardized policies. Because these policies may no longer be sold, there has been a 27 percent decline in the enrollment in pre-standardized plans since 2015.

Medicare Beneficiaries with Medigap Coverage

National Medigap enrollment has been growing in each of the last three years for which data are available, reaching 13.5 million covered lives in 2017, an increase of 3.3 percent compared to 2016 (See Table 1).

Table 1. Trends in National Medigap Enrollment, 2014-2017

Statistic	Year			
	2014	2015	2016	2017
• Enrollment in insurers reporting to NAIC	11,197,280	11,835,727	12,636,647	13,059,201
• Enrollment in insurers reporting to California DMHC	396,958	421,236	425,657	435,259
Total national Medigap enrollment	11,594,238	12,256,963	13,062,304	13,494,460
Annual percent change in total national Medigap enrollment, %	-	5.7%	6.6%	3.3%

Source: AHIP Center for Policy and Research analysis of the NAIC Medicare Supplement Insurance Experience Exhibits, for the Years Ended December 31, 2014; December 31, 2015; December 31, 2016; and December 31, 2017 and of the California DMHC The Enrollment Summary Reports, 2014-2017.

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 Medicare FFS beneficiaries adding Medigap insurance to their Medicare coverage has been steadily growing for the last several years and reached 35.1 percent in 2017 compared to 33.7 percent in 2016 (See Figure 1).

Figure 1. Share of Medicare Fee-For-Service Beneficiaries with Medigap Insurance, 2014-2017

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	38,440,313	35.1%

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, MCBS estimates show that 39 percent of all non-institutionalized Medicare beneficiaries without any additional insurance 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 2016.

Demographic Characteristics of Medigap Beneficiaries

The demographic characteristics of Medigap beneficiaries are based on the Medicare Current Beneficiary Survey (MCBS) 2016 data, which is the latest year of data available.

GENDER

Across the country, a majority—59 percent—of Medigap beneficiaries in 2016 were women (see Table 2).

AGE

Medicare beneficiaries with Medigap insurance were older than the general Medicare population: 45 percent of Medigap policyholders were 75 years old or older compared with 35% for all Medicare beneficiaries (see Table 3).

INCOME

A significant number of Medigap policyholders were individuals with lower incomes: 20 percent had annual household incomes of less than \$20,000 and 37 percent had incomes less than \$30,000. This pattern was more widespread in rural areas, where 42 percent of Medigap policyholders had incomes of less than \$30,000, while for urban policyholders the share of individuals with annual household incomes of less than \$30,000 was 34 percent (see Table 4).

GEOGRAPHY

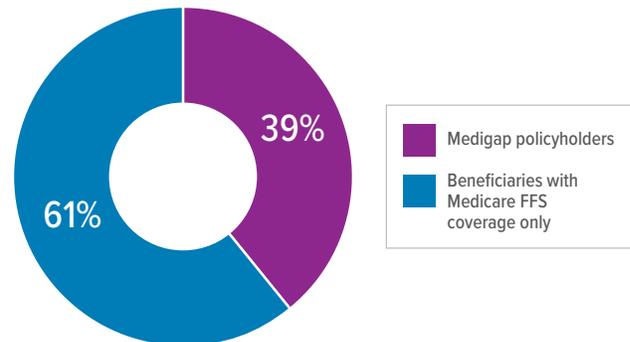
Twenty-nine percent of Medigap policyholders lived in non-metropolitan areas (which, for the purpose of this report, include any area with an urban cluster of less than 50,000 people) in 2016.

Rural Medigap policyholders had substantially fewer financial resources than urban policyholders. Only 34 percent of rural Medigap policyholders had incomes of \$50,000 or more compared to 45 percent for urban Medigap policyholders (see Table 4).

MARITAL STATUS

A larger number of Medigap beneficiaries live without a partner and thus have less robust support networks to rely on in case of financial or health problems: 41 percent of Medigap beneficiaries were widowed, divorced, separated, or never married in 2016 (See Table 5). Medigap insurance provides an important source of security for that potentially vulnerable group.

Figure 2. Medicare Beneficiaries Without Any Additional Insurance Coverage That Have Medigap Coverage, 2016



Source: Medicare Current Beneficiary Survey Access to Care files, 2016 (CMS).

Table 2. Gender Distribution of Medigap Policyholders, by Geographic Location, 2016

Geographic Location	Gender Distribution	
	Men	Women
All Medigap Policyholders	41%	59%

Source: Medicare Current Beneficiary Survey Access to Care files, 2016 (CMS).

Note: Calculations based on responses by non-institutionalized Medicare beneficiaries reporting gender.

Figure 3. Medigap Policyholders, by Income (Beneficiary and Spouse, Combined), Rural and Urban Areas, 2016

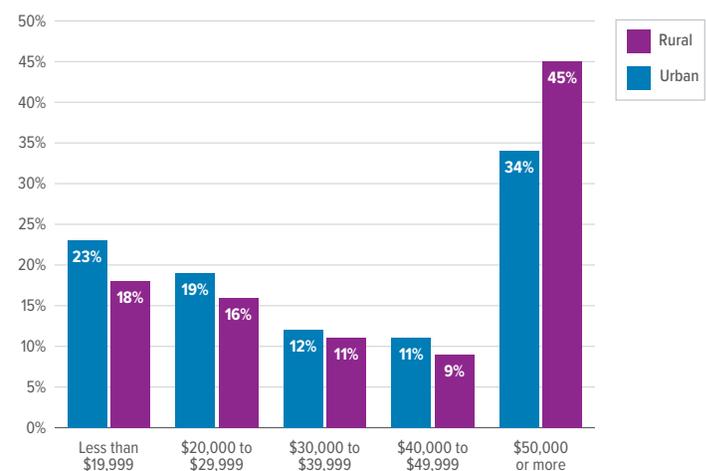


Table 3. Age Distribution of Medigap Policyholders, by Geographic Location, 2016

	Age Groups			
	Younger Than 65 Years	65-74 Years	75-84 Years	85 Years and Older
All Medicare	15%	49%	25%	10%
All Medigap	3%	52%	31%	14%
Urban Medigap	4%	50%	32%	14%
Rural Medigap	2%	57%	29%	12%

Source: Medicare Current Beneficiary Survey Access to Care files, 2016 (CMS).

Note: Calculations based on responses by non-institutionalized Medicare beneficiaries reporting age. The percentages in this table may not sum to 100 percent due to rounding.

Table 4. Income Range of Medigap Policyholders (Combined Income of Beneficiary and Spouse), By Geographic Location, 2016

	Income Range					
	Less than \$10,000	\$10,000 to \$19,999	\$20,000 to \$29,999	\$30,000 to \$39,999	\$40,000 to \$49,999	\$50,000 or more
All Medigap	4%	16%	17%	12%	10%	42%
Urban	4%	14%	16%	11%	9%	45%
Rural	3%	20%	19%	12%	11%	34%

Source: Medicare Current Beneficiary Survey Access to Care files, 2016 (CMS).

Note: Calculations based on responses by non-institutionalized Medicare beneficiaries reporting age. The percentages in this table may not sum to 100 percent due to rounding.

Table 5. Marital Status of Medigap Policyholders, by Geographic Location, 2016

	Income Range		
	Rural	Urban	All Areas
Married	60%	59%	59%
Widowed	26%	24%	25%
Divorced	12%	12%	12%
Separated	<0.5%	<0.5%	<0.5%
Never Married	2%	5%	4%
Total	100%	100%	100%

Source: Medicare Current Beneficiary Survey Access to Care files, 2016 (CMS).

Note: Calculations based on responses by non-institutionalized Medicare beneficiaries reporting age. The percentages in this table may not sum to 100 percent due to rounding.

Table 6. Distribution of Medigap Companies with Standardized Medigap Policies in Force, by Market Size, December 2017

Number of States or Territories	Percent of Companies
41 or more	9%
26 to 40	16%
11 to 25	14%
2 to 10	17%
1	44%

Source: AHIP Center for Policy and Research analysis of the NAIC Medicare Supplement Insurance Experience Exhibit, for the Year Ended December 31, 2017.

Notes: The enrollment data for this Figure do not include Medigap enrollment numbers reported by insurers in 2017 to the California DMHC. Data in this table depicting the number of states are 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 2017 was 282. The U.S. territories are Guam, Northern Mariana Islands, Puerto Rico and Virgin Islands. Percentages may not sum to 100 due to rounding.

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	93
Number of Enrollees with Medicare SELECT Policies	678,926

Source: Medicare Current Beneficiary Survey Access to Care files, 2016 (CMS).

Note: Calculations based on responses by non-institutionalized Medicare beneficiaries reporting age. The percentages in this table may not sum to 100 percent due to rounding.

Companies That Offer Medigap Coverage

As of December 2017, 9 percent of companies offering standardized Medigap policies covered individuals in 41 or more states or territories, 16 percent of companies covered individuals in 26 to 40 states or territories, 14 percent covered individuals in 11 to 25 states or territories, and 17 percent of companies covered individuals with standardized Medigap plans in 2 to 10 states or territories. Forty-four percent of all Medigap companies had standardized policies in force in a single state or territory (see Table 6).

Ninety-three companies had Medicare SELECT policies in force for about 680,000 of Medicare enrollees on December 31, 2017 (see Table 7). Companies with Medicare SELECT policies in force were located across the country in 42 states, with none in force in the U.S. territories on Dec.31, 2017.

Overall, the percentage distribution of reporting companies with standardized Medigap policies in force by plan type in 2017 remained largely unchanged from 2014–2016 for most plan types (see Table 8). However, Plan G and Plan N proved to be an exception to that trend, with progressively more insurers offering them every year. In 2017, 62 percent of Medigap insurers had Plan G policies in force vs. 52 percent in 2014, while 56 percent of insurers had Plan N policies in force in 2017 vs. 47 percent in 2014.

Table 8. Percent of Companies with Standardized Medigap Policies in Force, by Plan Type, 2014 – 2017

Percent of Companies				
Plan Type	2014	2015	2016	2017
A	82%	82%	82%	82%
B	60%	59%	58%	56%
C	75%	75%	75%	75%
D	43%	43%	43%	42%
E	28%	27%	26%	24%
F	83%	83%	84%	85%
G	52%	52%	57%	62%
H	23%	22%	22%	21%
I	23%	22%	21%	20%
J	26%	25%	24%	23%
K	16%	15%	16%	15%
L	16%	16%	15%	15%
M	9%	10%	10%	10%
N	47%	50%	54%	56%
Waivered State Plans	30%	31%	31%	32%

Source: AHIP Center for Policy and Research analysis of the NAIC Medicare Supplement Insurance Experience Exhibits, for the Years Ended December 31, 2014; December 31, 2015; December 31, 2016 and December 31, 2017.

Notes: The enrollment data for this Figure do not include Medigap enrollment numbers reported by insurers 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. The number of companies with standardized Medigap policies in force was 264 for 2014, 271 for 2016, and 282 for 2017. 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 percent of Medigap policies in force on December 31, 2017 were standardized plans. Pre-standardized plans, which were no longer sold after July 1992, account for only 2 percent of all Medigap policies (see Table 9).

Table 9. Number of Policies for Standardized and Pre-Standardized Medigap Plans, December 31, 2017

	Policies	Percent
Standardized Plans	12,786,677	98%
Pre-Standardized Plans	272,524	2%
All Medigap Plans	13,059,201	100%

Source: AHIP Center for Policy and Research analysis of the NAIC Medicare Supplement Insurance Experience Exhibit, for the Year Ended December 31, 2017.

Note: The data for standardized plans contain both pre- and post-MIPPA plans. See page 3-4 for further explanation.

Among beneficiaries with Medigap standardized plans, Plan F retained its position as the plan with the highest number of enrollees, covering 55 percent of policyholders in 2017. Formerly, the second most popular option, Plan C continued to lose its market share, falling from 10 percent in 2014 to 6 percent in 2017. At the same time, Plan G and Plan N continued gaining the market share, reaching in 2017 13 percent and 10 percent, respectively (see Tables 10-11).

Table 10. Distribution of Enrollment by Standardized Plan Type, 2014-2017

Standardized Plan	Percent of Enrollment			
	2014	2015	2016	2017
A	2%	1%	1%	1%
B	3%	3%	2%	2%
C	10%	8%	7%	6%
D	2%	2%	1%	1%
E	1%	1%	1%	1%
F*	56%	57%	55%	55%
G	6%	8%	10%	13%
H	< 0.5%	< 0.5%	< 0.5%	< 0.5%
I	1%	1%	1%	1%
J	5%	5%	4%	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	7%	8%	9%	10%
Waivered State Plans	6%	6%	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, 2014; December 31, 2015; December 31, 2016; and December 31, 2017.

Notes: The enrollment data for this Figure do not include Medigap enrollment numbers reported by insurers 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 percent due to rounding.

Table 11. Change in Medigap Enrollment, Standardized, Pre-Standardized and Waivered-State Policies, December 2014 to December 2017, by Plan Type

Plan Type	Enrollment				Change in Enrollment 2016-2017	Percent Change 2016-2017
	2014	2015	2016	2017		
A	165,483	143,373	151,189	145,124	-6,065	-4%
B	346,086	294,935	273,199	251,163	-22,036	-8%
C	1,064,386	971,602	896,666	781,070	-115,596	-13%
D	213,572	192,640	177,654	160,726	-16,928	-10%
E	91,531	81,632	73,476	65,096	-8,380	-11%
F	6,008,216	6,496,615	6,939,504	7,062,798	123,294	2%
G	697,682	895,637	1,263,744	1,660,548	396,804	31%
H	40,492	34,654	31,359	29,931	-1,428	-5%
I	114,738	96,337	91,392	81,727	-9,665	-11%
J	575,042	521,422	479,014	441,742	-37,272	-8%
K	58,166	74,565	75,813	82,066	6,253	8%
L	45,571	48,535	47,989	49,295	1,306	3%
M	995	1,604	5,116	4,785	-331	-6%
N	761,495	966,887	1,143,035	1,280,507	137,472	12%
Waivered State Plans	590,864	641,157	659,431	690,099	30,668	5%
Pre-Standardized Plans	422,961	374,132	328,066	272,524	-55,542	-17%
Total	11,197,280	11,835,727	12,636,647	13,059,201	422,554	3%

Sources: AHIP Center for Policy and Research analysis of the NAIC Medicare Supplement Insurance Experience Exhibit, for the Years Ended December 31, 2014, 2015, 2016, 2017.

Notes: The enrollment data for this Figure do not include Medigap enrollment numbers reported by insurers 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 2017, the highest rate of 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 31 percent from 2016 to 2017, by almost 400,000 enrollees. Plan G posted the fastest rate of growth in 2017 in both relative and absolute terms.

Similarly, enrollment in Plan N—a new standardized plan with predictable cost-sharing amounts—grew by 12 percent from 2016 to 2017 to approximately 1,280,000 enrollees, an increase of about 137,000 enrollees from the previous year.

The rate of the enrollment growth in Plan F moderated in 2017 and amounted to 2%, an increase of roughly 123,000 enrollees. That was a marked change from the two previous years, when its enrollment was growing at the 7-8% pace. 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 \$2,200 (in 2017) 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 C (-13 percent), Plan E (-11 percent), Plan I (-11 percent), and Plan D (-10 percent). As a result of the redistribution of the enrollment among different plan types, just three of them, plans F, G, and N accounted for 77 percent of the total Medigap enrollment in 2017.

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 Dec. 31, 2017.

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 percent of Medicare FFS beneficiaries by state, District of Columbia, and U.S. territories.

Table 12. Enrollment: Plan Type by State and Territory, As Reported to the NAIC, December 2017

State	A	B	C	D	E	F	G	H	I	J	K	L	M	N	Waivered	Pre-standardized	Total covered lives (state)
AK	274	99	459	63	41	10,361	553	8	251	971	201	132	0	1,122	0	121	14,656
AL	749	98,397	5,812	549	176	68,713	18,041	39	153	1,108	549	260	2	10,833	0	425	205,806
AR	531	423	1,613	396	75	38,137	11,635	17	140	2,488	491	280	4	7,199	0	119,033	182,462
AZ	4,033	978	10,964	653	471	192,642	55,815	420	1,102	9,610	2,326	1,156	17	25,039	0	1,498	306,724
CA	6,576	3,162	11,427	1,919	1,060	373,889	29,242	818	4,374	49,041	6,392	2,828	20	62,363	0	7,331	560,442
CO	1,670	994	2,796	767	306	132,935	22,782	67	1,098	6,301	1,369	1,078	9	18,648	0	1,198	192,018
CT	2,184	2,602	6,802	1,292	672	78,167	3,641	366	1,126	17,985	1,833	831	0	29,423	0	13,342	160,266
DC	172	106	344	37	39	6,944	367	11	120	1,220	107	55	0	955	0	171	10,648
DE	624	738	1,954	2,457	535	33,706	4,399	102	1,041	3,953	918	309	0	10,726	0	381	61,843
FL	10,502	31,853	60,934	48,132	9,407	518,477	17,015	925	5,854	68,425	8,492	4,371	125	77,648	0	11,964	874,124
GA	2,482	2,792	14,008	2,121	6,925	207,583	66,262	95	1,281	10,359	2,139	924	10	39,222	9	3,244	359,456
GU	13	9	131	0	0	295	6	0	1	20	1	0	0	39	0	0	515
HI	123	73	327	27	14	7,131	276	12	51	528	377	60	0	1,323	0	68	10,390
IA	1,338	227	1,909	569	2,115	241,595	31,470	53	210	4,522	238	698	5	9,877	0	4,407	299,233
ID	624	269	1,362	139	75	48,629	19,606	6	167	2,932	1,454	354	14	6,522	0	266	82,419
IL	6,021	3,775	19,979	20,237	1,595	509,279	127,254	2,366	1,197	8,345	2,046	1,882	3	51,645	1,126	10,331	767,081
IN	4,632	2,546	9,942	2,665	1,835	213,020	84,874	362	1,556	8,032	1,300	1,160	25	42,980	0	3,526	378,455
KS	1,178	554	16,070	1,264	601	164,538	37,026	53	530	2,363	1,194	370	4	13,785	0	1,695	241,225
KY	1,342	4,369	15,364	965	4,071	128,232	34,772	1,892	833	3,031	828	599	3	24,373	0	2,306	222,980
LA	499	2,495	2,355	452	156	97,104	27,924	37	538	1,161	1,189	671	1	12,789	0	1,566	148,937
MA	124	78	626	70	92	2,183	85	31	148	751	38	24	3,324	497	314,020	765	322,856
MD	5,715	4,086	14,788	1,858	484	127,656	32,407	628	627	9,747	2,203	1,072	28	30,283	0	3,311	234,893
ME	1,172	728	7,528	424	601	44,616	1,982	27	1,557	2,979	353	190	96	8,129	0	239	70,621
MI	11,141	1,028	124,674	1,171	523	134,498	62,824	135	1,025	5,959	1,941	813	5	67,126	0	7,223	420,086
MN	174	3,295	211	15	315	1,272	19	43	173	1,540	22	38	530	595	102,095	2,858	113,195
MO	2,140	2,121	10,024	4,854	1,044	200,388	63,059	365	1,727	8,573	1,061	972	14	20,865	0	3,726	320,933
MP	0	0	5	0	0	26	0	0	0	0	0	1	0	5	0	0	37
MS	1,372	899	2,841	695	179	103,300	31,930	53	198	3,712	648	337	3	10,017	0	1,042	157,226
MT	546	319	3,943	334	81	45,912	7,477	38	366	2,210	453	223	5	3,997	0	564	66,468

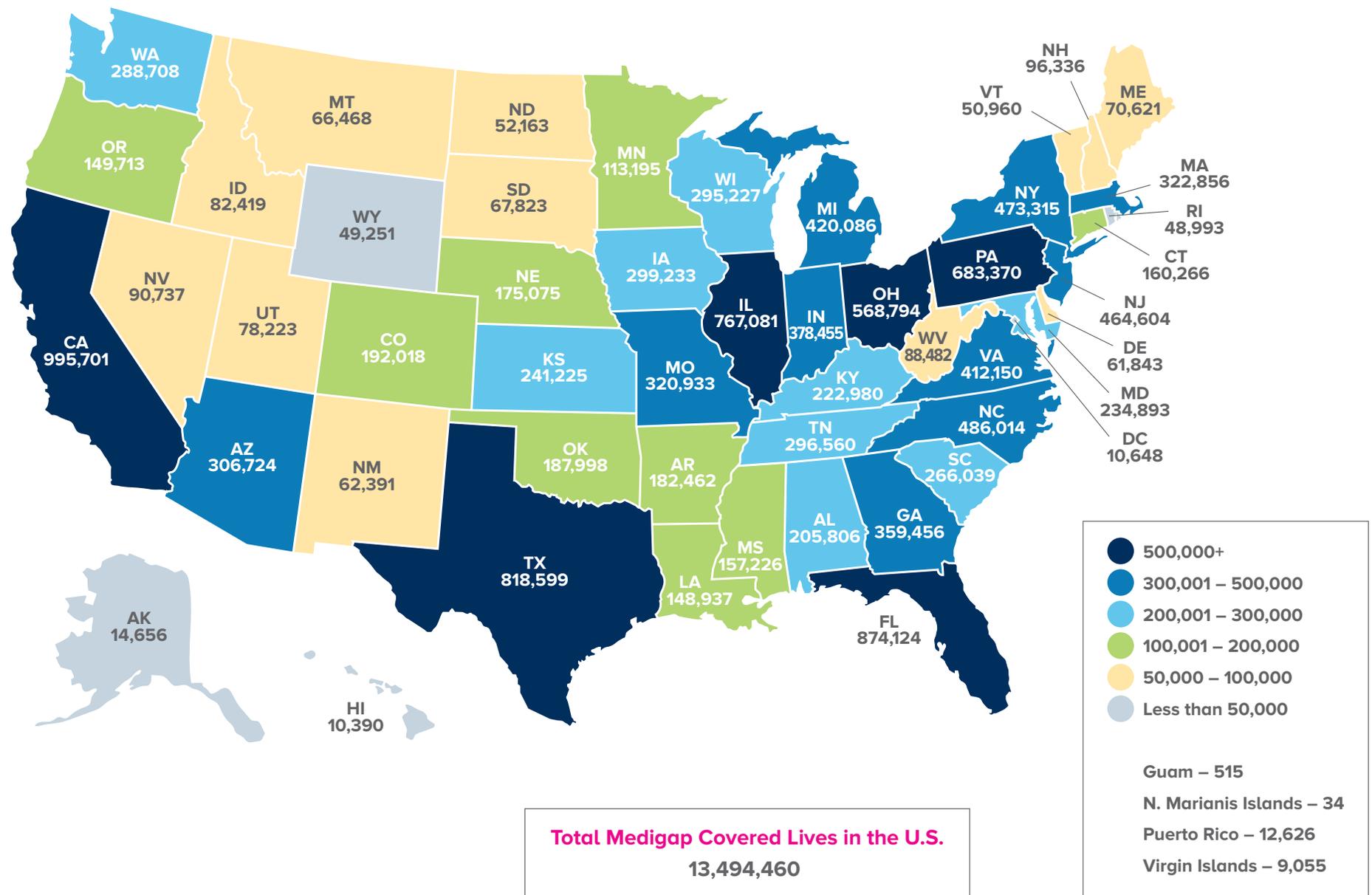
Table 12. Enrollment: Plan Type by State and Territory, As Reported to the NAIC, December 2017 (continued)

State	A	B	C	D	E	F	G	H	I	J	K	L	M	N	Waivered	Pre-standardized	Total covered lives (state)
NC	4,752	2,828	11,613	2,087	1,267	305,885	92,435	373	2,849	22,717	1,813	1,104	82	32,330	0	3,879	486,014
ND	186	67	1,022	108	10	44,674	4,045	21	70	663	33	27	0	1,008	0	229	52,163
NE	474	670	2,825	719	52	117,915	42,284	61	230	2,567	206	444	20	4,711	0	1,897	175,075
NH	1,064	688	2,359	373	790	45,535	6,731	216	338	12,329	651	528	220	23,048	0	1,466	96,336
NJ	7,446	3,180	66,409	2,067	484	189,757	53,410	2,751	8,997	32,526	3,276	2,737	9	82,642	0	8,913	464,604
NM	857	704	1,652	256	84	39,633	8,306	61	704	3,337	450	239	7	5,605	0	496	62,391
NV	793	472	1,465	297	135	54,985	15,569	297	475	3,489	768	483	1	11,106	0	402	90,737
NY	14,284	22,091	26,443	1,388	4,985	268,739	6,409	2,936	7,447	6,939	7,734	3,385	12	96,005	1	4,517	473,315
OH	3,831	4,114	51,433	7,697	2,028	282,992	78,164	660	3,047	12,779	2,971	6,771	27	107,335	0	4,945	568,794
OK	2,902	1,001	3,142	2,072	374	127,897	29,124	87	492	3,843	1,469	1,620	7	12,201	0	1,767	187,998
OR	1,152	392	3,151	490	215	104,690	20,079	55	624	2,732	1,063	477	5	13,117	0	1,471	149,713
PA	8,077	24,348	152,762	9,281	12,706	259,612	78,571	10,213	11,026	15,019	2,817	1,690	16	94,133	0	3,099	683,370
PR	49	59	7,021	13	13	4,002	38	21	46	1,062	24	10	0	208	0	60	12,626
RI	741	182	21,960	63	46	18,462	849	11	116	875	123	167	2	5,283	0	113	48,993
SC	3,804	2,531	6,845	14,084	338	155,821	48,090	141	833	6,079	1,198	874	4	23,827	0	1,570	266,039
SD	344	107	454	44	115	50,679	12,733	8	68	603	92	91	2	1,525	0	958	67,823
TN	2,552	2,186	14,588	5,462	2,506	183,394	49,084	237	3,266	8,776	1,209	542	73	20,412	0	2,273	296,560
TX	8,361	4,177	17,133	8,275	1,185	477,583	195,894	1,375	4,337	26,629	5,922	3,640	33	58,777	0	5,278	818,599
UT	696	342	2,330	833	275	49,220	11,689	364	301	2,208	660	323	2	8,422	0	558	78,223
VA	2,881	3,154	8,316	1,233	1,447	266,434	61,547	712	5,146	22,174	1,869	776	13	30,396	0	6,052	412,150
VI	92	62	501	27	7	6,111	18	7	34	387	57	22	0	1,722	0	8	9,055
VT	1,155	760	13,760	8,606	1,766	9,554	713	182	39	4,239	313	113	0	9,011	0	749	50,960
WA	2,780	957	8,442	483	490	181,153	29,429	82	2,696	6,853	6,343	964	3	37,342	14	10,677	288,708
WI	6,526	5,868	566	138	26	1,423	31	6	59	371	21	27	0	258	272,834	7,073	295,227
WV	907	982	4,228	313	205	53,336	14,155	60	847	3,040	458	329	0	8,560	0	1,062	88,482
WY	467	226	1,458	192	59	32,084	8,408	25	196	1,640	363	224	0	3,498	0	411	49,251

Source: AHIP Center for Policy and Research analysis of the National Association of Insurance Commissioners' (NAIC) Medicare Supplement Insurance Experience Exhibit, for the Year Ended December 31, 2017.

Notes: 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. Four companies in CA reported their enrollment, 435,259, to the CA DMHC only; these numbers are not included in the table.

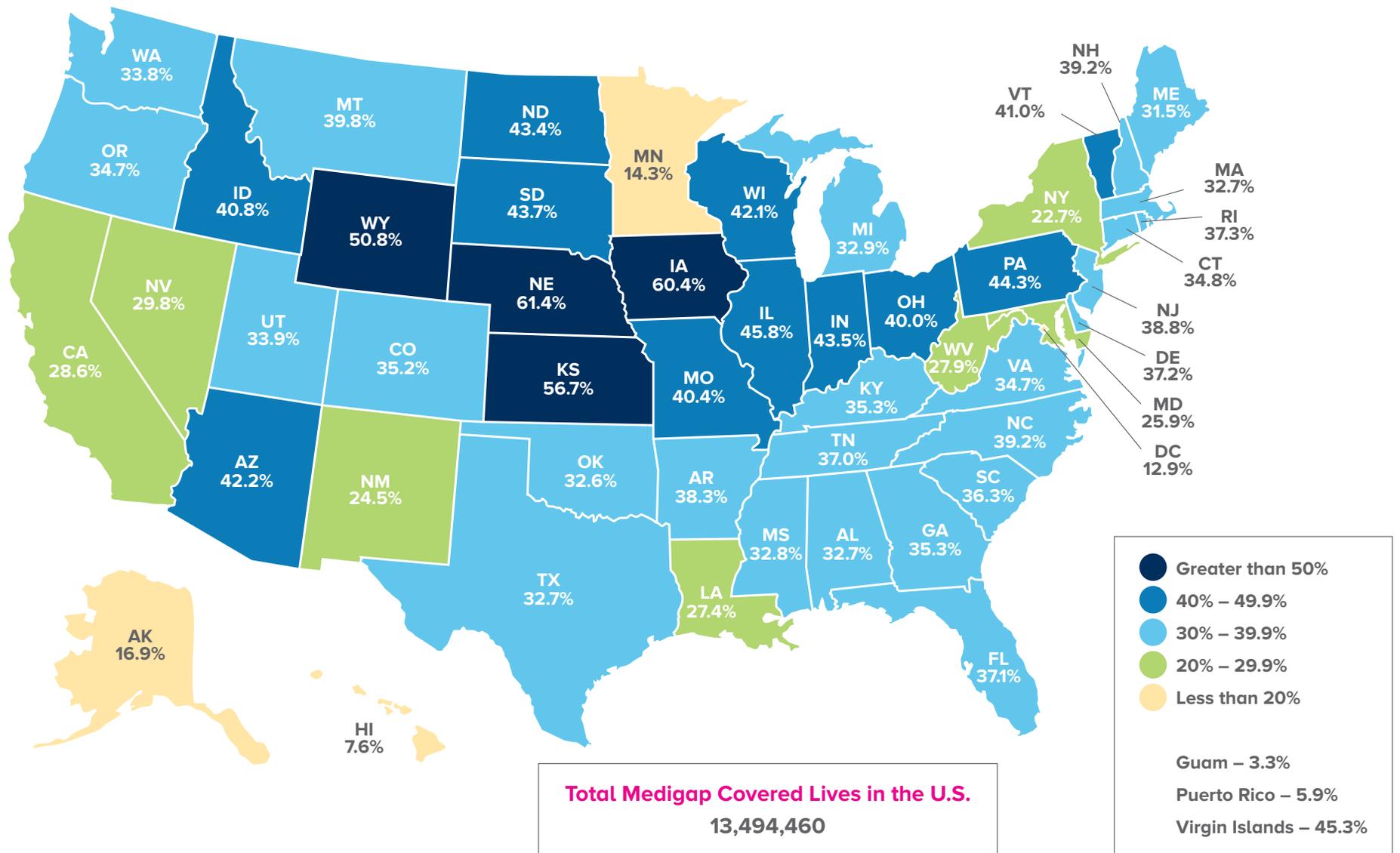
Figure 4. Number of Medigap Enrollees by State and U.S. Territory, December 2017



Source: National Association of Insurance Commissioners (2017), California's Department of Managed Health Care (2017).

Notes: The enrollment data for this Figure include Medigap enrollment numbers reported by insurers in 2017 to the California DMH (435,259 covered lives).

Figure 5. Percent of FFS Beneficiaries with Medigap, by State and U.S. Territory, December 2017



Source: National Association of Insurance Commissioners (2017), California's Department of Managed Health Care (2017).

Notes: The enrollment data for this Figure include Medigap enrollment numbers reported by insurers in 2017 to the California DMH (435,259 covered lives).

Methodology

For this report we analyzed 2017 Medicare Supplement data from the National Association of Insurance Commissioners (NAIC). Insurance companies 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 insurance companies are not included in the 2017 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 insurers 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 2017 by adding two variables together: 1) the number of policies issued before 2011, and 2) the total number of policies issued in 2011-2017. 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 Dec. 31, 2017. 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 Dec.31, 2017, we selected records where the number of people covered was greater than zero.

We calculated the percent of FFS beneficiaries with Medigap plans for 2014 to 2017 by dividing the number of Medigap enrollees by the number of Medicare FFS beneficiaries 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 beneficiaries from the Centers for Medicare and Medicaid Services (CMS) data for December of each year.⁶ The CMS data set provided the number of beneficiaries eligible for Medicare and the number of beneficiaries enrolled in Medicare Advantage. We subtracted the number of enrollees with Medicare Advantage from the number of eligible Medicare beneficiaries to get the number of Medicare beneficiaries with FFS. Figures 4 and 5 show these data by state and territory.

Data describing the demographic makeup of Medigap beneficiaries came from the 2016 Medicare Current Beneficiary Survey (MCBS) Access to Care files, maintained by the Centers for Medicare & Medicaid Services (CMS). Likewise, we used SAS Enterprise Guide® 6.1⁷ software to analyze the data.

Our analysis includes data on non-institutionalized beneficiaries in the 50 states, the District of Columbia, and Puerto Rico eligible for Medicare as of Jan. 1, 2016. June 2016 was the point in time for which beneficiary records were selected for inclusion.

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 beneficiaries' reported income and assets. As a result, the income variable used in this report reflects the combined income of a Medicare beneficiary and a spouse as opposed to the individual income of a Medicare beneficiary 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 beneficiaries were identified as Medigap policyholders based on survey responses indicating the June 2016 coverage via a self-purchased non-specialty private insurance that was not an HMO or PPO policy. Additionally, in case of multiple insurance coverage, the beneficiaries enrolled in Medicare Advantage plans according to the CMS administrative data, were excluded from the Medigap-covered category.

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

The original six race categories of beneficiaries provided in the MCBS dataset were re-grouped into four categories. The “Other” category for race distributions combines includes individuals who identified themselves as being Native Hawaiian or Pacific Islander, American Indian or Alaska Native, other race, or more than one race.

In the MCBS dataset, Medicare beneficiaries were classified as residing in either metropolitan, micropolitan or rural areas in 2016 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 original three urban/rural categories of beneficiaries provided in the MCBS dataset were re-grouped into two categories. 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 50,000 or more, while the “rural” category area all of the beneficiaries 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 435,259 Medigap enrollees,⁹ about 3 percent 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.

Beneficiaries 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 2017 with respect to whether their benefit designs comply with requirements under OBRA 1990, MMA, or MIPPA.

Appendix A

Medigap Benefits 2016	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	\$5,120	\$2,560	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 beneficiaries eligible prior to January 1, 2020. Plans C and F are redesignated Plans D and G for beneficiaries newly-eligible after January 1, 2020.

*Plan F also offers a high-deductible plan. If the beneficiary chooses this option he/she must pay Medicare covered costs up to the deductible amount of \$2,200 in 2017 before the Medigap plan pays anything.

**Plan G will offer a high-deductible for those beneficiaries 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 2017), 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. Beneficiaries would pay \$329 in coinsurance per day per benefit period from days 61 to 90; and would pay \$658 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 beneficiary. <https://www.cms.gov/newsroom/press-releases/2017-medicare-parts-b-premiums-and-deductibles-announced>
- 2 Ibid.
- 3 Effective June 1, 2010.
- 4 https://www.cms.gov/Medicare/Health-Plans/Medigap/Downloads/CY_2017_OOP_Limits_Medigap_Plans_KandLpdf.pdf
- 5 Trends in Medigap Coverage and Enrollment (2014 through 2015), State of Medigap 2018, accessed April 10, 2019 at <https://www.ahip.org/research/>
- 6 CMS Medicare Advantage Penetration Reports, 2014-2016, accessed April 10, 2019 at <http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/MCRAdvPartDEnrolData/MA-State-County-Penetration.html>
- 7 SAS and all other SAS Institute Inc. product or service names are registered trademarks or trademarks of SAS Institute Inc. in the USA and other countries. ® indicates USA registration.
- 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 April 10, 2019 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 2017, accessed April 10, 2019 at <http://www.dmhc.ca.gov/DataResearch/FinancialSummaryData.aspx>