

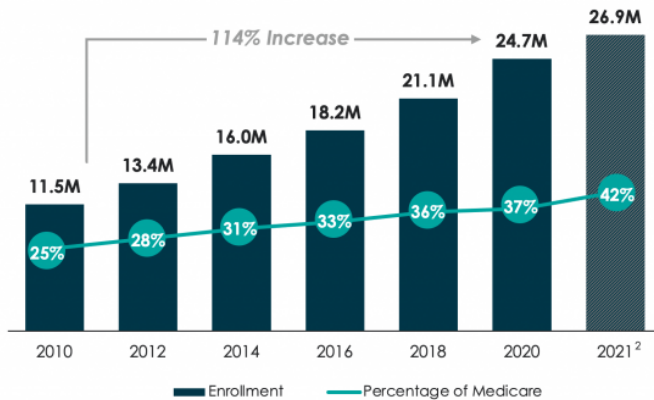
## Payers double down on lucrative MA market

As the oft-cited 10,000 Baby Boomers continue to age into Medicare each day, Medicare Advantage (MA) enrollment keeps accelerating. The graphic below highlights growth in the MA ranks across the last decade, showing that enrollment has more than doubled since 2010. **By the end of this year, an estimated 42 percent of Medicare beneficiaries will get their benefits through a private health insurer.** While seniors like MA plans for the growing number of **supplemental benefits** they can offer—which now include adult day care services, home-based palliative care, and in-home support services—**health insurers are gravitating to these plans due to their attractive economics.** Health insurers' average gross margin per member, per month (PMPM) for MA plans is significantly higher than in individual or group market plans, a spread that increased in 2020 due to reduced utilization. PMPM margins for MA plans were up an average of 35 percent through September 2020 compared to 2019. Payers have been blanketing the market with plan options in recent years; **the number of MA plans offered has increased 49 percent since 2017**, although the MA market is increasingly concentrated. In spite of numerous headlines about venture-backed startups like Oscar, Bright Health Plan, and Devoted Health posting double- or triple-digit growth numbers, the MA market is still **dominated** by UnitedHealthcare and Humana, which together account for 44 percent of all MA enrollees nationwide.

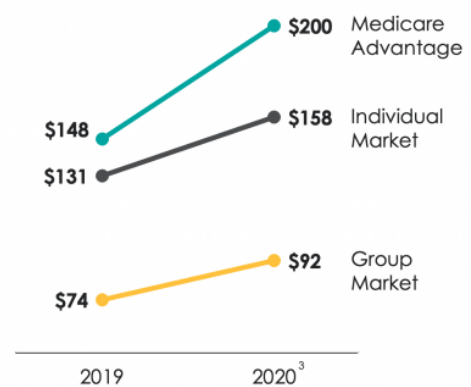
### Medicare Advantage Enrollment Accelerating

Lucrative Segment Driving Health Plan Strategy

**Total Medicare Advantage Enrollment; Percent of Medicare Beneficiaries**



**Average Gross Per Member, Per Month Margins**



**49%** Percentage increase in number of Medicare Advantage plans since 2017; average of 39 plans available per county in 2020



1. Medicare Advantage.
2. Projected.
3. Through June, due to Q2 reduced utilization.

Source: "Medicare Data Hub," Commonwealth Fund, 12 Oct. 2020; McDermott, Daniel, and Cynthia Cox. "Health Insurer Financial Performance Amid the Coronavirus Pandemic," Kaiser Family Foundation, 09 Oct. 2020; Press Release Trump Administration Announces Historically Low Medicare Advantage Premiums and New Payment Model to Make Insulin Affordable Again for Seniors, Centers for Medicare & Medicaid Services, 24 Sept. 2020; Gist Healthcare analysis.