Despite a slight drop in enrollment and a dramatic shift in the landscape of the rural Medicare Advantage (MA) market in early 2010, MA plans have experienced modest growth in enrollment in rural areas over the last two quarters of 2010. The majority of the growth is concentrated in preferred provider organization (PPO) plans, counteracting a decline in private fee-for-service (PFFS) plan enrollment. From December 2009 through June 2010, the landscape of the rural MA market has changed significantly, with a decline of 185,000 in enrollment in PFFS plans (26% decline) and a rise of 175,000 in enrollment in PPO plans (74% increase). This growth in PPO enrollment, along with continued growth in health maintenance organization (HMO) and prepaid plans, has led to a small net gain in total enrollment of 60,000 (4%).

Expectations for 2011. The shift in MA enrollment away from PFFS plans could continue into 2011 because the Medicare Improvements for Patients and Providers Act of 2008 (MIPPA) requires PFFS plans to form provider networks by 2011 in most locations. This requirement has already been a factor in some PFFS plans leaving the market with more likely to follow. In addition, with the passage of the Patient Protection and Accountable Care Act (ACA) of 2010, benchmark payment rates for 2011 will remain unchanged at their 2010 rates. These factors, along with the implementation of ACA changes in payment structure and risk adjustments, could have a significant effect on MA plan availability, plan benefit structures, and beneficiary enrollment going forward. Rural MA enrollment will need to be monitored to determine the effects of any decline in availability of plans, or changes in benefits, on rural Medicare beneficiaries.