

Trends in Medicare Advantage Participation Among Commercial Insurers

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In the United States, publicly sponsored health insurance programs are often privately managed by commercial insurers. As a result, commercial insurers can participate in multiple market segments—including the employer-sponsored insurance (ESI) market, the individual market, Medicaid managed care, and Medicare Advantage (MA)—within the same geographic area. Each market serves different enrollee demographics, has its own unique regulatory environment, and requires insurers to take on differing levels of risk. Across all market segments, insurers establish a provider network and negotiate rates with those providers. Most research examining network formation and pricing dynamics has considered these markets in isolation.^{1,2} However, qualitative interviews of hospital and insurer executives suggest that insurers negotiate across their entire books of business.³ As such, an insurer's participation in multiple market segments is likely to affect its negotiations with providers. Yet the prevalence and growth of commercial health insurers participating in multiple market segments within the same state is unclear.

Enrollment in MA has grown rapidly since 2006, increasing from 16% of Medicare beneficiaries to more than 50% of Medicare beneficiaries in 2023.^{4,5} The growth of MA may result in a greater rate of multimarket participation among commercial insurers, which could have spillover effects on the ESI market. In MA, out-of-network prices are fixed at the traditional Medicare rate, which may be one reason that in-network MA prices are largely similar to traditional Medicare prices.³ No such dynamic exists in ESI, for which prices are typically 2 to 3 times higher than traditional Medicare prices.^{6,7} MA participation could have a spillover effect on network formation and prices for ESI in multiple ways. On one hand, if insurers have a presence in both the ESI and MA markets, they may be willing to accept higher hospital prices in the ESI market if hospitals agree to join their MA network at a low price. On the other hand, an insurer with a large MA presence may be able to use its ability to drive volume in the MA market to negotiate lower prices in ESI via increased market power. Despite the potential implications of multimarket participation among commercial insurers for network formation and pricing, there are

ABSTRACT

OBJECTIVES: Commercial health insurers can participate in the rapidly growing Medicare Advantage (MA) market, which may affect network formation and prices in traditional commercial insurance markets. We aim to quantify the prevalence and growth of commercial insurers participating in MA within the same state.

STUDY DESIGN: Repeated cross-sectional analysis of Clarivate's Interstudy enrollment data comprising the universe of insurers in the United States from 2015 to 2021.

METHODS: We calculated the share of employer-sponsored insurance (ESI) enrollees covered by an insurer offering MA in their state in 2015, 2017, 2019, and 2021. We documented this share across states, years, and the state's 2015 tercile.

RESULTS: Between 2015 and 2021, the share of ESI enrollees covered by an insurer offering MA in the same state increased from 83.5% to 95.3%. This growth was concentrated in states with initially low rates in 2015 (lowest 2015 state tercile, $\leq 70.5\%$), in which the share grew from 47.6% to 87.9%. In 2015, 23.5% of states had a share greater than 90.0% compared with 74.5% in 2021.

CONCLUSIONS: By 2021, almost all ESI enrollees were covered by insurers who participated in MA in the same state. Future research should investigate how insurer participation in MA affects network formation and prices in commercial markets.

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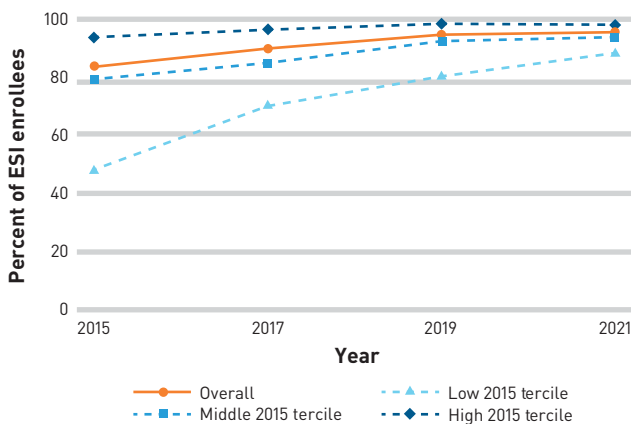
TAKEAWAY POINTS

- An increasing number of people with employer-sponsored insurance are covered by an insurer that offers Medicare Advantage (MA) in the state.
- ▶ In 2021, 95.3% of employer-sponsored insurance enrollees were covered by an insurer offering MA in the same state.
- ▶ The percentage of employer-sponsored insurance enrollees who were covered by an insurer offering MA in the same state increased 11.8 percentage points from 2015 to 2021, particularly in states with initially low rates.
- ▶ Further research is needed to understand the effect of multimarket participation by insurers on network formation and provider prices.

Among ESI insurers, we identified whether they had any MA enrollment in the same state. We then calculated the share of ESI enrollees whose insurer offered MA in the same state in each year. Using 2015 data, we stratified states according to their share of ESI enrollment in insurers offering MA into terciles of low (0% to 70.50%), middle (> 70.50% to 86.77%), and high (> 86.77% to 100.00%). We summarized the share of ESI enrollment at insurers offering MA in 2015, 2017, 2019, and 2021 overall and across states based on their 2015 tercile. Using

the same definitions of low, medium, and high, we constructed maps of the state-level categorizations in 2015 and 2021.

FIGURE 1. Percent of ESI Enrollees Whose Insurer Offered MA in the Same State, 2015-2021^a



ESI, employer-sponsored insurance; MA, Medicare Advantage.
^aStates were stratified into terciles based on their 2015 percentage of ESI enrollees whose insurers offered MA. The cut points for the middle and high terciles were 70.50% and 86.77%, respectively. These groups each contain 17 states (or the District of Columbia).

limited data describing the pervasiveness of this phenomenon. In this study, we describe the prevalence of MA participation among commercial insurers within the same state and evaluate how this changed from 2015 to 2021.

METHODS

We used Clarivate’s Interstudy enrollment data from 2015, 2017, 2019, and 2021. These data contain county-level insurer enrollment across insurance market segments collected through a national proprietary census.⁸ One limitation of this analysis is that it relies on data collected from insurers and may contain inaccuracies. However, the Clarivate Interstudy data are frequently used to analyze health insurance markets in the United States.⁹⁻¹¹ The unit of analysis was at the insurer-state level. Our sample consisted of the universe of ESI insurers in all 50 states and the District of Columbia. Further information on our sample construction can be found in the [eAppendix](#) (available at [ajmc.com](#)).

RESULTS

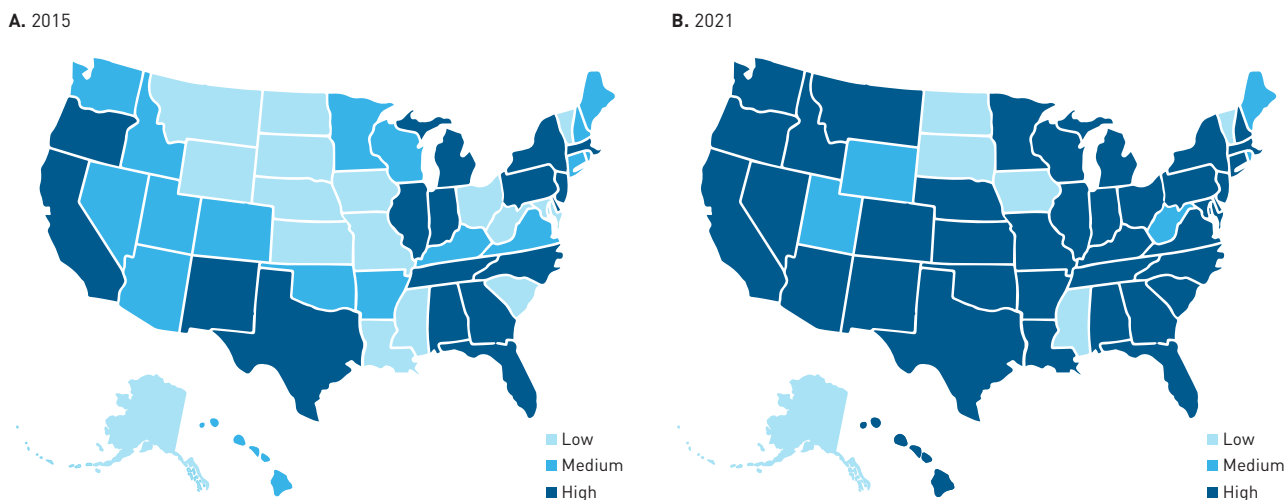
Our sample comprised more than 170 million enrollees per year ([eAppendix Table](#)). The share of ESI enrollees covered by an insurer that offered MA in the same state increased from 83.5% to 95.3% overall from 2015 to 2021 ([Figure 1](#)). However, the rate of change was not uniform over that period. It rose 6.1 percentage points from 2015 to 2017 and 4.5 percentage points from 2017 to 2019, but it increased only 1.2 percentage points from 2019 to 2021. Moreover, this growth was not uniform across states. The greatest increase was among states with the lowest share in 2015. In these states, the rate nearly doubled from 2015 to 2021, rising from 47.6% to 87.9%. States with rates that were initially in the middle tercile also experienced substantial growth, rising from 79.1% in 2015 to 93.7% in 2021. States with the highest rates in 2015 had the slowest growth, rising from 93.3% in 2015 to 97.6% in 2021. Overall, rates are relatively high and have risen over time, regardless of where they started in 2015.

[Figure 2](#) shows which states experienced the greatest growth between 2015 to 2021. In 2015, the share of ESI enrollees covered by an insurer that offered MA varied from 6.5% in South Dakota to 97.4% in New Jersey ([Figure 2 \[A\]](#)). By 2021, 76.5% of states had shares in the highest tercile based on 2015 rates compared with 33.3% in 2015 ([Figure 2 \[B\]](#)). In 2015, 23.5% of states had a share greater than 90.0% compared with 74.5% in 2021. The changes in many states were substantial. For example, in Louisiana, the share of ESI enrollees rose from 29.3% in 2015 to 97.0% in 2021. This was driven primarily—although not entirely—by the entry of the largest ESI insurer in Louisiana (Blue Cross Blue Shield of Louisiana), which insures approximately half of all ESI enrollees in the state, into the MA market during this period.

DISCUSSION

In 2021, 95.3% of ESI enrollees were covered by an insurer that offered MA in their state. This rate has grown over time, rising 11.8 percentage points from 2015, with the greatest growth in states with initially low rates. Although there was substantial variation

FIGURE 2. Percentage of ESI Enrollees Whose Insurer Offered MA in the Same State, by State, 2015–2021*



ESI, employer-sponsored insurance; MA, Medicare Advantage.

*In each year, states are grouped into low (0%–70.50%), middle (>70.50%–86.77%), and high (>86.77%–100.00%) groups. In 2015, these groups represent terciles.

across states in 2015, rates have converged over time, such that high shares of commercial enrollees throughout the country are covered by insurers who participate in MA within the same state.

Often researchers focus on one particular insurance market in isolation to understand network formation, pricing, premiums, and enrollment.^{1,2} Our findings emphasize the need to consider how market segments interact. MA and commercial insurance do not operate in siloes. Instead, when insurers in these markets negotiate with providers, negotiations may consider an insurer’s entire book of business.³ Our results demonstrate that this is likely not a rare phenomenon. Insurers with an MA business in the same state now cover virtually all enrollees with ESI in the United States.

Further research is needed to understand how the growing prevalence of MA may have spillover effects on the commercial market. Researchers should examine how participating in multiple markets with different rules, incentives, and constraints affects insurer behavior. ■

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eAppendix

Clarivate’s Interstudy enrollment data is comprised of insurer-county level enrollment across market segments. We begin with the set of insurer-counties that have non-zero enrollment in Medicare Advantage (MA) or employer-sponsored insurance (ESI). We aggregate this to the insurer-state level by taking the sum of enrollment in each market across counties within a state. This set of enrollees, insurer-states, and insurers is shown in column 1. We then exclude insurer-states outside of the 50 states and the District of Columbia (column 2). Finally, we exclude insurers-states that offer MA but not ESI in the state.

eAppendix Table. Sample Exclusion Process

Year	Variable	1	2	3
		No Restrictions	Include only 50 states and DC	Exclude plans only offering MA (Final Sample)
2015	Total enrollment	177,648,745	173,524,231	171,386,868
2015	ESI enrollment	160,710,619	157,241,755	157,241,755
2015	MA enrollment	16,938,126	16,282,476	14,145,113
2015	# of insurer-states	2,758	2,459	2,032
2015	# of insurer	339	334	166
2017	Total enrollment	178,222,433	175,424,751	172,826,251
2017	ESI enrollment	158,779,657	156,629,128	156,629,128
2017	MA enrollment	19,442,776	18,795,623	16,197,123
2017	# of insurer-states	3,074	2,753	2,226
2017	# of insurer	335	331	149
2019	Total enrollment	178,722,230	174,986,994	172,908,924
2019	ESI enrollment	156,343,162	153,200,791	153,200,791
2019	MA enrollment	22,379,068	21,786,203	19,708,133
2019	# of insurer-states	4,434	4,183	2,524
2019	# of insurer	332	328	153
2021	Total enrollment	177,954,844	174,116,657	172,144,654
2021	ESI enrollment	151,326,974	148,109,784	148,109,784
2021	MA enrollment	26,627,870	26,006,873	24,034,870
2021	# of insurer-states	4,641	4,371	2,694
2021	# of insurer	334	330	144

Note: ESI = Employer-Sponsored Insurance. MA = Medicare Advantage.