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# At Least Half Of New Medicare Advantage Enrollees Had Switched From Traditional Medicare During 2006–11

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**ABSTRACT** With ongoing interest in rising Medicare Advantage enrollment, we examined whether the growth in enrollment between 2006 and 2011 was mainly due to new beneficiaries choosing Medicare Advantage when they first become eligible for Medicare. We also examined the extent to which beneficiaries in traditional Medicare switched to Medicare Advantage, and vice versa. We found that 22 percent of new Medicare beneficiaries elected Medicare Advantage over traditional Medicare in 2011; they accounted for 48 percent of new Medicare Advantage enrollees that year. People ages 65–69 switched from traditional Medicare to Medicare Advantage at higher-than-average rates. Dual eligibles (people eligible for both Medicare and Medicaid) and beneficiaries younger than age sixty-five with disabilities disenrolled from Medicare Advantage at higher-than-average rates. On average, in each year of the study period we found that fewer than 5 percent of traditional Medicare beneficiaries switched to Medicare Advantage, and a similar percentage of Medicare Advantage enrollees switched to traditional Medicare. These results suggest that initial coverage decisions have long-lasting effects.

**T**he virtues and drawbacks of delivering Medicare-covered benefits through private health plans versus traditional Medicare have been a topic of discussion since the 1970s, when Medicare beneficiaries were first given the option of receiving their Medicare benefits through private plans, primarily health maintenance organizations.<sup>1,2</sup> Over the past several years, traditional Medicare and private plans (now called Medicare Advantage plans) have operated in tandem, as policy makers have adopted changes in payments and other policies to achieve broader policy goals.

In some years, policy makers increased payments to private plans to expand their role under Medicare, give beneficiaries a wider array of plans from which to choose, and provide bene-

ficiaries with access to extra benefits (such as prescription drugs, prior to the implementation of the Medicare Part D benefit in 2006).<sup>3</sup> In other years, policy makers have made changes to rein in spending associated with Medicare Advantage.

Most recently, for example, the Affordable Care Act (ACA) included provisions to phase down payments to Medicare Advantage plans in response to reports by the Medicare Payment Advisory Commission and others that documented the higher costs of Medicare Advantage relative to traditional Medicare.<sup>4</sup> Accordingly, Congress gradually reduced payments to private plans between 2012 and 2017, to better align Medicare Advantage payments to the costs of traditional Medicare.

In 2014 beneficiaries could choose between

traditional Medicare and eighteen Medicare Advantage plans, on average.<sup>5</sup> Beneficiaries have the opportunity to make this choice when they first become eligible for Medicare and during Medicare's annual open enrollment period. In choosing between traditional Medicare and Medicare Advantage plans, beneficiaries may consider many factors and weigh many trade-offs, such as the potential for lower cost sharing and extra benefits provided by most Medicare Advantage plans versus the unrestricted provider network available through traditional Medicare. Insurance agents, friends and family members, marketing activities, and company reputation also influence beneficiaries' coverage decisions.<sup>6</sup>

During the years leading up to the ACA, enrollment growth in Medicare Advantage plans tracked closely with increases in payments made by Medicare to the plans.<sup>7</sup> The ACA-mandated payment reductions to plans fueled an ongoing debate as to whether the reductions will adversely affect beneficiaries and resulted in projections that Medicare Advantage enrollment would decline.<sup>8</sup>

Despite many predictions to the contrary, enrollment in Medicare Advantage plans has continued to rise, as it did in the years leading up to the ACA.<sup>9</sup> Some experts question whether this trend will continue, noting that the payment reductions have not yet been fully implemented and that the quality-based bonus demonstration ended in December 2014.<sup>10</sup> The bonus demonstration, which was implemented by the Centers for Medicare and Medicaid Services (CMS) in 2012, blunted the effects of the payment reductions by increasing the size of the bonus payments and extending bonuses to plans rated as average or better. Because the demonstration period has ended, only plans with above-average ratings will receive bonus payments in 2015 and future years.

While trends in enrollment are readily available, little is known about the extent to which the enrollment growth has resulted from new beneficiaries signing up for Medicare Advantage plans during their first year in Medicare, as opposed to existing beneficiaries switching to Medicare Advantage plans from traditional Medicare. Only one published study has examined switching between Medicare Advantage and traditional Medicare, and the scope of that study was limited to Miami-Dade County, Florida. The study found that new Medicare beneficiaries were significantly more likely to enroll in Medicare Advantage than beneficiaries who had had traditional Medicare coverage for at least one year, with significant evidence of status quo bias.<sup>11</sup>

The decision to switch between traditional Medicare and Medicare Advantage may be influenced by many factors, including monthly premiums, cost sharing, extra benefits, and provider networks. In addition, the decision may be influenced by whether or not the beneficiary has supplemental coverage. For example, beneficiaries with retiree health coverage from a union or former employer might not be able to switch between traditional Medicare and Medicare Advantage plans without losing their retiree health benefits.

This study examines the following five questions: What percentage of new Medicare beneficiaries enroll in Medicare Advantage versus traditional Medicare when they become eligible for Medicare? Do new Medicare beneficiaries account for most of the growth in Medicare Advantage enrollment, or is the growth primarily a result of current beneficiaries switching from traditional Medicare? What percentage of beneficiaries switch between traditional Medicare and Medicare Advantage each year? Which subgroups of beneficiaries are most likely to switch between Medicare Advantage and traditional Medicare? And what percentage of people who were Medicare beneficiaries in 2006 had changed their source of coverage (Medicare Advantage or traditional Medicare) by 2011?

## Study Data And Methods

For the first four questions, we used Medicare claims data for a 5 percent sample of Medicare beneficiaries for 2006–11. The data came from the Master Beneficiary Summary Files of CMS's Chronic Conditions Data Warehouse. Each year of data is for a representative sample of the Medicare population. For the fifth question, we followed a 5 percent sample of Medicare beneficiaries in 2006 and examined their source of coverage (Medicare Advantage or traditional Medicare) for each year through 2011, using the same files from the Chronic Conditions Data Warehouse.

The analysis begins in 2006, rather than in prior years, to avoid enrollment changes that are solely attributable to the introduction of the Medicare prescription drug benefit in 2006. We ended with 2011 because that was the most recent year for which data were available.

To look at enrollment and disenrollment rates, we categorized beneficiaries covered under Medicare Advantage or traditional Medicare each year into one of the following three groups: status quo enrollees (beneficiaries who maintained the same coverage they had in the previous year), switchers (beneficiaries who changed their source of coverage from traditional Medi-

22%

**Chose Medicare Advantage**

In 2011, 22 percent of beneficiaries newly eligible for Medicare elected Medicare Advantage over traditional Medicare, accounting for nearly half of new Medicare Advantage enrollees that year

care to Medicare Advantage, or vice versa, that year), and new Medicare beneficiaries (those who enrolled in Medicare that year for the first time).

For each year of data, we assessed the percentage of new Medicare beneficiaries enrolled in Medicare Advantage versus traditional Medicare, the percentage of beneficiaries who were switchers, the characteristics of switchers (individual and market factors) compared to those of other beneficiaries, and the percentage of new Medicare Advantage enrollees who were switchers versus new Medicare beneficiaries. Lastly, we followed the 2006 cohort of beneficiaries through 2011 to assess the percentage of enrollees who switched between Medicare Advantage and traditional Medicare during this five-year period.

For all analyses, beneficiaries who died during 2006–11 were included until their year of death, to capture changes in coverage made before their death. This approach minimized the potential bias from excluding people from the analysis before they died.

To examine characteristics of switchers, we included available individual-level factors (age, sex, and dual eligibility for Medicare and Medicaid) and market factors (per capita traditional Medicare spending grouped by quartiles, the number of plans available, the percentage of plan contracts that began before 2004, and the Medicare Advantage penetration rate in 2006). The number of plans available in 2007—the earliest year for which data were available—was used as a proxy for the relative number of plans available by county in 2006. The contract start dates in the CMS enrollment file from July 2006 were used to calculate the percentage of contracts that began before 2004, the year when plan enrollment began to increase.

**REGRESSION ANALYSES** To assess the relative strength of associations between switchers' characteristics (both individual and market factors) and switching between Medicare Advantage and traditional Medicare each year between 2006 and 2011, we used logistic regression with fixed effects for unbalanced panel data. We accounted for Medicare Advantage plans' county-level variation. We created separate models for switching from traditional Medicare to Medicare Advantage and for switching from Medicare Advantage to traditional Medicare, and we report the odds ratios of switching.

All variables with significant ( $p < 0.05$ ) bivariate tests were candidates for the multivariate analysis. The models interacted market factors and individual factors to account for nonlinear relationships between factors. Covariates were iteratively retained in the models if they were

significant or if their addition to the models changed any parameter by at least 15 percent. The final models were selected based on their Akaike information criterion.<sup>12</sup>

**LIMITATIONS** The analysis included only beneficiaries with both Medicare Part A and Part B because beneficiaries who are not covered under both parts are not eligible to enroll in Medicare Advantage plans. Beneficiaries with end-stage renal disease were excluded from the analyses because they are generally not eligible to enroll in a Medicare Advantage plan—with the exception of Special Needs Plans for people with this disease, which have few enrollees.

Beneficiaries with retiree health coverage—who may face greater constraints on switching than other beneficiaries—were included in our analyses because the data set does not identify people with employment-based supplemental coverage in traditional Medicare. We also assumed that any beneficiary who was enrolled in a Medicare Advantage plan at any point during a given calendar year stayed in a Medicare Advantage plan for the rest of the calendar year, which might make our switching estimates conservative. However, midyear switching is relatively uncommon and was an option only for beneficiaries who were eligible for both Medicare and Medicaid (known as dual eligibles) during the study period.

**Study Results**

**COVERAGE DECISIONS OF NEW MEDICARE BENEFICIARIES** Among people newly eligible for Medicare, the majority elected coverage under traditional Medicare during their first year in Medicare, and a relatively small share elected coverage under a Medicare Advantage plan (Exhibit 1). In 2011, 22 percent of new beneficiaries enrolled in a Medicare Advantage plan—a slight increase from 15 percent in 2006.<sup>13,14</sup>

**COVERAGE HISTORY OF NEW MEDICARE ADVANTAGE ENROLLEES** Beneficiaries who switched from traditional Medicare to Medicare Advantage, instead of beneficiaries new to Medicare, accounted for the majority of the new Medicare Advantage enrollees each year between 2006 and 2011. In 2011, 52 percent of new Medicare Advantage enrollees had switched from traditional Medicare, down from 78 percent in 2006 (Exhibit 2). Conversely, people new to Medicare accounted for 48 percent of new Medicare Advantage enrollees in 2011, rising from 22 percent in 2006. Since both the number of people new to Medicare and the share electing Medicare Advantage increased steadily between 2006 and 2011, the absolute number of people new to Medicare who chose Medicare Advantage in-

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creased from more than 427,000 in 2006 to more than 758,000 in 2011.

**RATES OF SWITCHING** A small and relatively constant percentage (3.1–4.5 percent) of beneficiaries in traditional Medicare switched to Medicare Advantage each year between 2006 and 2011 (Exhibit 3). A similarly small percentage of beneficiaries (3.8–4.8 percent) switched from Medicare Advantage to traditional Medicare between 2006 and 2009.

In the two years between 2009 and 2011, a slightly higher percentage of beneficiaries (6.6 percent and 5.0 percent, respectively) switched from Medicare Advantage to traditional Medicare. This higher switching rate in 2009–11 could be a result of the Medicare Improvements for Patients and Providers Act (MIPPA) of 2008. The act included new restrictions on Private Fee-for-Service plans and Special Needs Plans—two types of Medicare Advantage plans—which led to an overall decline in enrollment in these plans.<sup>9</sup>

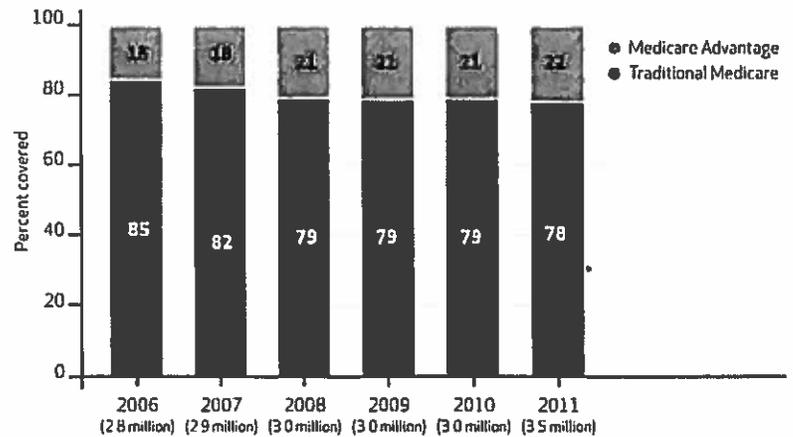
In total, the number of beneficiaries switching from traditional Medicare to Medicare Advantage was larger than the number switching from Medicare Advantage to traditional Medicare, since a larger number of beneficiaries were in traditional Medicare initially. This resulted in a net increase in Medicare Advantage penetration. For example, between 2007 and 2008, 1.5 million beneficiaries (4.5 percent of beneficiaries in traditional Medicare) switched to Medicare Advantage from traditional Medicare, but only 392,000 beneficiaries (4.1 percent of Medicare Advantage enrollees) switched to traditional Medicare from Medicare Advantage (Exhibit 3).

**CHARACTERISTICS OF BENEFICIARIES WHO SWITCHED** Rates of switching between Medicare Advantage and traditional Medicare varied by age and dual-eligibility status. A larger percentage of Medicare beneficiaries under age sixty-five with disabilities than beneficiaries ages sixty-five and older switched from Medicare Advantage to traditional Medicare (7.0 percent versus 4.6 percent, on average, respectively; percentages calculated from data in Exhibit 3). (Online Appendix Exhibit 1 presents the complete set of bivariate analyses.)<sup>15</sup> Medicare beneficiaries who are younger than sixty-five and disabled tend to have more chronic conditions and cognitive and functional impairments, compared to other beneficiaries.<sup>16</sup> Conversely, a larger-than-average percentage of beneficiaries ages 65–69 (5.3 percent versus 3.9 percent, respectively, annually, on average) switched from traditional Medicare to Medicare Advantage (Exhibit 3).

Beneficiaries who were dually eligible for Medicare and Medicaid disenrolled from Medicare Advantage at a higher-than-average rate

**EXHIBIT 3**

**Distribution Of New Medicare Beneficiaries, By Source Of Coverage During Their First Year Of Enrollment (Traditional Medicare Or Medicare Advantage), 2006–11**



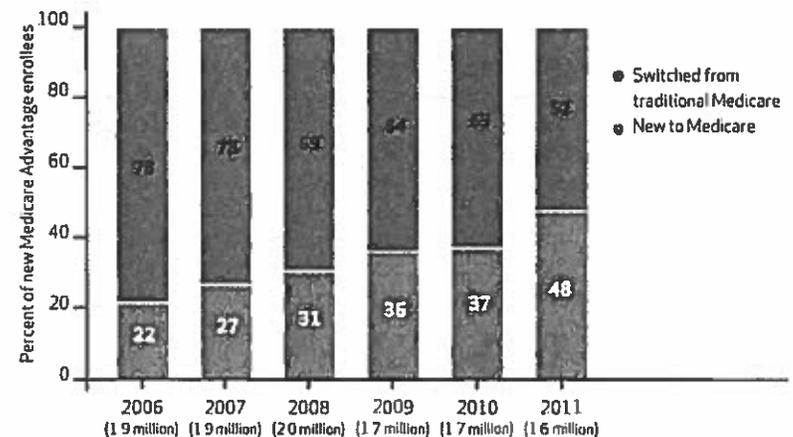
**SOURCE** Authors' analysis of a 5 percent sample of Medicare beneficiaries from the CMS Chronic Conditions Data Warehouse, 2006–11 **NOTE** Numbers in parentheses below each bar denote the number of new beneficiaries each year

(10.1 percent annually, on average; Exhibit 3). Nonetheless, the number of dual eligibles in Medicare Advantage increased during the study period because a larger number of dual eligibles switched from traditional Medicare to Medicare Advantage than from Medicare Advantage to traditional Medicare.

Compared to other years, between 2009 and 2010 a larger percentage of dual eligibles (12.0 percent) switched from Medicare Advan-

**EXHIBIT 2**

**Distribution Of New Medicare Advantage Enrollees: Beneficiaries Who Had Switched From Traditional Medicare Or Were New To Medicare, 2006–11**



**SOURCE** Authors' analysis of a 5 percent sample of Medicare beneficiaries from the CMS Chronic Conditions Data Warehouse, 2006–11 **NOTE** Numbers in parentheses below each bar denote the number of new Medicare Advantage enrollees each year

EXHIBIT 2

Characteristics Of Beneficiaries Who Switched Between Medicare Advantage (MA) And Traditional Medicare, 2006-11

Characteristic	2006-07	2007-08	2008-09	2009-10	2010-11	Average annual switching, 2006-11
<b>SWITCHED FROM TRADITIONAL MEDICARE TO MEDICARE ADVANTAGE</b>						
Overall						
Percent	4.5	4.5	3.7	3.5	3.1	3.9
Number	1,516,660	1,522,420	1,225,140	1,181,020	1,067,060	1,302,460
Age in years						
Less than 65	4.7%	5.0%	4.5%	4.2%	4.1%	4.5%
65-69	5.9	5.9	5.1	5.1	4.4	5.3
70-74	4.9	4.7	3.9	3.7	3.1	4.1
75-79	4.2	4.1	3.1	3.0	2.5	3.4
80 or more	3.1	3.1	2.1	2.0	1.7	2.4
Dually eligible						
Yes	4.9%	4.8%	3.5%	3.5%	3.5%	4.1%
No	4.4	4.5	3.7	3.5	3.0	3.8
MA penetration rate in county in 2006						
Less than 5%	4.0%	3.2%	2.5%	2.3%	2.1%	2.8%
5-10%	4.7	4.2	3.3	2.9	2.6	3.5
10% or more	4.6	5.2	3.9	3.7	2.9	4.1
Beneficiaries in traditional Medicare	33,877,460	33,579,280	33,304,360	33,362,900	33,927,600	33,610,320
<b>SWITCHED FROM MEDICARE ADVANTAGE TO TRADITIONAL MEDICARE</b>						
Overall						
Percent	4.8	4.1	3.8	6.6	5.0	4.9
Number	389,300	392,320	414,780	794,740	627,700	523,768
Age in years						
Less than 65	7.1%	6.0%	6.1%	9.1%	6.7%	7.0%
65-69	4.6	3.9	3.6	6.7	5.3	4.8
70-74	4.2	3.7	3.2	6.3	4.7	4.4
75-79	4.3	3.6	3.4	5.9	4.3	4.3
80 or more	4.8	4.2	3.7	6.2	4.6	4.7
Dually eligible						
Yes	10.6%	9.8%	9.4%	12.0%	9.0%	10.1%
No	3.8	3.1	2.7	5.6	4.2	3.9
MA penetration rate in county in 2006						
Less than 5%	12.9%	10.2%	7.9%	17.4%	10.3%	11.8%
5-10%	9.1	7.0	5.8	10.5	7.8	8.1
10% or more	3.7	3.1	3.0	4.2	3.7	3.5
Beneficiaries in Medicare Advantage	8,135,440	9,484,720	10,904,320	11,962,840	12,575,780	10,612,620

SOURCE: Authors' analysis of a 5 percent sample of Medicare beneficiaries from the CMS Chronic Conditions Data Warehouse, 2006-11. NOTE: All percentages presented in the text are significantly different ( $p < 0.05$ ) from the respective overall percentage switching

tage to traditional Medicare. This coincided with new restrictions that MIPPA placed on Special Needs Plans for dual eligibles and other plans for beneficiaries with special needs. Dual eligibles include a disproportionate share of beneficiaries under age sixty-five with disabilities, and they typically have more complex medical needs than other Medicare beneficiaries.<sup>17</sup>

Certain market characteristics were also associated with higher-than-average switching rates. In general, in areas where Medicare Advantage was more established (as measured by high pen-

etration, a high number of plans, and many plans with extensive experience), disenrollment from Medicare Advantage to traditional Medicare occurred at somewhat lower rates than in areas where the Medicare Advantage market was less established.

**REGRESSION ANALYSES** All bivariate relationships for switching from traditional Medicare to Medicare Advantage remained significant in the final multivariate model, as shown in Appendix Exhibit 2.<sup>18</sup> Similarly, with the exception of sex and the age group of 75-79 (compared to

ages 70–74), all bivariate relationships for switching from Medicare Advantage to traditional Medicare remained significant in the final model, as shown in Appendix Exhibit 3.<sup>15</sup>

Among beneficiary factors, the strongest predictor of switching from traditional Medicare to Medicare Advantage was being ages 65–69: For people in this age group, the odds of switching were 18 percent higher than for beneficiaries ages 70–74. Among market characteristics, similar to the bivariate results, the odds of switching from traditional Medicare to Medicare Advantage were higher in markets with higher-than-average Medicare Advantage penetration. The odds of switching were also higher in markets with a higher-than-average number of plans.

The odds of switching from Medicare Advantage to traditional Medicare were almost three times higher among dual eligibles, compared to other Medicare beneficiaries. The odds of switching from Medicare Advantage to traditional Medicare were also 20 percent higher among beneficiaries under age 65 with disabilities, compared to beneficiaries ages 70–74. And the odds of switching from Medicare Advantage to traditional Medicare were higher in counties with fewer plans, less experienced plans, or lower Medicare Advantage penetration rates.

**SWITCHING RATES OVER A FIVE-YEAR PERIOD**  
Among Medicare beneficiaries in 2006, a relatively small share switched between traditional Medicare and Medicare Advantage plans in the study period. Ten percent of beneficiaries in a Medicare Advantage plan in 2006 had switched to traditional Medicare by 2011, and 11 percent of beneficiaries in traditional Medicare in 2006 had switched to Medicare Advantage by 2011 (Exhibit 4). While these rates are similar, the absolute number of traditional Medicare beneficiaries switching to Medicare Advantage was larger than the number of Medicare Advantage enrollees switching to traditional Medicare (3.6 million versus nearly 800,000; percentage calculated from data in Exhibit 4).

These switching rates include beneficiaries who changed their source of coverage more than once before 2011 (for example, people who switched from Medicare Advantage to traditional Medicare in 2007 and switched back to Medicare Advantage in 2009). However, the share of beneficiaries who changed their coverage more than once was relatively small: only 2 percent of those who had Medicare Advantage in 2006 and only 3 percent of beneficiaries in traditional Medicare in 2006.

Dual eligibles had slightly higher rates of switching but similar rates of multiple switches between traditional Medicare and Medicare Advantage during the study period: 3 percent of

dual eligibles enrolled in Medicare Advantage and 4 percent of dual eligibles enrolled in traditional Medicare switched coverage more than once. These percentages might be lower than expected, given that dual eligibles are permitted to switch between Medicare Advantage and traditional Medicare outside of the annual open enrollment period.

### Policy Implications

In each year between 2006 and 2011 the majority of new Medicare Advantage enrollees were people who had switched to Medicare Advantage from traditional Medicare, a disproportionate share of whom were relatively young beneficiaries (ages 65–69). However, people newly eligible for Medicare accounted for a growing share of new Medicare Advantage enrollees—nearly half by 2011. If these trends continue, the percentage of beneficiaries in Medicare Advantage plans will continue to grow as baby boomers age into Medicare.

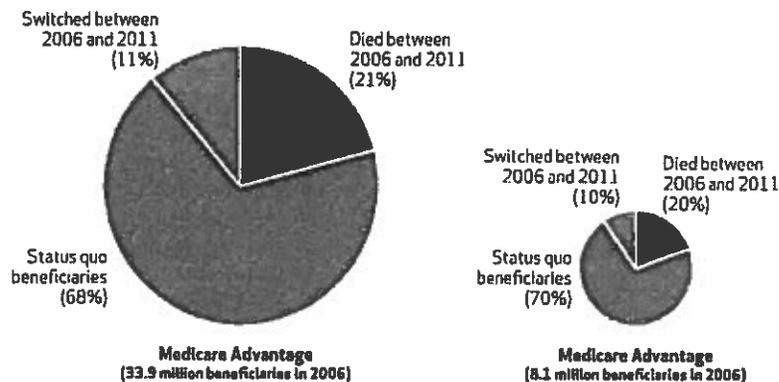
The Congressional Budget Office has projected that Medicare Advantage enrollment will continue to increase, despite the reductions in payments to plans that are scheduled to be fully implemented by 2017.<sup>16</sup> Our findings lend support to those projections.

Previous research has shown that Medicare consumers tend to choose a plan and stick with it.<sup>17</sup> This study shows that Medicare beneficiaries have the same apparent stickiness when it comes to Medicare Advantage and traditional Medicare.

For Medicare Advantage enrollees, the sticki-

#### EXHIBIT 4

**Medicare Beneficiaries in 2006 Who Switched Between Traditional Medicare And Medicare Advantage, Who Died, Or Who Stayed With Their Medicare Choice By 2011**



**SOURCE:** Authors' analysis of a 5 percent sample of Medicare beneficiaries from the CMS Chronic Conditions Data Warehouse, 2006–11. **NOTE:** Numbers of beneficiaries below each pie graph represent the numbers in both coverage samples in 2006 (see Exhibit 3).

ness may be due to a number of factors, including general satisfaction with their plan, low premiums (relative to traditional Medicare coupled with supplemental insurance), and extra benefits not available from traditional Medicare. For beneficiaries in traditional Medicare, the stickiness may be due to a preference for choosing their own doctor or hospital instead of being limited to a restricted, and potentially changing, network of providers and the ease and savings associated with having supplemental coverage that is coordinated with traditional Medicare. For all beneficiaries, the burden of researching new coverage options and making a change, coupled with the fear and uncertainty about the effects of making a change, may be major deterrents to switching.<sup>6</sup>

Relatively vulnerable subgroups of Medicare beneficiaries appear to be switching from Medicare Advantage to traditional Medicare at higher-than-average rates, including dually eligible beneficiaries and disabled beneficiaries under age sixty-five. Further work is needed to understand why relatively high-need beneficiaries are disenrolling from Medicare Advantage at higher rates than others, particularly with the movement toward capitated arrangements for dual eligibles under the CMS Financial Alignment Demonstrations.

Certain market conditions were also associated with higher-than-average switching rates during the study period. Switching rates from traditional Medicare to Medicare Advantage were higher than average in counties where Medicare Advantage plans were more established—with higher market penetration, a larger number of plans, and more experienced plans. Conversely, switching rates from Medicare Advantage to traditional Medicare were comparatively higher in counties where fewer plans were offered and counties with less experienced plans, on average. Overall, these tend to be areas in which Medicare Advantage has historically had a weaker presence.

These results are based on the data through 2011—the most current data available. Thus, they do not reflect trends and changes that may have occurred in the years following the passage of the ACA that included reductions in payments to Medicare Advantage plans. During the debate leading up to the act's passage, there was some concern that plans would exit the market, drastically scale back benefits, or raise premiums, which in turn would lead more beneficiaries to switch from Medicare Advantage plans to traditional Medicare. Instead, enrollment in Medicare Advantage plans has continued to increase, and analyses have shown that the Medicare Advantage marketplace has continued to be

robust.<sup>9</sup>

This study suggests that if current trends continue, and if Medicare Advantage matures in more communities around the country, more beneficiaries in traditional Medicare may switch to Medicare Advantage over time, and enrollment in Medicare Advantage plans will continue to grow. However, it will be several years before conclusions can be drawn, since reductions in payments to plans are still being phased in, and the effects of the reductions may take time to percolate.<sup>20</sup>

### Conclusion

This study examined whether the growth in Medicare Advantage enrollment was driven by people who were newly eligible for Medicare or by beneficiaries who were switching to Medicare Advantage from traditional Medicare. Our results suggest that it is a combination of the two. A growing share of people newly eligible for Medicare are enrolling in Medicare Advantage plans instead of traditional Medicare, but as of 2011 (the most recent year included in this study), these new Medicare beneficiaries accounted for less than half of all new Medicare Advantage enrollees. The majority of new Medicare Advantage enrollees were beneficiaries previously covered by traditional Medicare who subsequently switched to Medicare Advantage plans, typically people in their late sixties. This is why, in the context of Medicare Advantage enrollment growth, all eyes are focused on new beneficiaries and the youngest cohort of seniors enrolled in Medicare.

Results of this study show that during the period 2006–11, a relatively small share of traditional Medicare beneficiaries switched to Medicare Advantage, and a similarly small share of Medicare Advantage enrollees switched to traditional Medicare. The absolute number of people switching to Medicare Advantage was much larger than the number of those switching to traditional Medicare because of the substantially larger number of people in traditional Medicare.

These findings build on previous work pertaining to status quo bias but go further to confirm that people are also “sticky” when it comes to Medicare Advantage or traditional Medicare.<sup>19</sup> The results underscore beneficiaries' propensity to make an initial coverage decision between traditional Medicare and Medicare Advantage and stick to it. Barring significant changes to either Medicare Advantage or traditional Medicare, there is little reason to anticipate greater movement between traditional Medicare and Medicare Advantage in the future. ■

NOTES

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- 13 An article by Anne Martin and co-authors observed that the increase in Medicare Advantage enrollees in 2012 was equivalent to more than half of the number of people newly eligible for Medicare that year. This observation has been incorrectly interpreted by others to mean that more than half of the people newly eligible for Medicare were enrolling in Medicare Advantage. That interpretation fails to take into account traditional Medicare beneficiaries who switched to Medicare Advantage. Instead, our analysis shows that the majority of new Medicare Advantage enrollees were people who switched from traditional Medicare. See Martin AB, Hartman M, Whittle L, Catlin A, National Health Expenditure Accounts Team. National health spending in 2012: rate of health spending growth remained low for the fourth consecutive year. *Health Aff (Millwood)*. 2014;33(1):167–77.
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- 15 To access the Appendix, click on the Appendix link in the box to the right of the article online.
- 16 Cubanski J, Neuman P. Medicare doesn't work as well for younger, disabled beneficiaries as it does for older enrollees. *Health Aff (Millwood)*. 2010;29(9):1725–33.
- 17 Jacobson G, Neuman T, Damico A. Medicare's role for dual eligible beneficiaries [Internet]. Menlo Park (CA): Henry J. Kaiser Family Foundation; 2012 Apr [cited 2014 Nov 18]. (Issue Brief). Available from: <http://kff.org/medicare/issue-brief/medicares-role-for-dual-eligible-beneficiaries/>
- 18 Congressional Budget Office. Congressional Budget Office's April 2014 Medicare baseline [Internet]. Washington (DC): CBO; 2014 Apr 14 [cited 2014 Nov 18]. Available from: <http://www.cbo.gov/sites/default/files/cbofiles/attachments/44205-2014-04-Medicare.pdf>
- 19 For one such study, see Hoadley J, Hargrave E, Summer L, Cubanski J, Neuman T. To switch or not to switch: are Medicare beneficiaries switching drug plans to save money? [Internet]. Menlo Park (CA): Henry J. Kaiser Family Foundation; 2013 Oct 10 [cited 2014 Dec 1]. (Issue Brief). Available from: <http://kff.org/report-section/to-switch-or-not-to-switch-issue-brief/>
- 20 Neuman T, Jacobson G. Medicare Advantage: take another look [Internet]. Menlo Park (CA): Henry J. Kaiser Family Foundation; 2014 May 7 [cited 2014 Nov 18]. Available from: <http://kff.org/medicare/perspective/medicare-advantage-take-another-look/>