

The State of Medicare Supplement Coverage

TRENDS IN ENROLLMENT AND DEMOGRAPHICS



Summary

For Medicare enrollees, purchasing Medicare Supplement (Medigap) coverage helps fill gaps in their original Medicare benefits. This report describes Medicare Supplement coverage options, demographics of enrollees with Medicare Supplement policies, and the most recent enrollment trends by using the latest available data sources: 2021 National Association of Insurance Commissioners (NAIC) data, 2021 California Department of Managed Health Care data, and 2020 Medicare Current Beneficiary Survey (MCBS) results.

What Is Medicare Supplement?

Medicare Supplement (also known as Medigap) is a key source of additional coverage for Medicare enrollees to more fully protect their health and financial security. Seniors purchase Medicare Supplement coverage to protect themselves from high out-of-pocket costs not covered by original Medicare, to budget for medical expenses, and to avoid the confusion and inconvenience of handling complex bills from health care providers.

In 2021, the original Medicare program had a \$1,484 deductible per benefit period for inpatient hospital care (Part A) and coinsurance beginning with day 61 of hospitalization.¹ Part B required 20% coinsurance for outpatient and physician care after an annual deductible of \$203.² The original Medicare program does not have a limit on enrollees' 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 2021 standardized Medicare Supplement plans.

Standardized Plans. Over the last 30 years, Medicare Supplement plans have undergone 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 1 of 10 uniform benefit packages, known among Medicare Supplemental plans as Plans A through J. Then in 2003, the Medicare Modernization Act (MMA) required elimination of prescription drug benefits from Medicare Supplement coverage, authorized 2 new plans (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 original Medicare for palliative drugs and inpatient respite care.
- Removal of the preventive care benefit in recognition of the increased original Medicare coverage under Part B.
- Introduction of 2 new Medicare Supplement policies (Plans M and N) with increased enrollee cost-sharing features.
- 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.

All Medicare Supplement 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.

Key Takeaways

- Among original Medicare enrollees without additional insurance coverage (such as Medicaid, employer-provided insurance, etc.), **54% had Medicare Supplement coverage in 2020.**
- Between December 2017 and December 2021, the share of **original Medicare enrollees who purchase Medicare Supplement coverage increased from 35% to 41%.**
- **Medicare enrollees with Medicare Supplement coverage were 3 times less likely to have problems paying medical bills compared to enrollees without Medicare Supplement policies.** Only 3% of enrollees with Medicare Supplement coverage reported having difficulty paying medical bills in the last 12 months, compared to 8% of original Medicare enrollees without Medicare Supplement coverage.

Most Medicare Supplement plans cover enrollees’ Part A deductible and Part B coinsurance. Two plans—standardized plans C and F—offer full coverage for the Part B deductible.

Plans F and G can also be sold as a high-deductible plan. These 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 enrollees’ Part B coinsurance. However, there is a limit on enrollees’ annual out-of-pocket costs for Medicare eligible expenses —\$6,220 for Plan K and \$3,110 for Plan L in 2021.⁴

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 Medicare Supplement 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 Medicare Supplement plans.

In April 2015, Congress passed the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA). This new law provided that beginning on January 1, 2020, Medicare Supplement insurance carriers can no longer sell Medicare Supplement plans covering the Part B deductible to individuals who are “newly eligible” for Medicare. People who attained age 65 before January 1, 2020, and those who were eligible for Medicare due to disability before that date, continued 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 Medicare Supplement 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 Medicare Supplement plans in 1 of these 3 states may keep their plans if they move to other states.

Pre-Standardized Plans. Historically, Medicare Supplement 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 enrollees still have pre-standardized policies.

Who Enrolls in Medicare Supplement?

The 2021 calendar year, together with 2020, were the years of the global pandemic, which brought unprecedented challenges for all individuals and organizations working in health care. However, data show that Medicare Supplement insurance providers adapted to new, more challenging operating conditions after the initial system-wide shock of 2020. As a result, the decrease in national Medicare Supplement enrollment experienced in 2020 was replaced by the return to the long-term enrollment growth trend. In 2021 the national Medicare Supplement enrollment grew by approximately 200,000 (+1.4%). Nevertheless, this increase was still somewhat below the consistent rate of growth of 3-4% observed in the 3 pre-pandemic years. It will become clearer in the next several years if Medicare Supplement will return to its pre-pandemic rate of growth going forward.

Table 1. Trends in National Medicare Supplement Enrollment, 2017-2021

| Statistic | Year | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2017 | 2018 | 2019 | 2020 | 2021 |
| • Enrollment reported to NAIC | 13,059,201 | 13,546,429 | 14,013,086 | 13,900,107 | 14,077,889 |
| • Enrollment reported to California DMHC | 435,259 | 444,391 | 469,792 | 495,681 | 514,179 |
| Total national Medicare Supplement enrollment | 13,494,460 | 13,990,820 | 14,482,878 | 14,395,788 | 14,592,068 |
| Annual percent change in total national Medicare Supplement enrollment, % | 3.3% | 3.7% | 3.5% | -0.6% | 1.4% |

Source: AHIP Center for Policy and Research analysis of the NAIC Medicare Supplement Insurance Experience Exhibits, for the Years Ended Dec. 31, 2016; Dec. 31, 2017; Dec. 31, 2018; Dec. 31, 2019; Dec. 31, 2020; and Dec.31, 2021 and of the California DMHC Enrollment Summary Reports, 2016-2021.

The updated data demonstrate that the share of enrollees in Medicare Supplement has been steadily growing in recent years. This growth continued, and even accelerated, in 2021 when the proportion of original Medicare enrollees with Medicare supplement increased from 38.7% to 40.9% (See Figure 1). The enrollment in the Medicare program is projected to continue growing rapidly through 2030, and further growth in Medicare Supplement enrollees is likely.

Nationwide, Medicare Current Beneficiary Survey (MCBS) estimates show that 54% of all non-institutionalized Medicare enrollees without any additional coverage (i.e., Medicare Advantage, Medicaid, Veterans Affairs coverage, employer-provided insurance, retiree drug subsidy plan, self-purchased specialty plan, etc.) chose Medicare Supplement policies in 2020.

Figure 1. Share of Original Medicare Enrollees with Medicare Supplement Insurance, 2016-2021

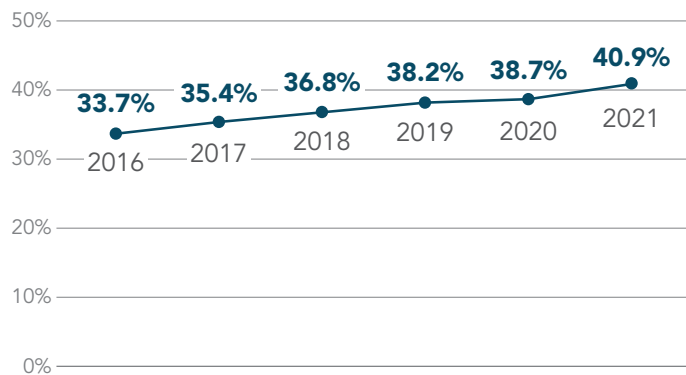
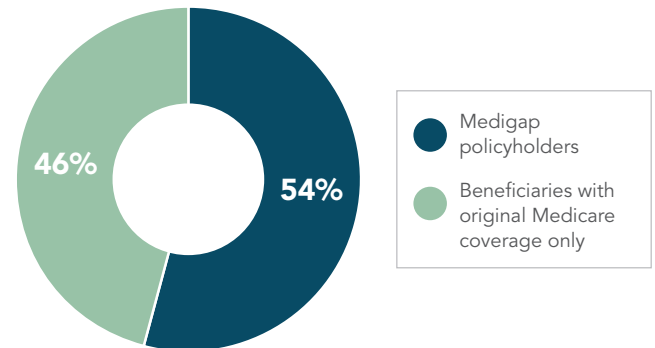


Figure 2. Medicare Enrollees Without Any Additional Insurance Coverage That Had Medicare Supplement Coverage, 2020



Source: Medicare Current Beneficiary Survey Limited Data Set Files, 2020 (CMS).

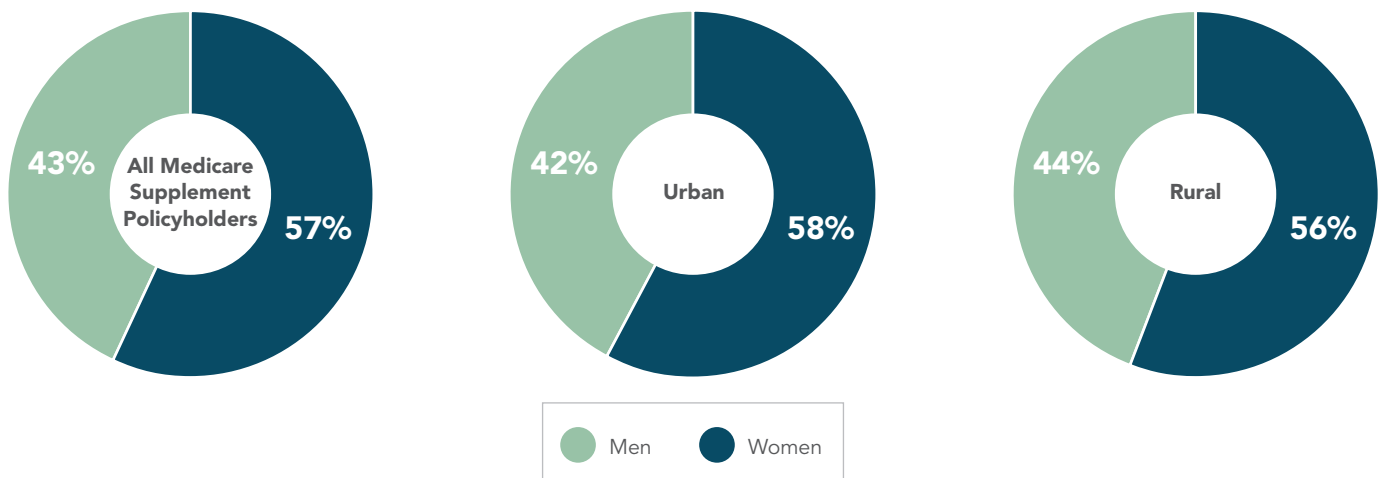
Demographic Characteristics of Medicare Supplement Enrollees

The demographic characteristics of Medicare Supplement enrollees are based on the Medicare Current Beneficiary Survey (MCBS) 2020 data, which is the latest year for which data are available.

Gender

Across the country, a majority—57%—of Medicare Supplement enrollees in 2020 were women (see Figure 3). This gender distribution did not change from the previous year.

Figure 3. Gender Distribution of Medicare Supplement Policyholders, by Geographic Location, 2020



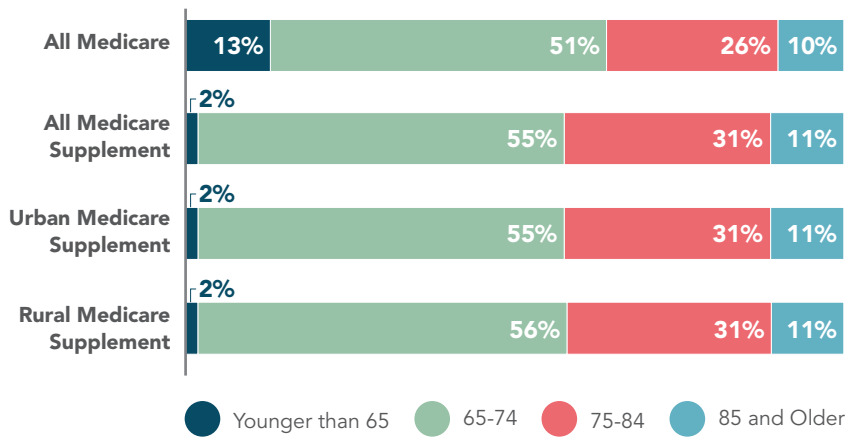
Source: Medicare Current Beneficiary Survey Limited Data Set Files, 2020 (CMS).

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

Age

Medicare enrollees with Medicare Supplement insurance were older than the general Medicare population: 42% of Medicare Supplement policyholders were 75 years old or older compared with 36% for all Medicare enrollees (see Figure 4).

Figure 4. Age Distribution of Medicare Supplement Policyholders, by Geographic Location, 2020



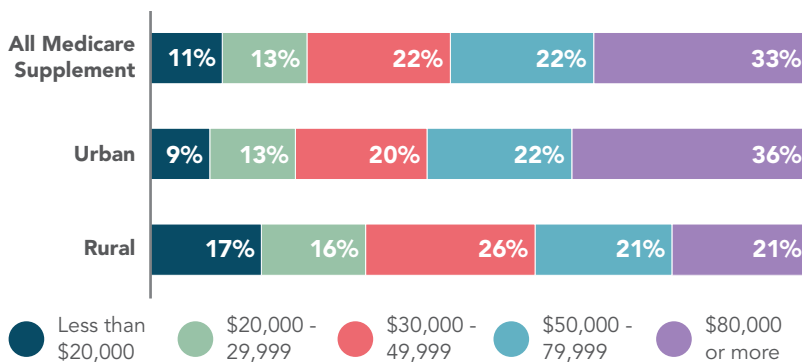
Source: Medicare Current Beneficiary Survey Limited Data Set Files, 2020 (CMS).

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

Income and Financial Security

A significant number of Medicare Supplement policyholders were individuals with lower incomes: 11% had annual household incomes below \$20,000 and 24% had incomes below \$30,000. This pattern was more significant in rural areas, where 17% of Medicare Supplement policyholders had incomes below \$20,000 (see Figure 5).

Figure 5. Income Range of Medicare Supplement Policyholders (Combined Income of Beneficiary and Spouse), By Geographic Location, 2020

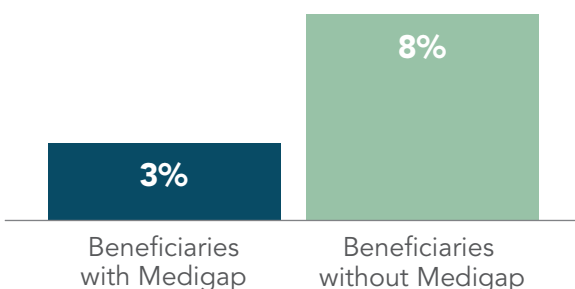


Source: Medicare Current Beneficiary Survey Limited Data Set Files, 2020 (CMS).

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

Original Medicare enrollees with Medicare Supplement coverage were 2.3 times less likely to have problems paying medical bills compared to enrollees without Medicare Supplement policies (see Figure 6).

Figure 6. Share of Original Medicare Enrollees Who Had Problems Paying Medical Bills in Last 12 Months, by Medicare Supplement Insurance Status, 2020



Source: Medicare Current Beneficiary Survey Limited Data Set Files, 2020 (CMS).

Note: The category of Medicare enrollees without Medicare Supplement excluded any enrollees who reported being enrolled in a Medicare Advantage plan at any time during the calendar year of the interview.

Geography

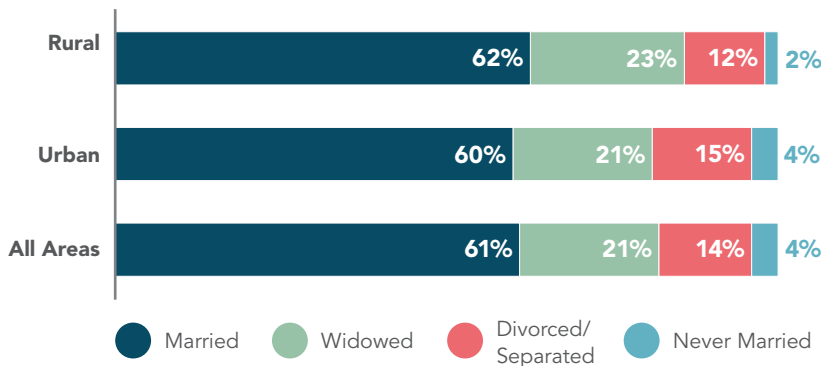
Data show that 25% of Medicare Supplement policyholders lived in non-metropolitan areas (which, for the purpose of this report, include any area with an urban cluster of less than 50,000 people) in 2020.

Rural Medicare Supplement policyholders had substantially fewer financial resources than urban policyholders: only 21% of rural Medicare Supplement policyholders had household incomes of \$80,000 or more compared to 36% for urban Medicare Supplement policyholders (see Figure 5).

Marital Status

Many Medicare Supplement enrollees live without a partner and thus have less robust support networks to rely on in case of financial or health problems: 39% of Medicare Supplement enrollees were widowed, divorced, separated, or never married in 2020 (See Figure 7). Medicare Supplement coverage provides an important source of security for this potentially vulnerable group.

Figure 7. Marital Status of Medicare Supplement Policyholders, by Geographic Location, 2020



Source: Medicare Current Beneficiary Survey Limited Data Set Files, 2020 (CMS).

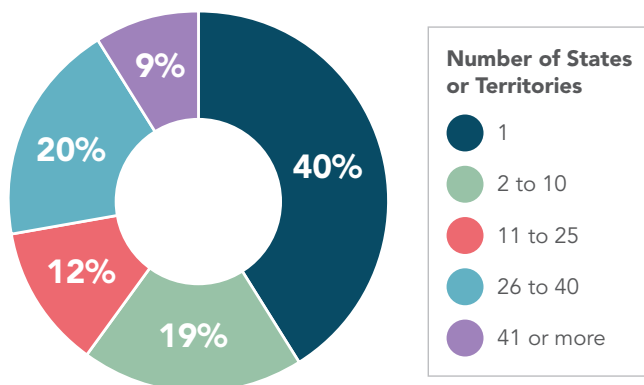
Note: Calculations based on responses by non-institutionalized Medicare enrollees reporting age. The percentages in this table may not sum to 100 due to rounding.

Companies That Offer Medicare Supplement

As of December 2021, 9% of companies offering standardized Medicare Supplement policies covered individuals in 41 or more states or territories, 20% of companies covered individuals in 26 to 40 states or territories, 12% covered individuals in 11 to 25 states or territories, and 19% of companies covered individuals with standardized Medicare Supplement plans in 2 to 10 states or territories. In addition, 40% of all Medicare Supplement companies had standardized policies in force in a single state or territory (see Figure 8).

This distribution has changed very little in the last several years.

Figure 8. Distribution of Medicare Supplement Companies with Standardized Medicare Supplement Policies in Force, by Market Size, December 2021



Source: AHIP Center for Policy and Research analysis of the NAIC Medicare Supplement Insurance Experience Exhibit, for the Year Ended Dec. 31, 2021.

Notes: The enrollment data for this Figure do not include Medicare Supplement enrollment numbers reported by insurance providers in 2021 to the California DMHC. Data in this table depicting the number of states is based on companies with standardized Medicare Supplement 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 3 states (MA, MN, and WI) that received waivers from the standardized product provisions of OBRA 1990. The number of companies with standardized Medicare Supplement policies in force reporting to the NAIC for 2021 was 299. The U.S. territories are Guam, Northern Mariana Islands, Puerto Rico, and Virgin Islands. Percentages may not sum to 100 due to rounding.

Eighty-six companies had Medicare SELECT policies in force for about 490,000 of Medicare enrollees on December 31, 2021 (see Figure 9). Companies with Medicare SELECT policies in force were located across the country in 41 states on December 31, 2021.

Overall, the percentage distribution of reporting companies with standardized Medicare Supplement policies in force by plan type in experienced only minor changes in the last 5 years (see Table 2). In accordance with previous trends, Plan G and Plan N continued to increase in popularity. In 2021, 75% of Medicare Supplement insurance providers had Plan G policies in force vs. 73% in 2020, while 67% of insurance providers had Plan N policies in force in 2021 vs. 64% in 2020. Plan B and Plan C that experienced a sustained decline for the last several years broke that trend in 2021: the share of companies offering them remained unchanged from 2020 53% for Plan B and 69% for Plan C.

Figure 9. Number of Companies with Medicare Select Policies in Force and Number of Enrollees with Medicare Select Plans, December 2021



Source: AHIP Center for Policy and Research analysis of the NAIC Medicare Supplement Insurance Experience Exhibit, for the Year Ended December 31, 2021.

Notes: The enrollment data for this Figure do not include Medicare Supplement enrollment numbers reported by insurers in 2021 to the California DMHC.

Table 2. Percent of Companies with Standardized Medicare Supplement Policies in Force, by Plan Type, 2017 – 2021

| Percent of Companies | | | | | |
|-----------------------------|------|------|------|------|------|
| Plan Type | 2017 | 2018 | 2019 | 2020 | 2021 |
| A | 82% | 81% | 83% | 82% | 79% |
| B | 56% | 55% | 54% | 53% | 53% |
| C | 75% | 74% | 72% | 69% | 69% |
| D | 42% | 42% | 42% | 47% | 45% |
| E | 24% | 24% | 23% | 22% | 21% |
| F | 85% | 85% | 85% | 85% | 86% |
| G | 62% | 66% | 70% | 73% | 75% |
| H | 21% | 21% | 21% | 20% | 20% |
| I | 20% | 19% | 18% | 18% | 17% |
| J | 23% | 22% | 22% | 21% | 20% |
| K | 15% | 15% | 15% | 15% | 15% |
| L | 15% | 14% | 15% | 15% | 14% |
| M | 10% | 9% | 9% | 8% | 9% |
| N | 56% | 59% | 62% | 64% | 67% |
| Waivered State Plans | 32% | 34% | 35% | 35% | 33% |

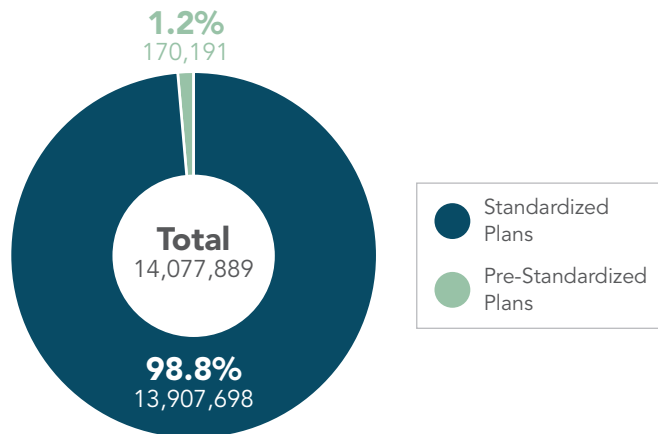
Source: AHIP Center for Policy and Research analysis of the NAIC Medicare Supplement Insurance Experience Exhibits, for the Years Ended December 31, 2017; December 31, 2018, December 31, 2019, December 31, 2020, and December 31, 2021.

Notes: The enrollment data for this Figure do not include Medicare Supplement enrollment numbers reported by insurance providers to the California DMHC. The data for standardized policies include Medicare SELECT plans and those issued in 3 states (MA, MN, and WI) that received waivers from the standardized product provisions of OBRA 1990. The number of companies with standardized Medicare Supplement policies in force was 282 for 2017, 289 for 2018, 292 for 2019, 295 for 2020, and 299 in 2021. 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.

Medicare Supplement Policies in Force

According to the NAIC data, almost all of Medicare Supplement policies in force on December 31, 2021, were standardized plans, at 98.8%. Pre-standardized plans, which were no longer sold after July 1992, account for only 1.2% of all Medicare Supplement policies (see Figure 10).

Figure 10. Number of Policies for Standardized and Pre-Standardized Medicare Supplement Plans, December 31, 2021



Source: AHIP Center for Policy and Research analysis of the NAIC Medicare Supplement Insurance Experience Exhibit, for the Year Ended December 31, 2021.

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

Among enrollees with Medicare Supplement standardized plans, Plan F retained its position as the plan with by far the highest number of enrollees. However, it continued to rapidly lose its market share, declining from 46% in 2020 to 41% in 2021. On the other hand, Plan G similarly continued its previous fast growth, increasing from 27% of enrollment in 2020 to 32% in 2021 (see Tables 3-4).

Despite the variety of standardized Medicare Supplement plans in the market, 3 plan types (F, G, and N) accounted for more than 80% of the total enrollment. At the same time, 5 standardized Medicare Supplement plans with the lowest enrollment (E, H, I, L, and M) combined added up to less than 1% of all standardized policies (see Tables 3-4).

Table 3. Distribution of Enrollment by Standardized Plan Type, 2018-2021

| Standardized Plan | Percent of Enrollment | | | |
|-----------------------------|-----------------------|--------|--------|--------|
| | 2018 | 2019 | 2020 | 2021 |
| A | 1% | 1% | 1% | 1% |
| B | 2% | 2% | 1% | 1% |
| C | 5% | 5% | 4% | 3% |
| D | 1% | 1% | 1% | 1% |
| E | < 0.5% | < 0.5% | < 0.5% | < 0.5% |
| F* | 53% | 49% | 46% | 41% |
| G** | 17% | 22% | 27% | 32% |
| H | < 0.5% | < 0.5% | < 0.5% | < 0.5% |
| I | 1% | 1% | < 0.5% | < 0.5% |
| J | 3% | 3% | 2% | 2% |
| K | 1% | 1% | 1% | 1% |
| L | < 0.5% | < 0.5% | < 0.5% | < 0.5% |
| M | < 0.5% | < 0.5% | < 0.5% | < 0.5% |
| N | 10% | 10% | 10% | 10% |
| Waivered State Plans | 5% | 6% | 6% | 6% |

* Includes high-deductible Plan F.

** Includes high-deductible Plan G.

Source: AHIP Center for Policy and Research analysis of the NAIC Medicare Supplement Insurance Experience Exhibits, for the Years Ended December 31, 2018; December 31, 2019; December 31, 2020 and December 31, 2021.

Notes: The enrollment data for this Figure do not include Medicare Supplement enrollment numbers reported by insurance providers to the California DMHC. The data for standardized policies include Medicare SELECT plans and those issued in 3 states (MA, MN, and WI) that received waivers from the standardized product provisions of OBRA 1990. Percentages may not sum to 100 due to rounding.

Table 4. Change in Medicare Supplement Enrollment, Standardized, Pre-Standardized and Waivered-State Policies, December 2018 to December 2021, by Plan Type

| Plan Type | Enrollment | | | | Change in Enrollment 2020-2021 | Percent Change 2020-2021 |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|-----------------------------------|-----------------------------|
| | 2018 | 2019 | 2020 | 2021 | | |
| A | 120,514 | 107,919 | 99,809 | 92,828 | -6,981 | -7% |
| B | 227,256 | 206,587 | 182,388 | 181,741 | -647 | 0% |
| C | 700,552 | 624,321 | 542,229 | 478,702 | -63,527 | -12% |
| D | 146,347 | 123,117 | 125,899 | 151,327 | 25,428 | 20% |
| E | 58,229 | 51,203 | 45,485 | 38,371 | -7,114 | -16% |
| F | 7,043,167 | 6,804,076 | 6,238,576 | 5,749,712 | -488,864 | -8% |
| G | 2,305,925 | 3,067,424 | 3,727,474 | 4,513,504 | 786,030 | 21% |
| H | 33,299 | 31,014 | 27,259 | 21,891 | -5,368 | -20% |
| I | 72,217 | 74,338 | 56,501 | 46,350 | -10,151 | -18% |
| J | 407,964 | 371,432 | 332,461 | 300,074 | -32,387 | -10% |
| K | 82,202 | 80,527 | 76,331 | 69,866 | -6,465 | -8% |
| L | 47,858 | 42,546 | 38,949 | 33,648 | -5,301 | -14% |
| M | 4,403 | 4,151 | 3,782 | 4,546 | 764 | 20% |
| N | 1,342,350 | 1,359,949 | 1,362,694 | 1,384,304 | 21,610 | 2% |
| Waivered State Plans | 714,930 | 857,757 | 849,518 | 840,834 | -8,684 | -1% |
| Pre-Standardized Plans | 239,216 | 206,725 | 190,752 | 170,191 | -20,561 | -11% |
| Total | 13,546,429 | 14,013,086 | 13,900,107 | 14,077,889 | 177,782 | 1% |

Sources: AHIP Center for Policy and Research analysis of the NAIC Medicare Supplement Insurance Experience Exhibit, for the Years Ended December 31, 2018, 2019, 2020, and 2021.

Notes: The enrollment data for this Figure do not include Medicare Supplement enrollment numbers reported by insurance providers in 2018- 2021 to the California DMHC. The data for standardized policies include Medicare SELECT plans and those issued in 3 states (MA, MN, and WI) that received waivers from the standardized product provisions of OBRA 1990.

Fast Growing Medicare Supplement Plans

In 2021, the only plans that posted the enrollment increases were plans G, D, M, and N.

In the continuation of a multi-year trend of rapid growth, the enrollment in Plan G, which covers all Medicare deductible and coinsurance amounts except the Part B deductible, increased by 21% from 2020 to 2021, by 790,000 enrollees. Plan G also has a high-deductible option, the deductible for which was \$2,370 in 2021.⁵ As was true in the 2 previous years, Plan G posted the fastest rate of growth in 2021 in both relative and absolute terms.

In another sign of growth, Plan D posted an enrollment growth of 20% in 2021, exceeding by far its 2020 rate of growth of only 2%. Plan D is similar to Plan G, except Plan D does not cover excess charges for Part B services.

The enrollment in Plan N—a new standardized plan with predictable cost-sharing amounts—also increased, by 2%, with this rate of increase being similar to its enrollment growth in the 2 preceding years.

Finally, plan M also increased enrollment by 20%: it is the smallest Medicare Supplement plan with the total enrollment of less than 5,000 and, given its small enrollment it frequently posts large increases or decreases in the percentage terms without any long-term sustained trend.

The enrollment in the largest Medicare Supplement plan, Plan F, decreased by 8% in 2021 compared to the previous year. The regular version of Plan F provides coverage for Medicare deductibles and coinsurance amounts. Like Plan G, Plan F also includes a high-deductible option that allows for a deductible amount of \$2,370 (in 2021) before the policy can begin paying benefits.

Similarly, the enrollment in several other Medicare Supplement plan types continued to decline. Double-digit enrollment declines occurred in Plan H (-20%), Plan I (-18%), Plan E (-16%), Plan C (-12%), and Plan J (-10%).

Medicare Supplement Policies by State

Table 5 shows enrollment in Medicare Supplement by jurisdiction—including the District of Columbia and U.S. territories—and plan type as of December 31, 2021.

Figure 11 is a map of the United States representing the number of Medicare Supplement enrollees by state, the District of Columbia, and U.S. territories. Figure 12 is a map of the United States showing Medicare Supplement enrollees as a percentage of original Medicare enrollees by state, the District of Columbia, and U.S. territories.

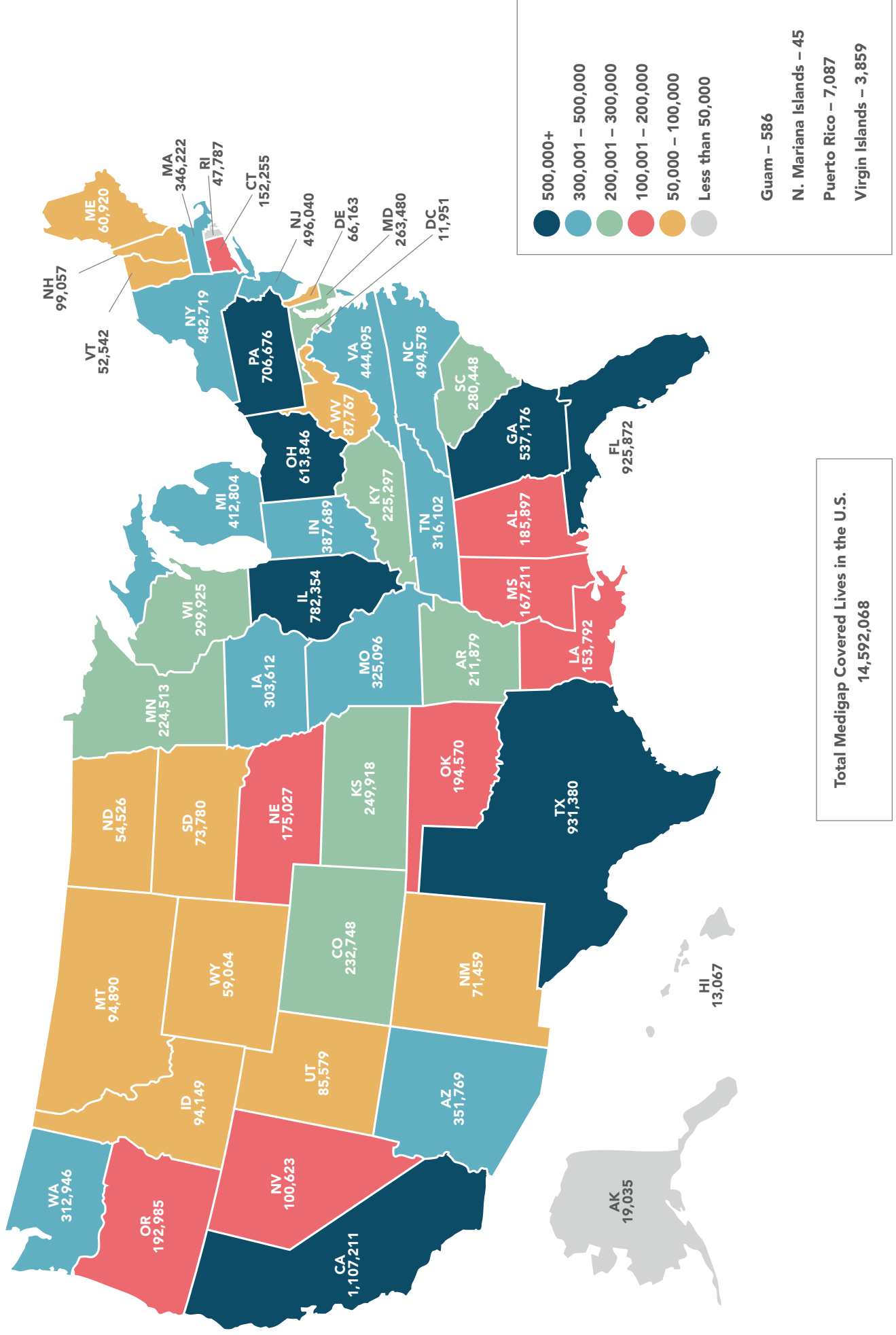
Table 5. Enrollment: Plan Type by State and Territory, As Reported to the NAIC, December 2021

| State | A | B | C | D | E | F | G | H | I | J | K | L | M | N | Waived | Pre-standardized | Total covered lives (state) |
|-----------|-------|--------|--------|--------|-------|---------|---------|-------|-------|--------|-------|-------|----|--------|--------|------------------|-----------------------------|
| AK | 203 | 74 | 309 | 34 | 28 | 9,617 | 5,689 | 4 | 140 | 702 | 256 | 163 | 0 | 1,782 | 0 | 34 | 19,035 |
| AL | 375 | 69,760 | 1,856 | 561 | 74 | 60,577 | 40,266 | 18 | 91 | 751 | 393 | 155 | 2 | 10,676 | 232 | 110 | 185,897 |
| AR | 338 | 228 | 857 | 388 | 42 | 34,855 | 44,327 | 7 | 87 | 1,299 | 393 | 188 | 3 | 9,159 | 0 | 119,708 | 211,879 |
| AZ | 1,326 | 585 | 29,131 | 15,789 | 249 | 146,582 | 121,932 | 300 | 748 | 6,994 | 1,930 | 856 | 12 | 24,915 | 0 | 420 | 351,769 |
| CA | 4,670 | 2,093 | 7,048 | 1,584 | 600 | 349,209 | 113,848 | 485 | 2,833 | 35,854 | 5,969 | 2,382 | 17 | 64,029 | 0 | 2,411 | 593,032 |
| CO | 1,171 | 693 | 1,692 | 903 | 154 | 87,890 | 108,388 | 311 | 708 | 4,131 | 1,453 | 1,002 | 6 | 23,272 | 666 | 308 | 232,748 |
| CT | 1,502 | 1,370 | 3,447 | 626 | 295 | 56,274 | 30,322 | 205 | 619 | 11,759 | 1,578 | 704 | 0 | 35,047 | 0 | 8,507 | 152,255 |
| DC | 128 | 70 | 229 | 38 | 23 | 6,785 | 2,487 | 6 | 79 | 887 | 115 | 51 | 1 | 989 | 0 | 63 | 11,951 |
| DE | 450 | 477 | 1,448 | 1,800 | 271 | 30,215 | 16,002 | 69 | 726 | 2,743 | 704 | 245 | 0 | 10,888 | 0 | 125 | 66,163 |
| FL | 5,826 | 18,981 | 37,679 | 33,167 | 5,583 | 528,849 | 134,682 | 1,025 | 3,944 | 51,704 | 7,680 | 3,076 | 91 | 89,828 | 0 | 3,757 | 925,872 |
| GA | 1,435 | 1,545 | 8,421 | 1,558 | 4,079 | 159,280 | 313,123 | 53 | 796 | 7,250 | 1,431 | 609 | 8 | 36,592 | 6 | 990 | 537,176 |
| GU | 6 | 6 | 118 | — | — | 322 | 68 | — | 0 | 16 | 2 | 5 | — | 43 | — | — | 586 |

| State | A | B | C | D | E | F | G | H | I | J | K | L | M | N | Waivered | Pre-standardized | Total covered lives (state) |
|-------|--------|--------|--------|--------|-------|---------|---------|-------|-------|--------|-------|-------|-------|---------|----------|------------------|-----------------------------|
| HI | 85 | 40 | 216 | 23 | 7 | 7,024 | 2,558 | 6 | 39 | 374 | 292 | 60 | 0 | 2,319 | 0 | 24 | 13,067 |
| IA | 896 | 135 | 1,090 | 1,123 | 1,306 | 185,218 | 99,961 | 81 | 120 | 2,165 | 218 | 450 | 1 | 9,447 | 0 | 1,401 | 303,612 |
| ID | 441 | 168 | 739 | 154 | 46 | 38,415 | 42,915 | 137 | 104 | 2,246 | 997 | 242 | 12 | 7,461 | 0 | 72 | 94,149 |
| IL | 2,672 | 2,211 | 12,061 | 11,416 | 813 | 402,300 | 281,943 | 2,883 | 624 | 4,728 | 1,458 | 1,396 | 4 | 55,357 | 0 | 2,488 | 782,354 |
| IN | 1,565 | 1,366 | 5,256 | 3,202 | 842 | 149,505 | 180,920 | 412 | 900 | 4,797 | 886 | 694 | 17 | 36,414 | 0 | 913 | 387,689 |
| KS | 752 | 298 | 11,794 | 1,204 | 360 | 117,815 | 97,115 | 27 | 281 | 1,285 | 964 | 254 | 1 | 16,975 | 328 | 465 | 249,918 |
| KY | 842 | 2,173 | 8,543 | 1,180 | 2,774 | 105,312 | 77,883 | 1,103 | 520 | 1,897 | 696 | 383 | 1 | 21,299 | 0 | 691 | 225,297 |
| LA | 315 | 1,379 | 1,291 | 325 | 77 | 74,442 | 59,772 | 71 | 323 | 776 | 686 | 379 | 0 | 13,319 | 176 | 461 | 153,792 |
| MA | 107 | 48 | 464 | 43 | 63 | 2,674 | 269 | 26 | 118 | 737 | 82 | 31 | 2,335 | 838 | 338,125 | 262 | 346,222 |
| MD | 4,729 | 2,645 | 9,051 | 1,801 | 288 | 112,995 | 81,377 | 633 | 386 | 6,956 | 2,336 | 1,069 | 33 | 37,849 | 224 | 1,108 | 263,480 |
| ME | 737 | 398 | 3,614 | 224 | 306 | 30,325 | 13,824 | 16 | 820 | 2,036 | 283 | 136 | 58 | 8,086 | 0 | 57 | 60,920 |
| MI | 5,852 | 647 | 76,745 | 3,199 | 257 | 116,714 | 136,205 | 61 | 624 | 4,076 | 1,642 | 591 | 5 | 63,410 | 460 | 2,316 | 412,804 |
| MIN | 128 | 1,971 | 162 | 10 | 3,115 | 1,685 | 172 | 23 | 113 | 1,043 | 36 | 32 | 454 | 1,047 | 214,310 | 212 | 224,513 |
| MO | 1,367 | 1,284 | 5,794 | 3,531 | 575 | 140,823 | 142,225 | 244 | 1,166 | 5,504 | 815 | 624 | 8 | 20,083 | 0 | 1,053 | 325,096 |
| MP | — | — | 5 | — | — | 21 | 10 | — | — | — | — | 1 | — | 8 | — | — | 45 |
| MS | 1,016 | 538 | 1,653 | 511 | 74 | 83,258 | 65,638 | 29 | 112 | 2,325 | 546 | 273 | 1 | 10,906 | 0 | 331 | 167,211 |
| MT | 437 | 210 | 2,337 | 505 | 41 | 40,541 | 40,828 | 70 | 244 | 1,456 | 449 | 153 | 1,119 | 6,342 | 0 | 158 | 94,890 |
| NC | 2,022 | 1,544 | 6,493 | 3,540 | 618 | 223,072 | 204,699 | 198 | 1,740 | 14,524 | 1,514 | 832 | 56 | 32,239 | 425 | 1,062 | 494,578 |
| ND | 139 | 33 | 581 | 62 | 3 | 35,795 | 15,863 | 8 | 40 | 356 | 37 | 23 | 0 | 1,521 | 0 | 65 | 54,526 |
| NE | 346 | 358 | 1,592 | 516 | 26 | 76,350 | 87,663 | 105 | 130 | 1,211 | 176 | 326 | 14 | 5,666 | 0 | 548 | 175,027 |
| NH | 720 | 414 | 1,215 | 502 | 396 | 36,485 | 28,368 | 132 | 197 | 8,222 | 535 | 379 | 140 | 20,714 | 33 | 605 | 99,057 |
| NJ | 4,711 | 1,921 | 43,312 | 4,619 | 296 | 171,779 | 142,572 | 1,864 | 5,699 | 21,018 | 2,935 | 2,576 | 6 | 90,037 | 0 | 2,695 | 496,040 |
| NM | 536 | 446 | 962 | 235 | 55 | 34,453 | 24,559 | 33 | 465 | 2,297 | 439 | 219 | 5 | 6,598 | 0 | 157 | 71,459 |
| NV | 483 | 306 | 931 | 169 | 72 | 46,809 | 35,820 | 131 | 269 | 2,516 | 675 | 364 | 0 | 11,626 | 364 | 88 | 100,623 |
| NY | 11,649 | 12,029 | 15,532 | 887 | 2,673 | 233,255 | 52,997 | 1,522 | 4,483 | 5,138 | 8,924 | 2,446 | 5 | 129,763 | 0 | 1,416 | 482,719 |

| State | A | B | C | D | E | F | G | H | I | J | K | L | M | N | Waivered | Pre-standardized | Total covered lives (state) |
|-------|-------|--------|--------|--------|-------|---------|---------|-------|-------|--------|-------|-------|----|---------|----------|------------------|-----------------------------|
| OH | 2,199 | 2,053 | 30,304 | 4,573 | 969 | 215,591 | 252,166 | 396 | 1,837 | 8,035 | 2,312 | 2,687 | 35 | 89,346 | 0 | 1,343 | 613,846 |
| OK | 2,819 | 491 | 1,673 | 1,291 | 153 | 97,382 | 72,451 | 40 | 279 | 2,169 | 758 | 586 | 4 | 13,992 | 0 | 482 | 194,570 |
| OR | 781 | 242 | 1,860 | 610 | 120 | 67,400 | 99,771 | 30 | 380 | 1,876 | 1,017 | 380 | 3 | 18,069 | 0 | 446 | 192,985 |
| PA | 8,495 | 33,932 | 75,580 | 22,689 | 5,629 | 222,927 | 207,386 | 6,816 | 4,214 | 9,456 | 2,287 | 1,372 | 11 | 104,965 | 0 | 917 | 706,676 |
| PR | 20 | 27 | 1,436 | 2 | 7 | 4,192 | 441 | 14 | 21 | 683 | 16 | 13 | — | 195 | — | 20 | 7,087 |
| RI | 576 | 102 | 16,411 | 295 | 26 | 18,017 | 6,193 | 5 | 71 | 650 | 135 | 100 | 1 | 5,171 | 0 | 34 | 47,787 |
| SC | 1,161 | 1,420 | 5,117 | 9,546 | 200 | 133,027 | 100,208 | 92 | 495 | 3,847 | 894 | 568 | 4 | 23,435 | 0 | 434 | 280,448 |
| SD | 230 | 53 | 249 | 55 | 61 | 39,433 | 30,542 | 7 | 26 | 330 | 107 | 63 | 2 | 2,257 | 44 | 321 | 73,780 |
| TN | 1,451 | 1,174 | 8,454 | 4,451 | 1,493 | 147,708 | 121,152 | 127 | 751 | 6,841 | 846 | 360 | 35 | 19,840 | 498 | 921 | 316,102 |
| TX | 5,346 | 2,432 | 9,265 | 5,887 | 606 | 387,814 | 416,173 | 1,036 | 2,472 | 16,469 | 3,892 | 1,855 | 20 | 76,705 | 0 | 1,408 | 931,380 |
| UT | 441 | 191 | 1,337 | 561 | 139 | 38,397 | 32,784 | 325 | 178 | 1,591 | 504 | 244 | 0 | 8,401 | 337 | 149 | 85,579 |
| VA | 1,887 | 1,717 | 4,778 | 1,314 | 771 | 206,607 | 171,639 | 431 | 3,096 | 15,191 | 1,506 | 751 | 11 | 32,518 | 0 | 1,878 | 444,095 |
| VI | 68 | 54 | 364 | 29 | 3 | 2,399 | 336 | 6 | 17 | 255 | 40 | 19 | — | 266 | — | 3 | 3,859 |
| VT | 899 | 415 | 9,908 | 2,620 | 1,295 | 17,304 | 4,169 | 106 | 32 | 2,835 | 323 | 139 | 0 | 12,261 | 0 | 236 | 52,542 |
| WA | 1,948 | 539 | 4,654 | 1,032 | 269 | 146,106 | 94,437 | 52 | 1,551 | 4,645 | 4,976 | 720 | 5 | 46,668 | 2 | 5,342 | 312,946 |
| WI | 3,221 | 7,792 | 345 | 137 | 17 | 1,907 | 323 | 3 | 37 | 331 | 30 | 20 | — | 386 | 284,604 | 772 | 299,925 |
| WV | 711 | 520 | 2,435 | 682 | 94 | 40,083 | 31,453 | 91 | 495 | 1,981 | 334 | 229 | 0 | 8,358 | 0 | 301 | 87,767 |
| WY | 598 | 143 | 864 | 124 | 38 | 25,898 | 24,590 | 16 | 110 | 1,116 | 364 | 173 | 0 | 4,927 | 0 | 103 | 59,064 |

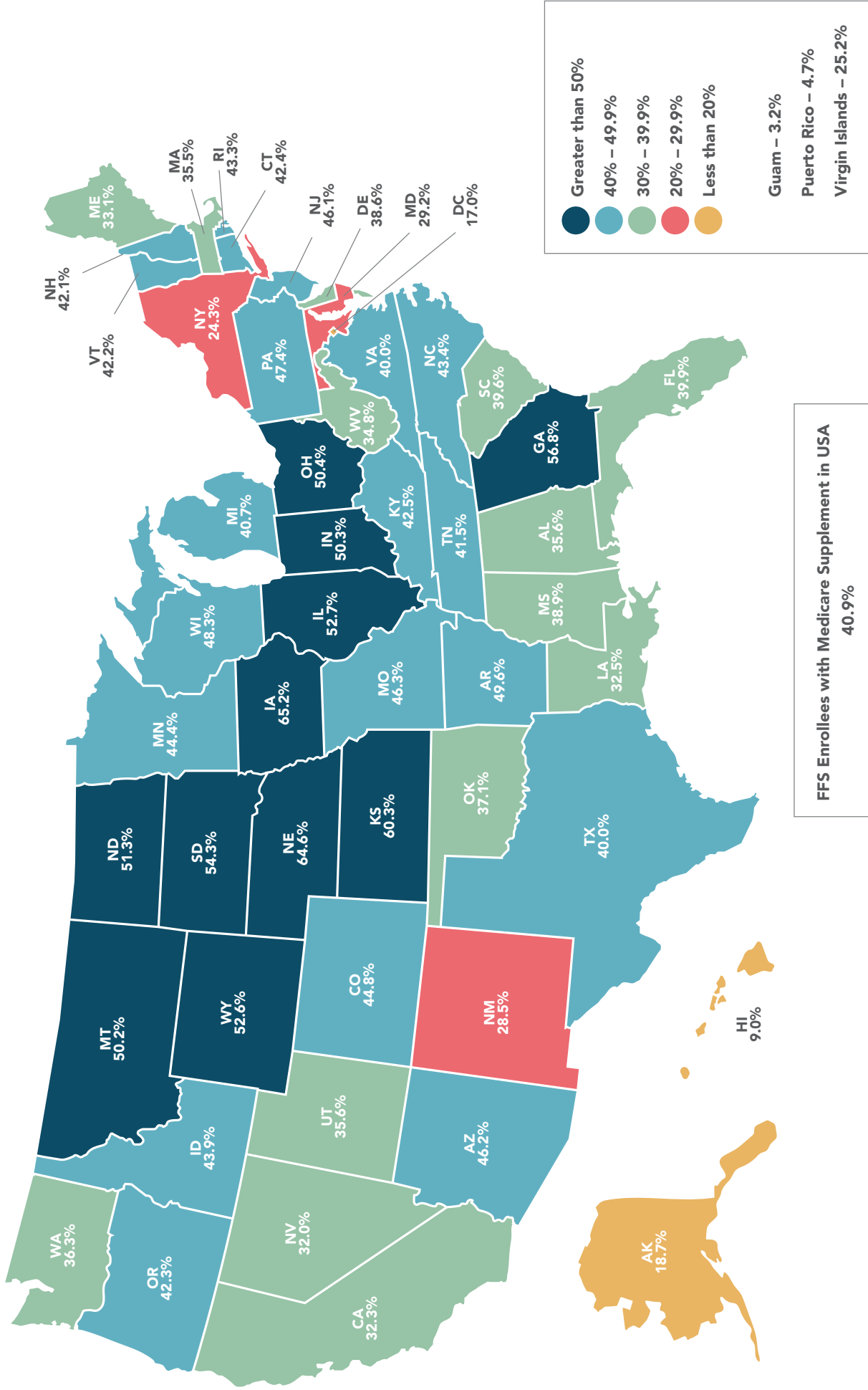
Figure 11. Number of Medicare Supplement Enrollees by State and U.S. Territory, December 2021



Total Medigap Covered Lives in the U.S.
14,592,068

Source: National Association of Insurance Commissioners (2021), California's Department of Managed Health Care (2021).
Notes: The enrollment data for this Figure include Medicare Supplement enrollment numbers reported by insurers in 2021 to the California DMH (514,179 covered lives).
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Figure 12. Percent of original Medicare Enrollees with Medicare Supplement, by State and U.S. Territory, December 2021



Source: National Association of Insurance Commissioners (2021), California's Department of Managed Health Care (2021).

Notes: The enrollment data for this Figure include Medicare Supplement enrollment numbers reported by insurers in 2021 to the California DMH (514,179 covered lives).

Methodology

For this report we analyzed 2021 Medicare Supplement data from the National Association of Insurance Commissioners (NAIC). Health insurance providers submit their annual statement data directly to the NAIC using an electronic filing portal. Each state sets its own requirements for filing.

Data from 3 health insurance providers are not included in the 2021 NAIC data; they are required to report their data to the California's Department of Managed Health Care (DMHC), which does not report Medicare Supplement enrollment data to the NAIC. Since, as in previous years, the DMHC does not provide the breakdown of the Medicare Supplement enrollment by plan type or market size, the data from the 4 Medicare Supplement insurance providers reporting to DMHC were included only in the tables and graphs presenting national and state Medicare Supplement enrollment and penetration, while all of the tables further subdividing Medicare Supplement enrollment by market size, Medicare Select policies, and Medicare Supplement plan type have been calculated using exclusively the data from the NAIC.

We derived the total Medicare Supplement enrollment during 2021 by adding 2 variables together: 1) the number of policies issued before 2011, and 2) the total number of policies issued from 2011 to 2021. The NAIC requires Medicare Supplement companies to report these data separately. Only 1 person is covered per Medicare Supplement policy.

All analyses in the report contain data from the 50 states, the 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 December 31, 2021. 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 December 31, 2021, we selected records where the number of people covered was greater than zero.

We calculated the percent of original Medicare enrollees with Medicare Supplement plans for 2017 to 2021 by dividing the number of Medicare Supplement enrollees by the number of original Medicare enrollees for each year. For the numerator we obtained the number of Medicare Supplement enrollees from the current and previous AHIP reports on Medicare Supplement trends.⁶ The denominator was the number of original Medicare enrollees from the Centers for Medicare & Medicaid Services (CMS) data for December of each year.⁷ The CMS data set provided the number of enrollees eligible for Medicare and the number of enrollees enrolled in Medicare Advantage. We subtracted the number of enrollees with Medicare Advantage from the number of eligible Medicare enrollees to get the number of original Medicare enrollees. Figures 4 and 5 show these data by state and territory.

Data describing the demographic makeup of Medicare Supplement enrollees came from the 2020 Medicare Current Beneficiary Survey (MCBS) Access to Care Limited Data Sets Files (LDS), maintained by CMS. Likewise, we used SAS Enterprise Guide® 7.15⁸ software to analyze the data.

Our analysis includes data on non-institutionalized enrollees in the 50 states, the District of Columbia, and Puerto Rico eligible for Medicare as of January 1, 2020. June 2020 was the point in time for which enrollees' records were selected for inclusion.

Medicare enrollees were identified as Medicare Supplement policyholders based on survey responses indicating the June 2020 coverage via a self-purchased, non-specialty private insurance. Additionally, in case of multiple insurance coverage, those enrolled in Medicare Advantage plans according to CMS administrative data, were excluded from the Medicare Supplement covered category.

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

In the MCBS dataset, Medicare enrollees were classified as residing in either metropolitan, micropolitan or rural areas in 2020 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 “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 a population of 50,000 or more, while the “rural” category includes all enrollees 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 Medicare Supplement is slightly understated because California does not require all insurance companies to report their data to the NAIC; only 4 companies in California are required to report their data to the California Department of Managed Health Care. Data from these companies represent 514,179 Medicare Supplement enrollees,⁹ about 4% of all Medicare Supplement enrollment in the United States and are not included in the subset of analyses describing Medicare Supplement insurers by market size, Medicare SELECT policies, and Medicare Supplement plan type.

Enrollees 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.

Medicare Supplement 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 Medicare Supplement policies in force in December 2021 with respect to whether their benefit designs comply with requirements under OBRA 1990, MMA, or MIPPA.

Appendix A

| Medicare Supplement Benefits 2021 | Standardized Medicare Supplement 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 | \$6,220 | \$3,110 | N/A | N/A |

Notes: This table reflects the benefit design for standardized Medicare Supplement 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 enrollees eligible prior to January 1, 2020. Plans C and F are redesignated Plans D and G for enrollees newly eligible after January 1, 2020.

*Plan F also offers a high-deductible plan. If the enrollee chooses this option, he/she must pay Medicare covered costs up to the deductible amount of \$2,370 in 2021 before the Medicare Supplement plan pays anything.

**Plan G offers a high deductible for those enrollees 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 (\$2035 in 2021), the Medicare Supplement 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 do not result in an inpatient admission.

Questions About This Report?

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. Enrollees would pay \$371 in coinsurance per day per benefit period from days 61 to 90; and would pay \$742 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 enrollee. <https://www.cms.gov/newsroom/fact-sheets/2021-medicare-parts-b-premiums-and-deductibles>
- 2 Ibid.
- 3 Effective June 1, 2010.
- 4 <https://www.cms.gov/files/document/cy2021-oop-limits-medigap-plans-k-l.pdf>
- 5 <https://www.cms.gov/files/document/cy-2021-fg-j-deductible-amount-medigap-high-deductible-options.pdf>
- 6 State of Medigap 2018, 2019, State of Medicare Supplement Coverage (2021, 2022) accessed September 14, 2022, at <https://www.ahip.org/research/>
- 7 CMS Medicare Advantage Penetration Reports, 2016-2020, accessed September 14, 2022 at <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/MCRAdvPartDENrolData/Monthly-Enrollment-by-State>
- 8 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.
- 9 California Department of Managed Health Care, Enrollment Summary Report 2021, accessed September 14, 2022 at <http://www.dmhc.ca.gov/DataResearch/FinancialSummaryData.aspx>