

Managed Care

Positive surprise on MA enrollment growth, while smaller competitors retreat

Industry Overview

Industry growth trending better than investors had feared

Yesterday, CMS gave us the first official datapoint on Medicare Advantage (MA) enrollment in 2024. While January data is generally incomplete, and February is a more reliable indicator, industry growth thus far is screening more strongly than it had during January of each of the last 5 years (2019-2023). Looking at this more simplistically, the industry grew 2.6% m/m and 9.5% y/y in 2024 vs 1.4% and 6.4% this time last year. It is too early to conclude that industry growth is accelerating but it clearly looks as the deceleration that bears feared isn't happening. The 7% industry growth that CMS projected (and UNH blessed) seems highly likely. See page two for a detailed breakdown of industry growth by company.

HUM data implies rational pricing, maintaining share

Of the three major MA platforms, HUM was the only one that hasn't given updated, explicit enrollment projections, simply guiding to 'above industry' growth. Based on this early data, it appears the company is growing slightly below the rate of the industry (just 1.9%) on a month over month basis, but modestly faster on a year over year basis (11.8%). In our view, based on HUM's positioning in duals, this suggests HUM is on track to grow roughly in-line with the industry, which is a positive as we think it signals it likely did not price overly aggressively. Meanwhile, the fact that growth is modestly above UNH's, reaffirms its competitive positioning, in our view.

UNH growing slowly m/m but expects to recoup intrayear

On our analysis, UNH added 132k lives, and grew 1.4% m/m or 9.2% y/y, in-line with expectations. As recently as last week, UNH told investors that during the enrollment period it added ~100k lives but is still committed to achieving the ~500k of guidance by year end. Although this would imply a high portion (80%) of UNH's membership growth is coming from outside of open enrollment, we note this is not much higher than its experience of 68% in 2023. To us, this makes sense as a company pricing conservatively (like UNH) would have fewer membership gains from switchers, and a higher proportion coming from duals (which UNH has very high market share in) and age-ins, which can both enroll throughout the year.

Arguably, the MA market could be getting more rational

CVS is on track to grow full year membership ~25%, in-line with recent commentary, which sparked investor fears that CVS and others would drive down industry margins in a bid to get more membership. However, this year almost all the other mid-sized MA platforms are seeing flat to declining membership including CNC (-11% m/m), MOH (-9.5%), CLOV (-2.2%), ELV (-1.0%), CI (-0.9%), Kaiser (0.0%) while OSCAR has exited entirely (-100%). The two exceptions to this are ALHC and Devoted Health which are on track to grow 40%+, though neither of them are profitable. In our view, even if CVS is pricing to a rational long term cost structure, the data suggests that it is increasingly difficult for any of the other companies to compete at scale with HUM/UNH, arguing for more LT market share to accrue to the top 2-3 platforms.

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UNH: UnitedHealth Group

HUM: Humana Inc

CVS: CVS Health

CNC: Centene Corp

MOH: Molina Healthcare

CLOV: Clover Health

ELV: Elevance Health

CI: Cigna

OSCR: Oscar Health

ALHC: Alignment Health

LT: long term

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Breaking down enrollment growth

Exhibit 1: Positive surprise on MA enrollment growth, while smaller competitors retreat

Highlighting enrollment data across key companies over time, broken down by overall MA, individual and group

Overall MA	1.1.20	1.1.21	1.1.22	1.1.23	12.1.23	1.1.24	M/M	M/M %	Y/Y % 2021	Y/Y % 2022	Y/Y % 2023	Y/Y % 2024	Vs market
Alignment Healthcare USA, LLC	59,470	77,239	90,013	87,331	118,132	144,728	26,596	22.5%	29.9%	16.5%	-3.0%	65.7%	19.9%
Centene Corporation	295,652	1,018,394	1,332,373	1,334,448	1,246,872	1,110,790	-136,082	-10.9%	244.5%	30.8%	0.2%	-16.8%	-13.5%
The Cigna Group	484,439	552,940	553,587	554,937	602,068	596,918	-5,150	-0.9%	14.1%	0.1%	0.2%	7.6%	-3.4%
Clover Health Holdings, Inc.	52,493	64,461	80,686	85,048	81,201	79,424	-1,777	-2.2%	22.8%	25.2%	5.4%	-6.6%	-4.8%
CVS Health Corporation	2,486,702	2,699,213	3,021,286	3,052,270	3,379,507	3,881,817	502,310	14.9%	8.5%	11.9%	1.0%	27.2%	12.3%
Elevance Health, Inc.	1,277,945	1,491,932	1,857,551	1,994,367	2,033,165	2,013,124	-20,041	-1.0%	16.7%	24.5%	7.4%	0.9%	-3.6%
Humana Inc.	4,375,981	4,737,007	5,058,368	5,411,177	5,930,341	6,044,664	114,323	1.9%	8.3%	6.8%	7.0%	11.7%	-0.6%
Kaiser Foundation Health Plan, Inc.	1,671,705	1,730,179	1,793,739	1,842,906	1,892,791	1,893,340	549	0.0%	3.5%	3.7%	2.7%	2.7%	-2.5%
Molina Healthcare, Inc.,	44,501	64,116	74,203	99,513	238,444	215,799	-22,645	-9.5%	44.1%	15.7%	34.1%	116.9%	-12.1%
Oscar Health, Inc.	1,377	3,221	4,282	1,660	1,804	0	-1,804	-100.0%	133.9%	32.9%	-61.2%	-100.0%	-102.6%
UnitedHealth Group, Inc.	6,227,670	7,064,815	7,847,712	8,717,823	9,389,135	9,521,243	132,108	1.4%	13.4%	11.1%	11.1%	9.2%	-1.2%
Industry	23,955,790	26,230,447	28,500,743	30,311,844	32,348,706	33,178,881	830,175	2.6%	9.5%	8.7%	6.4%	9.5%	0.0%
Individual MA	1.1.20	1.1.21	1.1.22	1.1.23	12.1.23	1.1.24	M/M	M/M %	Y/Y % 2021	Y/Y % 2022	Y/Y % 2023	Y/Y % 2024	Vs market
Alignment Healthcare USA, LLC	59,470	77,239	90,013	87,331	118,085	144,686	26,601	22.5%	15.7%	16.5%	-3.0%	65.7%	20.2%
Centene Corporation	284,805	1,007,502	1,322,506	1,326,092	1,238,898	1,104,879	-134,019	-10.8%	12.1%	31.3%	0.3%	-16.7%	-13.1%
The Cigna Group	482,058	549,714	545,803	543,406	582,167	573,431	-8,736	-1.5%	5.6%	-0.7%	-0.4%	5.5%	-3.8%
Clover Health Holdings, Inc.	52,493	64,461	80,686	85,048	81,201	79,424	-1,777	-2.2%	12.0%	25.2%	5.4%	-6.6%	-4.5%
CVS Health Corporation	1,450,676	1,651,364	1,909,793	1,996,617	2,128,823	2,598,829	470,006	22.1%	4.8%	15.6%	4.5%	30.2%	19.8%
Elevance Health, Inc.	1,110,336	1,279,987	1,650,075	1,729,369	1,758,048	1,716,820	-41,228	-2.3%	6.1%	28.9%	4.8%	-0.7%	-4.6%
Humana Inc.	3,774,087	4,182,722	4,496,713	4,900,201	5,420,163	5,495,215	75,052	1.4%	6.0%	7.5%	9.0%	12.1%	-0.9%
Kaiser Foundation Health Plan, Inc.	1,119,805	1,170,530	1,228,785	1,274,573	1,319,888	1,324,668	4,780	0.4%	1.2%	5.0%	3.7%	3.9%	-1.9%
Molina Healthcare, Inc.,	44,501	64,116	74,203	99,513	238,444	215,799	-22,645	-9.5%	28.4%	15.7%	34.1%	116.9%	-11.8%
Oscar Health, Inc.	1,377	3,221	4,282	1,660	1,804	0	-1,804	-100.0%	72.6%	32.9%	-61.2%	-100.0%	-102.3%
UnitedHealth Group, Inc.	4,901,937	5,560,176	6,153,667	6,852,167	7,487,730	7,502,745	15,015	0.2%	8.1%	10.7%	11.4%	9.5%	-2.1%
Industry	19,289,071	21,345,890	23,375,678	25,034,066	26,799,918	27,413,191	613,273	2.3%	5.6%	9.5%	7.1%	9.5%	0.0%
Group MA	1.1.20	1.1.21	1.1.22	1.1.23	12.1.23	1.1.24	M/M	M/M %	Y/Y % 2021	Y/Y % 2022	Y/Y % 2023	Y/Y % 2024	Vs market
Alignment Healthcare USA, LLC	0	0	0	0	47	42	-5	-10.6%	NA	NA	NA	NA	-14.5%
Centene Corporation	10,847	10,892	9,867	8,356	7,974	5,911	-2,063	-25.9%	-2.4%	-9.4%	-15.3%	-29.3%	-29.8%
The Cigna Group	2,381	3,226	7,784	11,531	19,901	23,487	3,586	18.0%	-10.5%	141.3%	48.1%	103.7%	14.1%
CVS Health Corporation	1,036,026	1,047,849	1,111,493	1,055,653	1,250,684	1,282,988	32,304	2.6%	-0.7%	6.1%	-5.0%	21.5%	-1.3%
Clover Health Holdings, Inc.	0	0	0	0	0	0	0	NA	NA	NA	NA	NA	NA
Elevance Health, Inc.	167,609	211,945	207,476	264,998	275,117	296,304	21,187	7.7%	12.1%	-2.1%	27.7%	11.8%	3.8%
Humana Inc.	601,894	554,285	561,655	510,976	510,178	549,449	39,271	7.7%	-9.6%	1.3%	-9.0%	7.5%	3.8%
Kaiser Foundation Health Plan, Inc.	551,900	559,649	564,954	568,333	572,903	568,672	-4,231	-0.7%	-0.2%	0.9%	0.6%	0.1%	-4.6%
Molina Healthcare, Inc.,	0	0	0	0	0	0	0	NA	NA	NA	NA	NA	NA
Oscar Health, Inc.	0	0	0	0	0	0	0	NA	NA	NA	NA	NA	NA
UnitedHealth Group, Inc.	1,325,733	1,504,639	1,694,045	1,865,656	1,901,405	2,018,498	117,093	6.2%	11.4%	12.6%	10.1%	8.2%	2.2%
Industry	4,666,719	4,884,557	5,125,065	5,277,778	5,548,788	5,765,690	216,902	3.9%	2.4%	4.9%	3.0%	9.2%	0.0%

Source: CMS, BofA Global Research

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