

## Managed Care

# MA growth slowed into 2024 as expected, still on track for 7% by EOY

Industry Overview

## MA has grown 3.1% YTD, on track for 7% growth

Medicare Advantage (MA) enrollment increased by 1,014,434 (+3.1%) YTD through February 2024. By comparison, in 2023 February total MA enrollment grew +4.3% compared to year end 2022 and ended the year up +8.2%. Meanwhile, Individual Medicare Advantage (MA) enrollment grew by +2.7% so far in 2024 vs +4.0% last year. Group MA enrollment is up +5.1% in 2024 (vs +5.4% last year). Overall, growth appears to have slowed modestly vs prior years, but appears to be on track to expand 7% by the end of the year as CMS predicted.

## ALHC, CVS and HUM growing in individual MA

February Individual MA enrollment increased by 733,518 (+2.7%) YTD. By comparison, for 2023, February individual MA enrollment grew +4.0% compared to year end 2022 and ended the year up 8.7%. Of the plans covered in this report, ALHC (+32.0%), and CVS (+25.9%) saw the fastest growth and, HUM (+2.0%) grew modestly, and UNH was flattish (-0.2%). Aside from that, OSCR exited the market entirely, while CNC (-12.3%) MOH (-11.8%), ELV (-3.0%) and CI (-1.7%) saw enrollment declines.

## Group Medicare Advantage up +5.1% YTD

Group MA enrollment increased by 280,916 members (+5.1%) YTD. By comparison, for 2023, February group MA enrollment grew by +5.4% and ended the year up 5.9%. CI (+23.6%), ELV (+9.1%), HUM (+8.4%), UNH (+6.7%), CVS (+5.5%) saw enrollment growth while CNC (-26.6%) saw declines.

## Duals growing slower than overall MA so far

Total Dual-Eligible (Including Duals Demonstrations) enrollment increased by 158,193 (+2.6%) YTD in February vs. +3.1% for overall MA over the same time period. By comparison, for 2023, February Duals enrollment grew by +5.8% and ended the year up 19.0%. From here, Duals will likely outpace broader MA, aided by the fact that duals are less penetrated than Medicare overall, and can enroll year-round, while non-duals can only enroll during open enrollment or when they age into Medicare. Of the major plans, CVS (+44.5%) is growing the fastest by far, followed by ALHC (+18.3%), and HUM (+4.1%) while ELV (-3.5%), CNC (-2.2%), and UNH (-0.6%) are shrinking.

## Part D grows again as a segment, CNC becomes leader

Part D (standalone prescription drug plans) enrollment increased by 617,481 (+2.7%) YTD. By comparison, in February 2023, enrollment was down -3.8% vs year end 2022, and ended the year down -3.0%. The increase was driven by CNC (+37.9%), ELV (+2.1%) although CVS (-16.8%), HUM (-17.8%), and UNH (-5.4%) saw declines. Notably this is the first time Part D as a whole has grown in a couple of years. Additionally, CNC is now the largest Part D plan after taking significant share from CVS, fueled by a cost structure change related to the migration to CI's PBM.

20 February 2024

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ALHC: Alignment Healthcare

CNC: Centene Corp.

CI: Cigna Corp.

CLOV: Clover Health

CVS: CVS Health

ELV: Elevance Health

HMO: Health Maintenance Organization

HUM: Humana Inc.

MA: Medicare Advantage

MOH: Molina Healthcare

OSCR: Oscar Health

OSH: Oak Street Health

PPO: Preferred Provider Organization

UNH: UnitedHealth Group

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## Results versus guidance/estimates

As a reminder, the annual enrollment period runs from October 15 through December 7. We note that seniors in Medicare Advantage plans were still able to switch to Original Medicare through July 15. Below we compare company growth rates vs our Q1 estimates and guidance. Since most companies give year end guidance, it would not at all be surprising to see a company below their MA guidance (since enrollment usually grows 4-5% from January through year end), or a few percent or so below our Q1 estimate. Anything beyond that would be more worrisome.

Overall, it appears most MCOs are tracking well vs expectations given that most of them provided updated guidance after open enrollment. MOH is tracking the furthest away from guidance, followed by CVS and UNH though all have indicated that more growth will come throughout the year.

### Exhibit 1: Comparing CMS MA enrollment data vs company guidance and our estimates

Medicare Advantage Enrollment to Date Versus Guidance/

	February Enrollment	YTD %	Guidance Enrollment	1QE Forecasts Consensus	BofA	vs. guidance	Through February vs. Consensus	vs. BofA
ALHC	155,984	32.0%	155,000	141,306	154,677	1%	10%	1%
CI	596,913	-0.9%	'Down Slightly'	575,725	572,320		4%	4%
CNC	1,092,218	-12.4%	1,097,935	1,080,939	1,068,115	-1%	1%	2%
CVS	4,000,000	18.4%	4,260,000	4,117,699		-6%	-3%	
ELV	2,006,104	-1.3%	'Flattish'	2,153,248	2,153,248		-7%	-7%
HUM	6,083,846	2.6%	6,063,500	6,054,184	5,801,940	0%	0%	5%
MOH	210,406	-11.8%	270,000	260,134	217,350	-22%	-19%	-3%
UNH	9,498,562	1.2%	9,795,000	9,439,356	9,437,385	-3%	1%	1%
<b>Industry</b>	<b>33,363,140</b>	<b>3.1%</b>						

Source: CMS, BofA Global Research

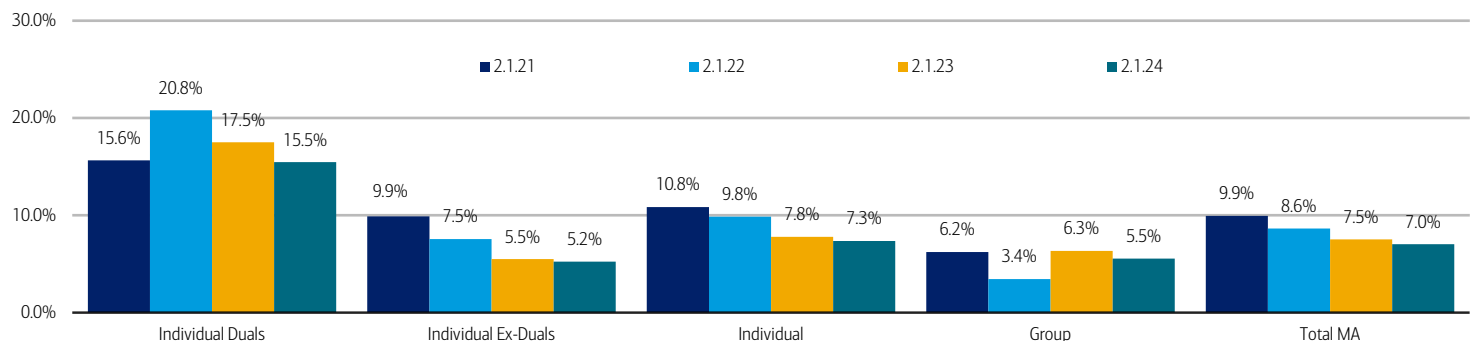
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### Growth in MA tracking in-line vs expectations so far

When looking at total MA growth across the industry by cohort of enrollment over time, as expected, enrollment growth has been slowing over time. While not significantly off the trajectory from last year, February enrollment has grown 7% (in-line with what CMS had estimated for growth this year) in 2024 vs 7.5% in 2023, 8.6% in 2022 and 9.9% in 2021. For the most part, the downward slope is consistent across all buckets of enrollment, though Group MA has been lumpier.

### Exhibit 2: Growth has slowed across the board in MA so far this year

Breaking down y/y growth over time by cohort of MA members



Source: CMS, BofA Global Research

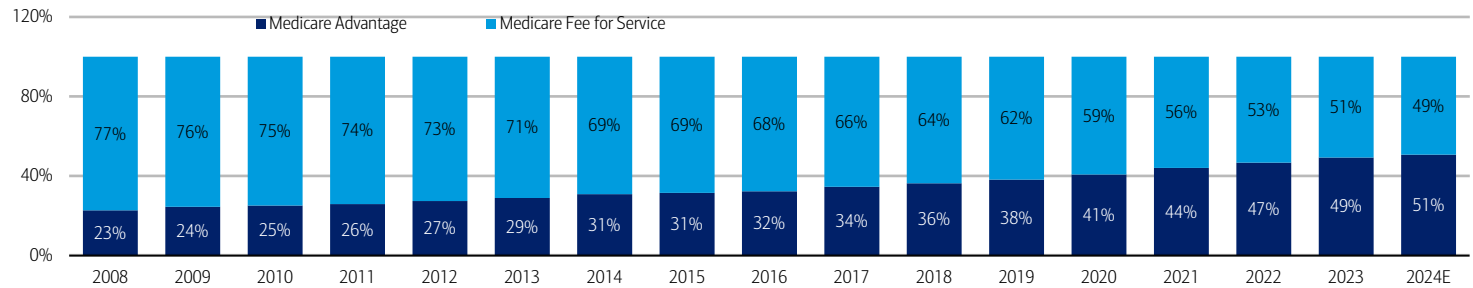
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### MA penetration now on track to reach 51%

One of the main drivers of MA growth has been the senior population growing faster than the overall population (aging demographics) as well as more Medicare eligibles choosing to use MA instead of original Medicare. This year, MA penetration has expanded to 51% vs 49% last year.

**Exhibit 3: MA Penetration has continued to expand this year**

MA penetration vs original Medicare over time



Source: CMS, BofA Global Research

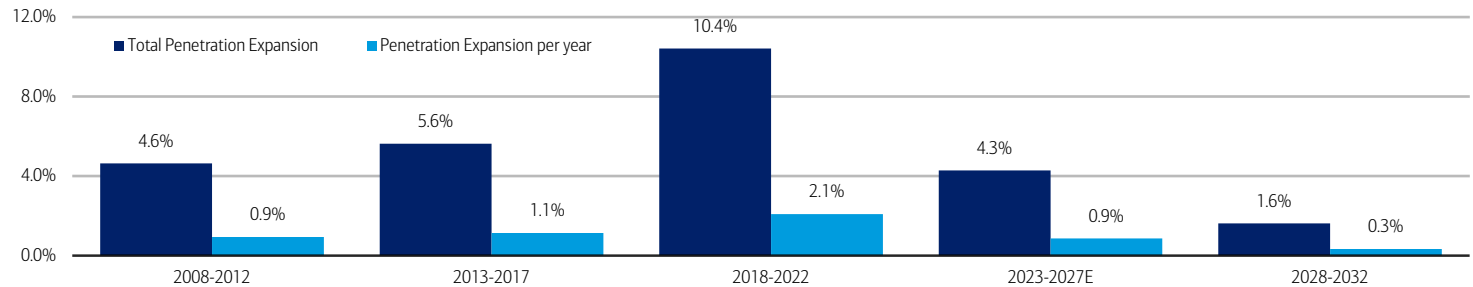
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**Penetration expansion was expected to slow**

Notably, the government had been forecasting a decline in the pace of MA penetration already. Its worth pointing out that over the last 5 years, the rate of penetration expansion per year had been faster than any other period on record, growing 210bps per year on average. Meanwhile, CBO projected (before this open enrollment period) that the years 2023-2027 would only expand by around 90bps per year through 2027, which drops to just 30bps by the end of the decade.

**Exhibit 4: Over the last 5 years, MA penetration has grown by 2.1% per year, but has been forecasted to slow**

Historical MA penetration alongside forward CBO forecasts



Source: CMS, BofA Global Research

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**Medicare Advantage Enrollment**

Medicare Advantage (MA) enrollment increased by 1,014,434 (+3.3%) YTD in February 2024. By comparison, for 2023, February MA enrollment grew +4.3% and ended the year up +8.2%.

**Exhibit 5: MA enrollment solidly on track to grow 7% this year**

MA industry enrollment and growth trends for overall, individual, and group

Overall MA	2.1.20	2.1.21	2.1.22	2.1.23	2.1.24	M/M	M/M %	YTD	YTD %	Y/Y % 2024	Vs market
Alignment Healthcare USA, LLC	61,684	80,664	92,857	93,177	155,984	11,256	7.8%	37,852	32.0%	67.4%	28.9%
Centene Corporation	294,178	1,065,543	1,393,143	1,302,546	1,092,218	-18,572	-1.7%	-154,654	-12.4%	-16.1%	-15.5%
The Cigna Group	501,328	565,431	560,110	577,786	596,913	-5	0.0%	-5,155	-0.9%	3.3%	-4.0%
Clover Health Holdings, Inc.	54,499	66,015	84,599	84,288	79,062	-362	-0.5%	-2,139	-2.6%	-6.2%	-5.8%
CVS Health Corporation	2,551,099	2,801,689	3,091,296	3,308,262	4,000,000	118,183	3.0%	620,493	18.4%	20.9%	15.2%
Elevance Health, Inc.	1,300,421	1,513,139	1,891,220	2,031,369	2,006,104	-7,020	-0.3%	-27,061	-1.3%	-1.2%	-4.5%
Humana Inc.	4,429,223	4,824,818	5,112,916	5,576,975	6,083,846	39,182	0.6%	153,505	2.6%	9.1%	-0.5%
Kaiser Foundation Health Plan, Inc.	1,677,541	1,737,076	1,799,710	1,849,653	1,894,841	1,501	0.1%	2,050	0.1%	2.4%	-3.0%
Molina Healthcare, Inc.,	44,521	65,659	79,200	101,204	210,406	-5,393	-2.5%	-28,038	-11.8%	107.9%	-14.9%
Oscar Health, Inc.	1,500	3,583	4,643	1,769	0	0	NA	-1,804	-100.0%	-100.0%	-103.1%
UnitedHealth Group, Inc.	6,320,818	7,180,179	7,938,718	8,881,317	9,498,562	-22,681	-0.2%	109,427	1.2%	6.9%	-2.0%
<b>Industry</b>	<b>24,280,680</b>	<b>26,692,603</b>	<b>28,996,575</b>	<b>31,173,944</b>	<b>33,363,140</b>	<b>184,259</b>	<b>0.6%</b>	<b>1,014,434</b>	<b>3.1%</b>	<b>7.0%</b>	<b>0.0%</b>

Source: CMS, Company filings

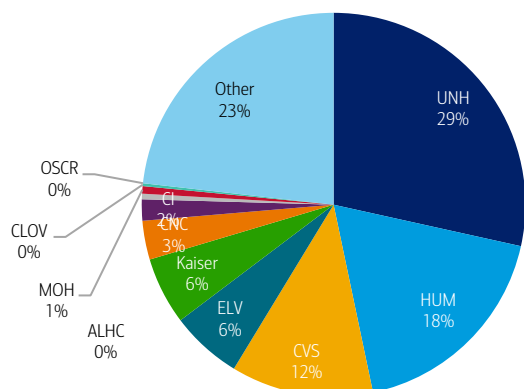
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## Overall Medicare Advantage Market Share

So far this year, CVS (+1.5%), and other regional MCOs (+0.3%), are the only ones taking meaningful share. Meanwhile, CNC (-0.6%), UNH (-0.6%), ELV (-0.3%), MOH (-0.2%), HUM (-0.1%) and CI (-0.1%) are losing share. We continue to believe that over time UNH and HUM will further grow their market share due to their scale and the ability to provide extra benefits.

### Exhibit 6: Industry dominated by large scale MCOs with scale

Overall Medicare Advantage Market Share

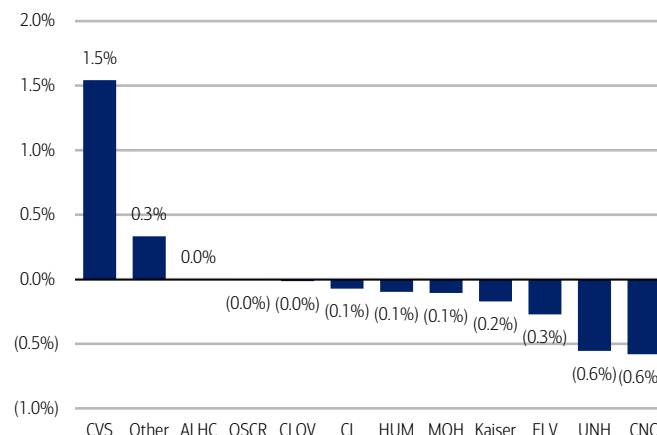


Source: CMS, BofA Global Research

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### Exhibit 7: Larger MCOs tend to take share

YTD Change in Medicare Advantage Market Share



Source: CMS, BofA Global Research

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## Individual Medicare Advantage Enrollment

February Individual MA enrollment increased by 733,518 (+2.7%) YTD. By comparison, for 2023, February individual MA enrollment grew +4.0% compared to year end 2022 and ended the year up 8.7%. Of the plans covered in this report, ALHC (+32.0%), and CVS (+25.9%) saw the fastest growth and, HUM (+2.0%) grew modestly, and UNH was flat (-0.2%). Aside from that OSCR exited the market entirely, while CNC (-12.3%) MOH (-11.8%), ELV (-3.0%) and CI (-1.7%) saw enrollment declines.

### Exhibit 8: Individual MA has grown faster than Group in recent years

Individual Medicare Advantage Enrollment

Individual MA	2.1.20	2.1.21	2.1.22	2.1.23	2.1.24	M/M	M/M %	YTD	YTD %	Y/Y % 2024	Vs market
Alignment Healthcare USA, LLC	61,684	80,664	92,857	93,128	155,817	11,131	7.7%	37,732	32.0%	67.3%	29.2%
Centene Corporation	283,440	1,055,276	1,383,466	1,294,347	1,086,367	-18,512	-1.7%	-152,531	-12.3%	-16.1%	-15.0%
The Cigna Group	497,714	557,640	547,314	557,775	572,324	-1,107	-0.2%	-9,843	-1.7%	2.6%	-4.4%
Clover Health Holdings, Inc.	54,499	66,015	84,599	84,288	79,062	-362	-0.5%	-2,139	-2.6%	-6.2%	-5.4%
CVS Health Corporation	1,495,444	1,676,725	1,944,501	2,068,527	2,680,144	81,315	3.1%	551,321	25.9%	29.6%	23.2%
Elevance Health, Inc.	1,125,571	1,290,458	1,673,921	1,764,144	1,705,895	-10,925	-0.6%	-52,153	-3.0%	-3.3%	-5.7%
Humana Inc.	3,824,793	4,266,672	4,548,754	5,060,417	5,530,789	35,574	0.6%	110,626	2.0%	9.3%	-0.7%
Kaiser Foundation Health Plan, Inc.	1,125,759	1,177,864	1,235,394	1,282,216	1,326,167	1,499	0.1%	6,279	0.5%	3.4%	-2.3%
Molina Healthcare, Inc.,	44,521	65,659	79,200	101,204	210,406	-5,393	-2.5%	-28,038	-11.8%	107.9%	-14.5%
Oscar Health, Inc.	1,500	3,583	4,643	1,769	0	0	NA	-1,804	-100.0%	-100.0%	
UnitedHealth Group, Inc.	4,972,626	5,636,866	6,232,378	6,984,451	7,469,404	-33,341	-0.4%	-18,326	-0.2%	6.9%	-3.0%
<b>Industry</b>	<b>19,550,508</b>	<b>21,668,823</b>	<b>23,800,442</b>	<b>25,649,621</b>	<b>27,533,436</b>	<b>120,245</b>	<b>0.4%</b>	<b>733,518</b>	<b>2.7%</b>	<b>7.3%</b>	<b>0.0%</b>

Source: CMS

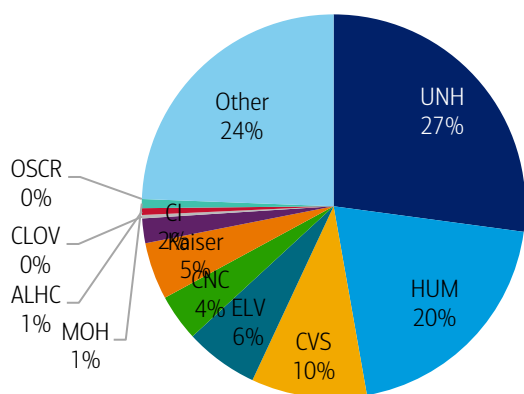
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## Individual Medicare Advantage Market Share

Compared to year end 2023, CVS (+1.8%), other regional MCOs (+0.4%), ALHC (+0.1%) increased their Individual MA market share nationally, while UNH (-0.8%), CNC (-0.7%), ELV (-0.4%), HUM (-0.1%) and CI (-0.1%) saw declines.

**Exhibit 9: Individual more competitive than Group**

Individual Medicare Advantage Market Share

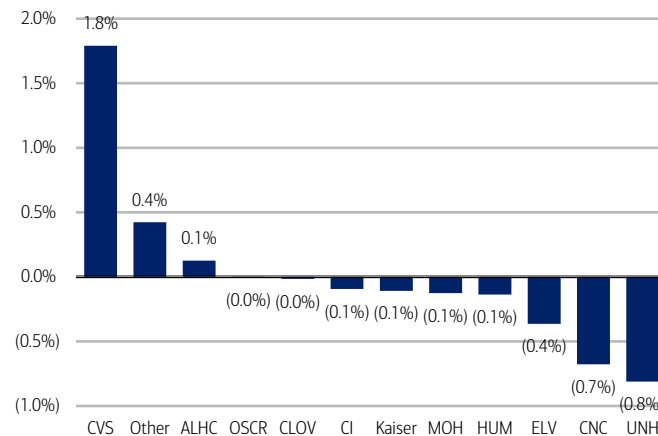


Source: CMS, BofA Global Research

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**Exhibit 10: Similar trends found in individual market share to overall**

YTD Change in Individual Medicare Advantage Market Share



Source: CMS, BofA Global Research

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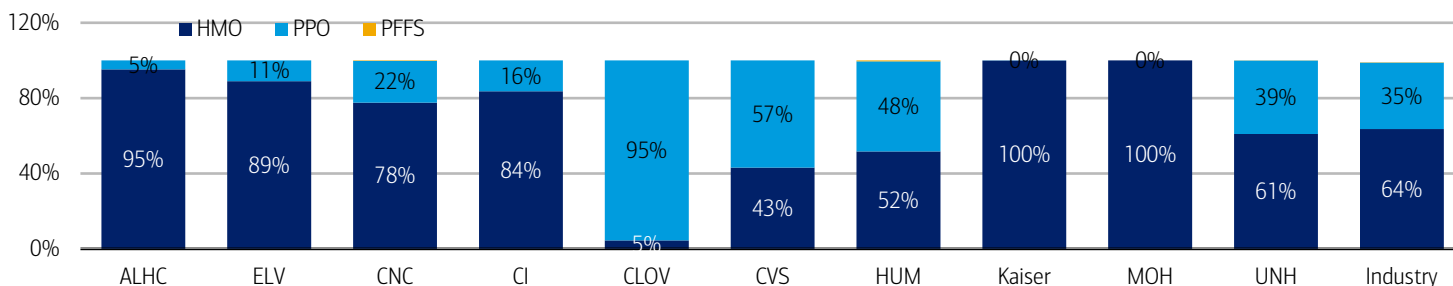
**Individual MA dominated by HMOs, though PPO gaining momentum**

Medicare Advantage is broken into 3 main categories of plans, HMOs (Health Maintenance Organizations) which are tightly managed networks, PPOs (Preferred Provider Organizations) which are more open and PFFS (Private Fee-For-Service) plans which have almost completely open networks, making medical management difficult, and therefore have very little adoption by MCOs.

Instead, HMOs are widely adopted due to the ability for MCOs to control costs, passing savings to beneficiaries in the form of extra ancillary benefits but at the cost of restricting access to certain doctors. We note PPOs have started to regain popularity as MA benefits have gotten rich enough that some members would instead prefer seeing more doctors vs additional ancillary benefits and as plans have gotten better at keeping utilization within its preferred subset of providers within a broad network (essentially maintaining the benefits of an HMO while still offering some choice). PPO plans have grown +1.3% as a percentage of the Individual MA industry YTD, while HMO has declined -1.1% and PFFS is roughly flat. Plans increasing PPO exposure are CI (+1.6%), HUM (+1.1%), ALHC (+0.7%), and CNC (+0.7%) and UNH (+0.2%).

**Exhibit 11: Individual MA industry is dominated by HMO products, though PPO has gained in recent years**

Individual MA breakdown of HMO vs PPO, vs PFFS



Source: CMS, BofA Global Research

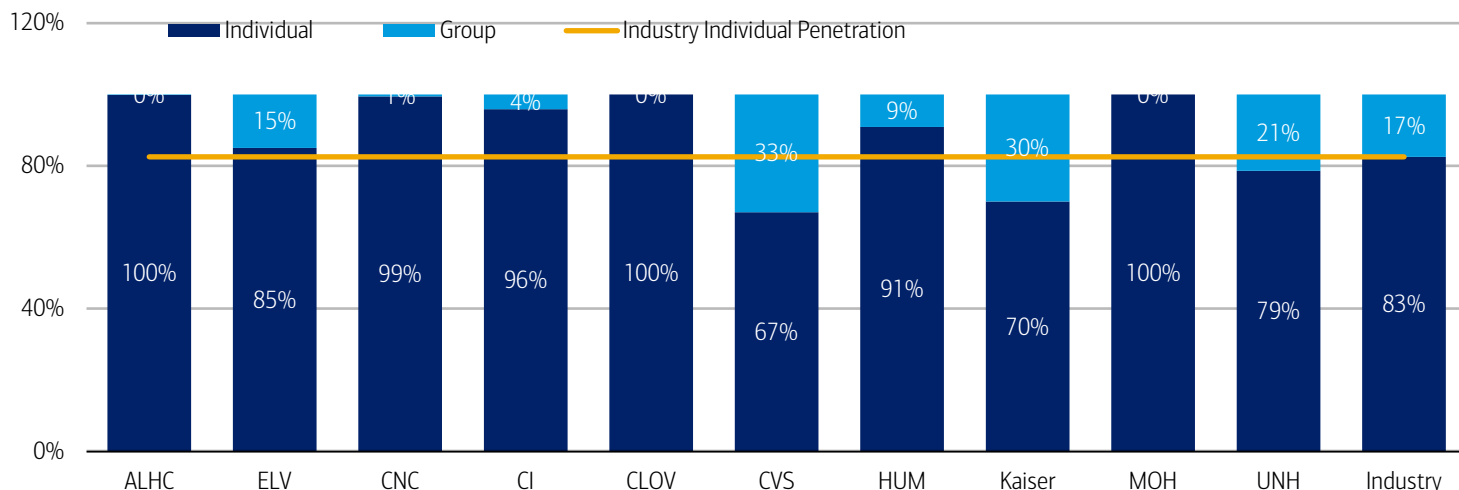
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**Individual MA represents the vast majority of enrollment, growing faster**

Individual MA represents 83% of industry enrollment today and continues to outpace growth in group MA. The public companies with the most exposure to Group MA are CVS (33%) and UNH (21%), while the rest are more focused than average on Individual.

**Exhibit 12: Individual MA represents the vast majority of MA enrollment**

Medicare Advantage industry breakdown of Individual vs Group enrollment



Source: CMS, BofA Global Research

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**Group Medicare Advantage Enrollment**

Group MA enrollment increased by 280,916 members (+5.1%) YTD. By comparison, for 2023, February group MA enrollment grew by +5.4% and ended the year up 5.9%. CI (+23.6%), ELV (+9.1%), HUM (+8.4%), UNH (+6.7%), CVS (+5.5%) saw enrollment growth while CNC (-26.6%) saw declines.

**Exhibit 13: Group MA has grown slower than Individual MA in recent years**

Group Medicare Advantage Enrollment

Group MA	2.1.20	2.1.21	2.1.22	2.1.23	2.1.24	M/M	M/M %	YTD	YTD %	Y/Y % 2024	Vs market
Alignment Healthcare USA, LLC	0	0	0	49	167	125	297.6%	120	NA	NA	NA
Centene Corporation	10,738	10,267	9,677	8,199	5,851	-60	-1.0%	-2,123	-26.6%	-28.6%	-31.7%
The Cigna Group	3,614	7,791	12,796	20,011	24,589	1,102	4.7%	4,688	23.6%	22.9%	18.5%
CVS Health Corporation	1,055,655	1,124,964	1,146,795	1,239,735	1,319,856	36,868	2.9%	69,172	5.5%	6.5%	0.5%
Clover Health Holdings, Inc.	0	0	0	0	0	0	NA	0	NA	NA	NA
Elevance Health, Inc.	174,850	222,681	217,299	267,225	300,209	3,905	1.3%	25,092	9.1%	12.3%	4.1%
Humana Inc.	604,430	558,146	564,162	516,558	553,057	3,608	0.7%	42,879	8.4%	7.1%	3.3%
Kaiser Foundation Health Plan, Inc.	551,782	559,212	564,316	567,437	568,674	2	0.0%	-4,229	-0.7%	0.2%	-5.8%
Molina Healthcare, Inc.,	0	0	0	0	0	0	NA	0	NA	NA	NA
Oscar Health, Inc.	0	0	0	0	0	0	NA	0	NA	NA	NA
UnitedHealth Group, Inc.	1,348,192	1,543,313	1,706,340	1,896,866	2,029,158	10,660	0.5%	127,753	6.7%	7.0%	1.7%
<b>Industry</b>	<b>4,730,172</b>	<b>5,023,780</b>	<b>5,196,133</b>	<b>5,524,323</b>	<b>5,829,704</b>	<b>64,014</b>	<b>1.1%</b>	<b>280,916</b>	<b>5.1%</b>	<b>5.5%</b>	<b>0.0%</b>

Source: CMS

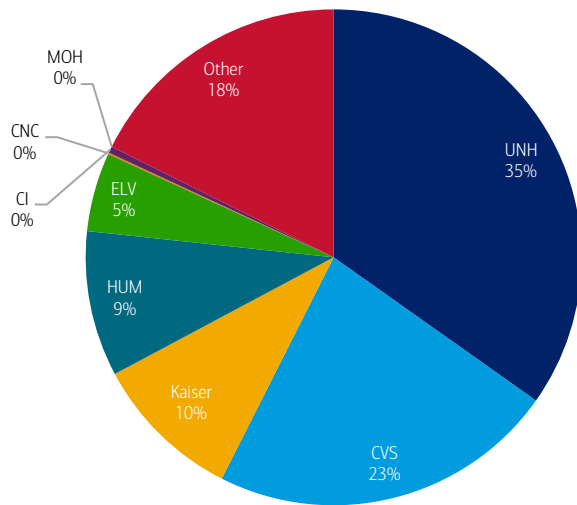
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**Group Medicare Advantage Market Share**

Compared to year-end 2023, UNH (+0.5%), HUM (+0.3%), and ELV (+0.2%), CVS (+0.1%) and CI (+0.1%) increased their Group MA market share, showing strong underlying growth. MOH, remained relatively flat, while CNC saw a decline. We note that Group MA membership can be lumpy due to large contract wins, but usually sees swings on January 1 and mid-year.

**Exhibit 14: Group MA membership can be lumpy due to contract wins**

Group Medicare Advantage Market Share

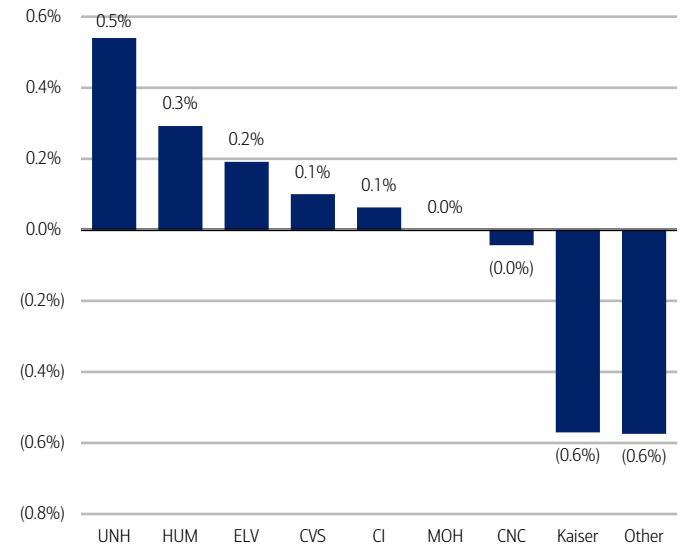


Source: CMS, BofA Global Research

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**Exhibit 15: MCOs can lose or gain significant share**

YTD Change in Group Medicare Advantage Market Share



Source: CMS, BofA Global Research

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**Duals underperformed MA growth, should accelerate**

Total Dual-Eligible (Including Duals Demonstrations) enrollment increased by 158,193 (+2.6%) YTD in February vs. +3.1% for overall MA over the same time period. From here, Duals will likely outpace broader MA, aided by the fact that duals are less penetrated than Medicare overall, and can enroll year-round, while non-duals can only enroll during open enrollment or when they age into Medicare. Of the major plans, CVS (+44.5%) is growing the fastest by far, followed by ALHC (+18.3%), and HUM (+4.1%) while ELV (-3.5%), CNC (-2.2%), and UNH (-0.6%) are shrinking.

**Exhibit 16: Duals will likely outpace broader MA, aided by the fact that duals can enroll year round**

Total Dual-Eligible enrollment tracking

Total Duals	2.1.20	2.1.21	2.1.22	2.1.23	2.1.24	M/M	M/M %	YTD	YTD %
Alignment Healthcare USA, LLC		190	2,651	3,457	5,423	237	4.6%	837	18.3%
Centene Corporation	273,251	322,248	403,561	433,339	450,061	-8,728	-1.9%	-10,115	-2.2%
CIGNA	93,414	95,193	87,708	87,389	84,571	-576	-0.7%	-3,473	-3.9%
Clover Health Holdings, Inc.	0	0	0	0	0	0	0	0	NA
CVS Health Corporation	64,281	101,399	178,717	254,569	440,624	14,391	3.4%	135,614	44.5%
Elevance Health, Inc.	252,456	313,658	555,539	615,328	597,968	-6,245	-1.0%	-21,371	-3.5%
Humana Inc.	334,506	479,815	643,615	754,249	932,696	4,256	0.5%	36,491	4.1%
Molina Healthcare, Inc.,	101,618	121,056	138,166	140,271	152,088	-2,157	-1.4%	-7,315	-4.6%
Oscar Health, Inc.		0	0	0	0	0	0.0%	0	NA
UnitedHealth Group, Inc.	1,041,410	1,167,554	1,424,812	1,829,106	2,189,371	-11,658	-0.5%	-12,960	-0.6%
<b>Industry</b>	<b>3,245,742</b>	<b>3,753,300</b>	<b>4,533,451</b>	<b>5,326,692</b>	<b>6,149,879</b>	<b>3,509</b>	<b>0.1%</b>	<b>158,193</b>	<b>2.6%</b>

Source: CMS

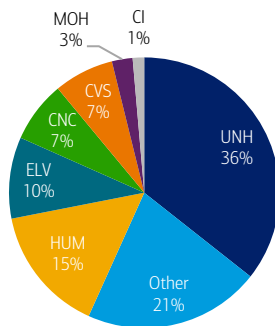
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**Market Share of Dual Eligibles**

We note that UNH has by far the highest market share ~36% (down 1.2% YTD) of dually eligible beneficiaries, followed by HUM (~15%, up 0.2% YTD) and ELV (~10%, down 0.6% YTD). From there, the market is highly fragmented, though CVS has gained share this year (+2.1%).

**Exhibit 17: Duals are another area with high market concentration**

Dually-Eligible Market Share

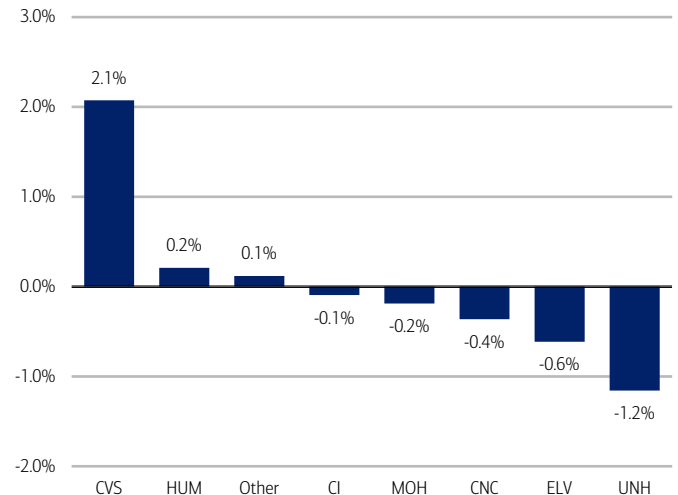


Source: CMS, BofA Global Research

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**Exhibit 18: CVS taking significant share this year**

YTD Change in Dually-Eligible Market Share



Source: CMS, BofA Global Research

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**Part D Enrollment**

Part D (standalone prescription drug plans) enrollment increased by 617,481 (+2.7%) YTD. By comparison, in February 2023, enrollment was down -3.8% vs year end 2022, and ended the year down -3.0%. The increase was driven by CNC (+37.9%), ELV (+2.1%) and though CVS (-16.8%), HUM (-17.8%), and UNH (-5.4%) saw declines. Despite demographic tailwinds, we generally view standalone Part D as low/no growth, as seniors move away from FFS + Part D towards MA plans (where Part D is generally included inside the MA plan).

**Exhibit 19: Part D enrollment is growing again for the first time in a few years**

Stand-alone Part D Enrollment

Part D	2.1.20	2.1.21	2.1.22	2.1.23	2.1.24	M/M	M/M %	YTD	YTD %
Centene Corporation		4,139,786	4,175,464	4,459,758	6,368,946	166,265	2.7%	1,749,018	37.9%
The Cigna Group	3,309,451	3,195,869	2,923,566	2,547,828	2,564,889	-12,595	-0.5%	7,573	0.3%
CVS Health Corporation	5,714,599	5,741,437	6,029,714	6,139,513	5,075,243	12,924	0.3%	-1,022,571	-16.8%
Elevance Health, Inc.	361,127	411,572	256,320	239,842	237,969	-986	-0.4%	4,836	2.1%
Health Care Service Corporation	268,772	285,061	275,543	278,477	276,715	-19,376	-6.5%	-6,771	-2.4%
Humana Inc.	3,789,370	3,565,509	3,513,000	2,863,881	2,244,264	-33,665	-1.5%	-485,249	-17.8%
Rite Aid Corporation	871,351	802,928	680,276	312,586	19,341	-346	-1.8%	-264,976	-93.2%
UnitedHealth Group, Inc.	4,868,443	4,525,953	4,086,290	4,142,556	3,851,822	-36,546	-0.9%	-220,323	-5.4%
<b>Industry</b>	<b>25,237,117</b>	<b>24,297,940</b>	<b>23,426,108</b>	<b>22,538,457</b>	<b>23,110,620</b>	<b>84,452</b>	<b>0.4%</b>	<b>617,481</b>	<b>2.7%</b>

Source: CMS

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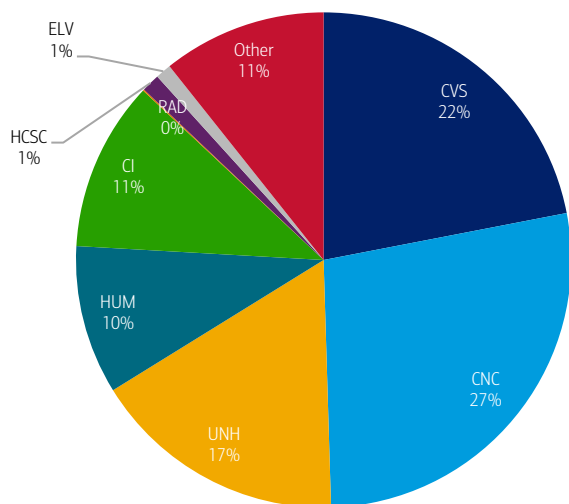
**Market Share of standalone Part D**

We note that this year, CNC is now the market leader in Part D, having taken significant share +7.0% from CVS (-5.1%) which declined.



**Exhibit 20: CNC, CVS & UNH remain main players**

Standalone Part D Market Share

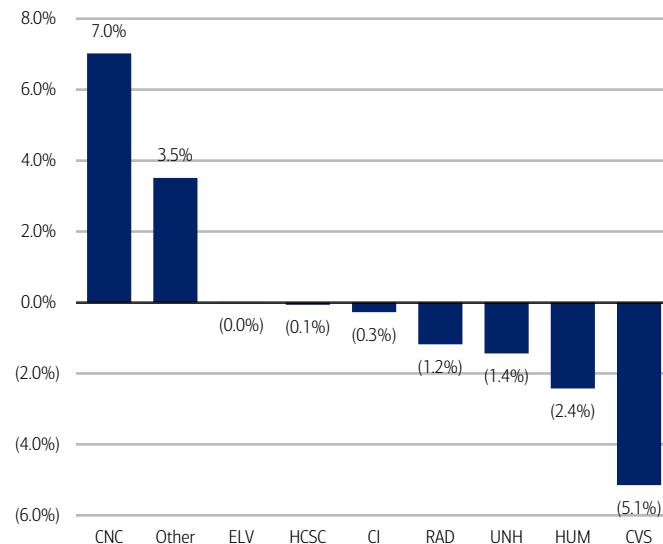


Source: CMS, BofA Global Research

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**Exhibit 21: CNC consolidating share gains this year**

YTD Change in Stand-alone Part D Market Share



Source: CMS, BofA Global Research

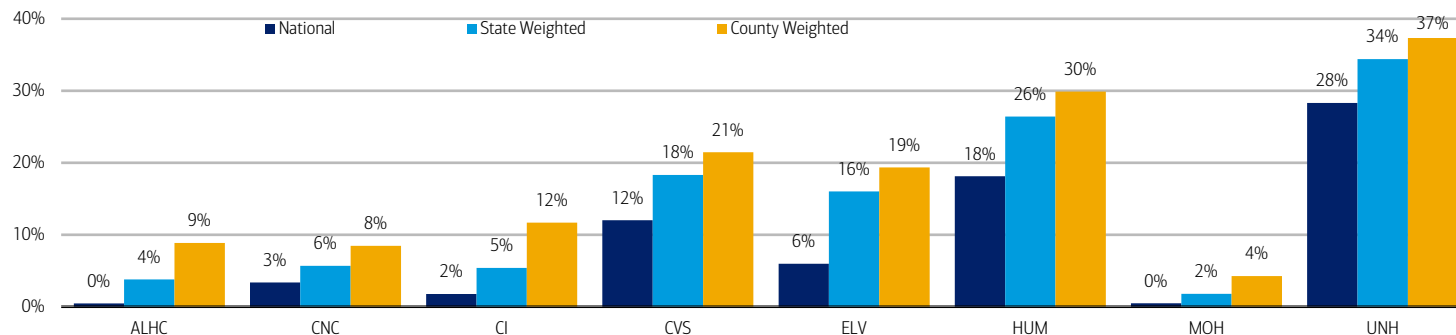
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**Local scale is the biggest driver of success**

Interestingly, when weighting an insurer's state or county market share by the exposure to that state or county, it becomes clear why UNH and HUM have been so successful. Namely, the county weighted market share at UNH is 37% and 30% at HUM, which means that for the most part, 1 in 3 MA members in a given county they operate in are members. This gives the companies significant sway with provider groups on obtaining unit cost discounts as well as negotiating and instituting changes in behavior such as value based care and compliance on stars/risk adjustment. The next furthest is CVS (21%) followed by ELV (19%), and the remaining companies are much further behind. It is interesting to see that ELV has almost the same local market share as CVS despite being 1/3 of the size nationally, underscoring the local concentration it has in its Blue states.

**Exhibit 22: UNH and HUM have dominant market share in their geographies**

Comparing national vs state weighted average and county weighted average market share in overall MA



Source: CMS, BofA Global Research

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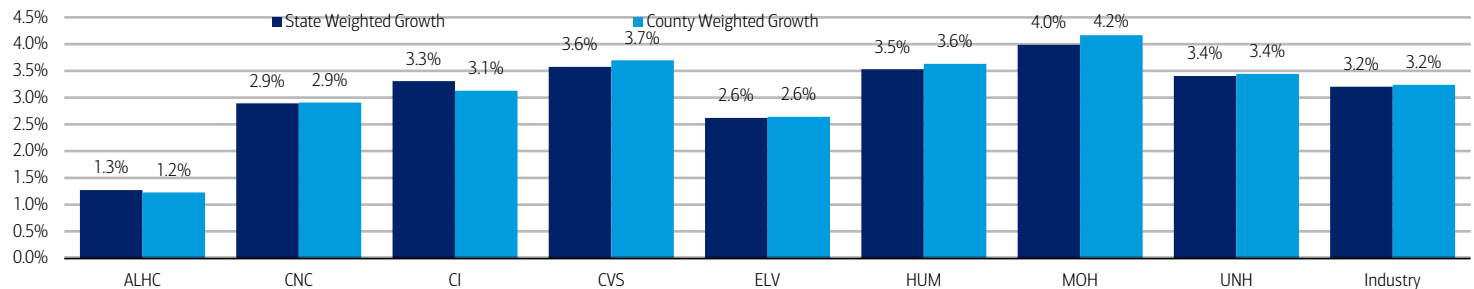
**Exposure to fastest growing states**

We looked at the fastest growing states, to see which companies were positioned for growth, simply based on their geographic presence. Interestingly, the large MCOs such as HUM and UNH are still levered to faster growing states despite being such a large portion of the market, particularly TX which is growing only slightly above the national

average. Meanwhile ALHC despite being smaller is heavily exposed to California which is growing much slower than the national average.

### Exhibit 23: Geographic presence can be a large factor in underlying growth for MA MCOs

Weighted average MA MCO growth rate based on state exposure and growth rates



Source: CMS, BofA Global Research

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### State by state enrollment growth contribution

Some interesting trends emerge when looking at enrollment growth contribution on a state-by-state basis (this chart shows the percentage of net enrollment growth from each state, such that adding all of the numbers will add to 100%, or in the case of a company that has membership declines, will add up to -100%).

### Exhibit 25: Some interesting trends emerge when looking at enrollment growth by contribution on a state by state basis

Medicare Advantage state by state enrollment growth contribution

State	ALHC	CNC	CI	CVS	ELV	HUM	MOH	UNH	Industry
AL	0%	0%	73%	2%	0%	2%	0%	1%	2%
AK	0%	0%	0%	0%	0%	0%	0%	0%	0%
AZ	2%	2%	-33%	2%	3%	0%	0%	5%	2%
AR	0%	1%	12%	2%	0%	2%	0%	-5%	1%
CA	86%	33%	0%	5%	-93%	6%	90%	5%	3%
CO	0%	0%	22%	1%	11%	3%	0%	3%	2%
CT	0%	1%	-6%	2%	0%	0%	0%	1%	1%
DE	0%	0%	5%	1%	0%	-2%	0%	1%	0%
DC	0%	0%	4%	0%	0%	0%	0%	1%	0%
FL	1%	20%	-7%	5%	-40%	23%	1%	17%	7%
GA	0%	6%	56%	6%	-7%	-4%	0%	10%	3%
HI	0%	1%	0%	0%	0%	1%	0%	1%	0%
ID	0%	0%	0%	0%	0%	-2%	1%	3%	1%
IL	0%	3%	15%	4%	0%	4%	1%	6%	5%
IN	0%	1%	0%	1%	-27%	5%	0%	5%	3%
IA	0%	0%	0%	2%	-2%	-2%	0%	-1%	1%
KS	0%	0%	2%	2%	0%	0%	0%	-3%	1%
KY	0%	5%	-1%	1%	-92%	-7%	0%	-2%	1%
LA	0%	3%	0%	2%	1%	-5%	0%	8%	1%
ME	0%	1%	-4%	0%	1%	2%	0%	1%	0%
MD	0%	0%	27%	2%	0%	3%	0%	4%	2%
MA	0%	0%	0%	2%	-1%	0%	0%	-1%	2%
MI	0%	5%	0%	3%	-1%	6%	1%	6%	5%
MN	0%	0%	0%	0%	-1%	-8%	0%	9%	2%
MS	0%	2%	12%	2%	0%	4%	0%	0%	1%
MO	0%	0%	0%	6%	-7%	-3%	0%	-14%	2%
MT	0%	0%	0%	0%	0%	1%	0%	1%	0%
NE	0%	0%	0%	1%	0%	0%	0%	1%	1%
NV	3%	0%	-6%	1%	6%	3%	0%	1%	1%
NH	0%	0%	0%	-1%	-36%	0%	0%	0%	1%
NJ	0%	1%	-32%	2%	26%	2%	0%	5%	2%
NM	0%	-1%	54%	0%	10%	0%	3%	4%	0%
NY	0%	7%	-231%	10%	77%	6%	0%	-9%	4%
NC	2%	1%	12%	3%	-1%	20%	0%	-7%	5%
ND	0%	0%	0%	0%	0%	-1%	0%	1%	0%
OH	0%	2%	-5%	5%	5%	2%	1%	-3%	4%
OK	0%	0%	3%	0%	0%	3%	0%	3%	1%
OR	0%	0%	-3%	0%	0%	-1%	0%	-4%	1%

PA	0%	1%	71%	6%	-3%	-3%	0%	-2%	4%
PR	0%	0%	0%	0%	208%	5%	0%	0%	0%
RI	0%	0%	0%	0%	0%	0%	0%	0%	0%
SC	0%	3%	-17%	4%	-1%	5%	0%	-6%	2%
SD	0%	0%	0%	0%	0%	0%	0%	0%	0%
TN	0%	3%	81%	0%	17%	2%	0%	16%	2%
TX	6%	3%	9%	5%	104%	8%	0%	23%	7%
UT	0%	0%	32%	1%	0%	3%	2%	5%	1%
VT	0%	0%	0%	0%	-1%	0%	0%	-1%	0%
VA	0%	0%	-36%	2%	-21%	6%	0%	1%	3%
WA	0%	-1%	-3%	5%	5%	10%	0%	4%	4%
WV	0%	0%	-4%	1%	0%	1%	0%	0%	1%
WI	0%	-1%	0%	1%	-40%	0%	0%	1%	2%
WY	0%	0%	0%	0%	0%	0%	0%	4%	0%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: CMS, BofA Global Research

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Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

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