



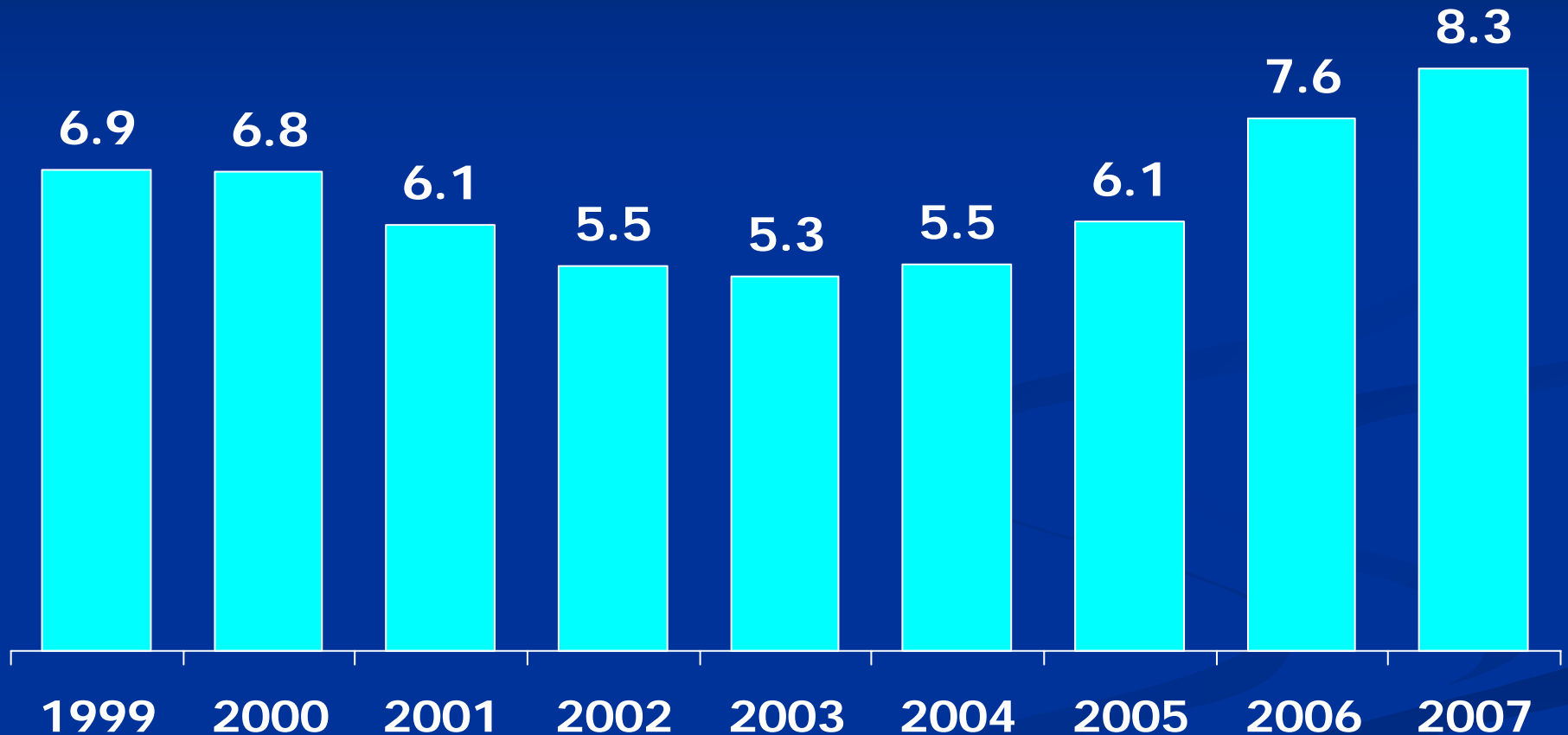
Medicare Private Fee-For-Service Plans: Implications for Beneficiaries and the Program

A Kaiser Family Foundation Policy Workshop

March 16, 2007

Total Medicare Private Health Plan Enrollment 1999-2007

In millions:



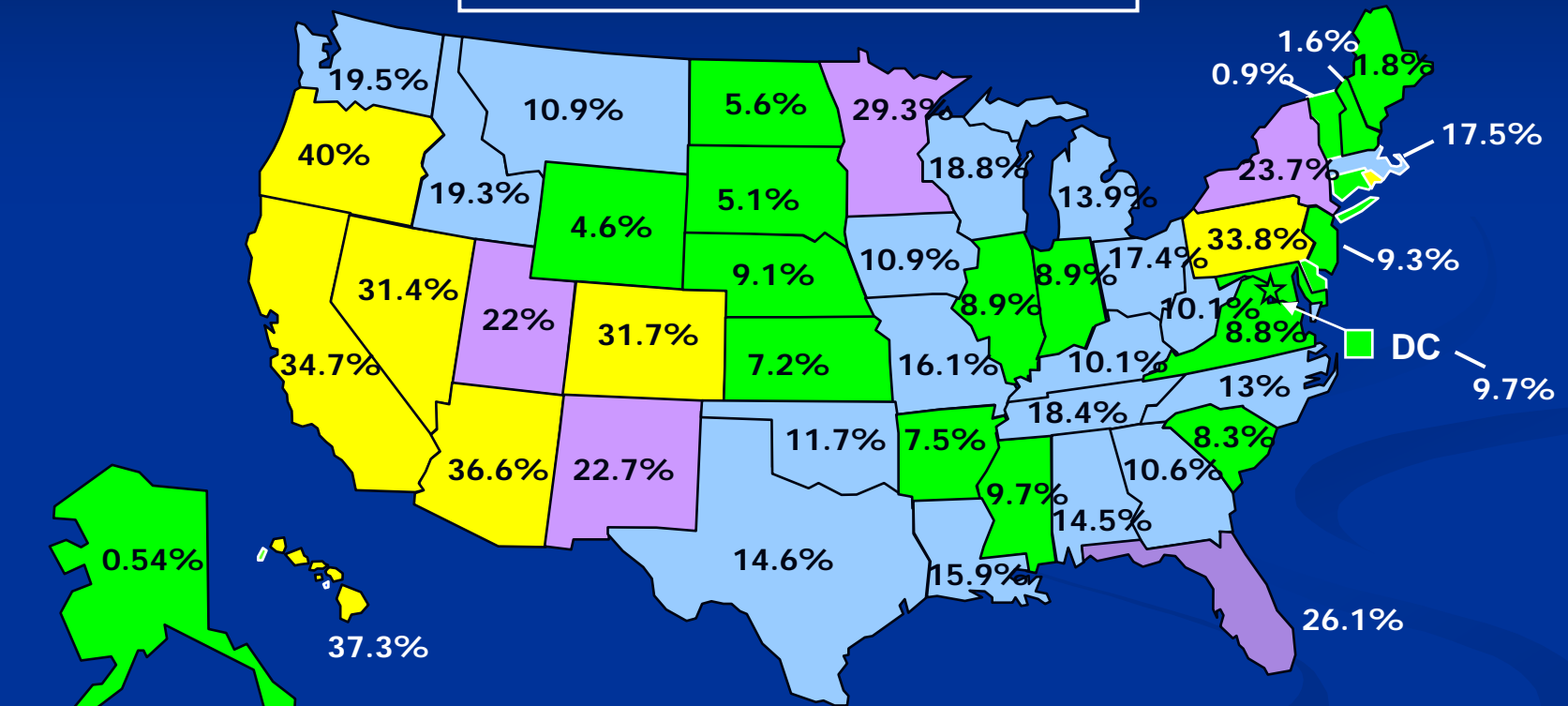
Note: Includes local HMOs, PSOs, and PPOs, regional PPOs, PFFS plans, Cost contracts, Demonstrations, HCPP, and PACE contracts.

Source: Mathematica Policy Research, Inc. "Tracking Medicare Health and Prescription Drug Plans Monthly Report." December 1999-2006. CMS Monthly Summary Report, February 2007.

Medicare Advantage State Penetration, 2007

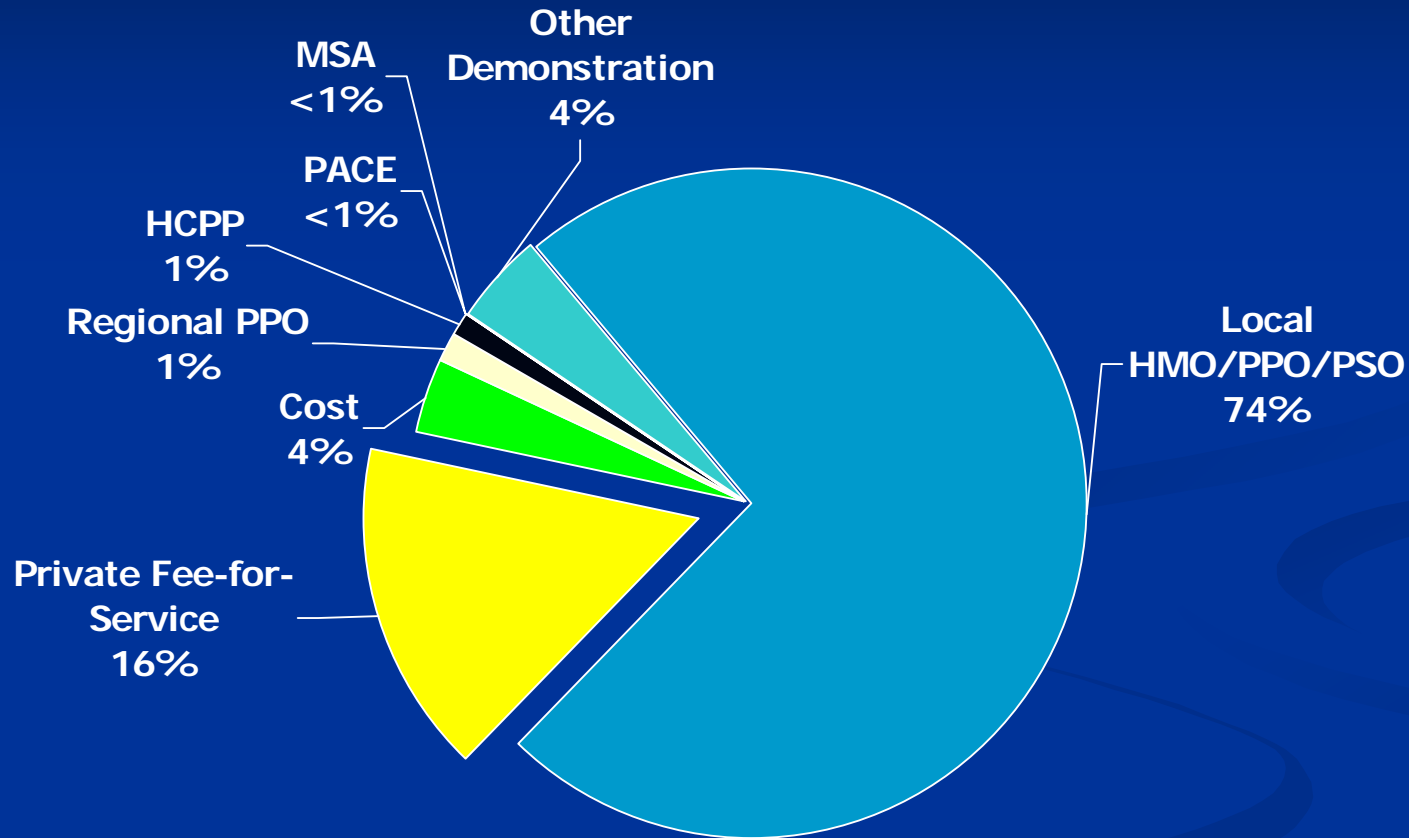
Mean State Penetration: 15.6%

U.S. Penetration: 18.8%



Source: Centers for Medicare and Medicaid Services (CMS), 1/16/2007.

Medicare Advantage Enrollment by Plan Type, 2007

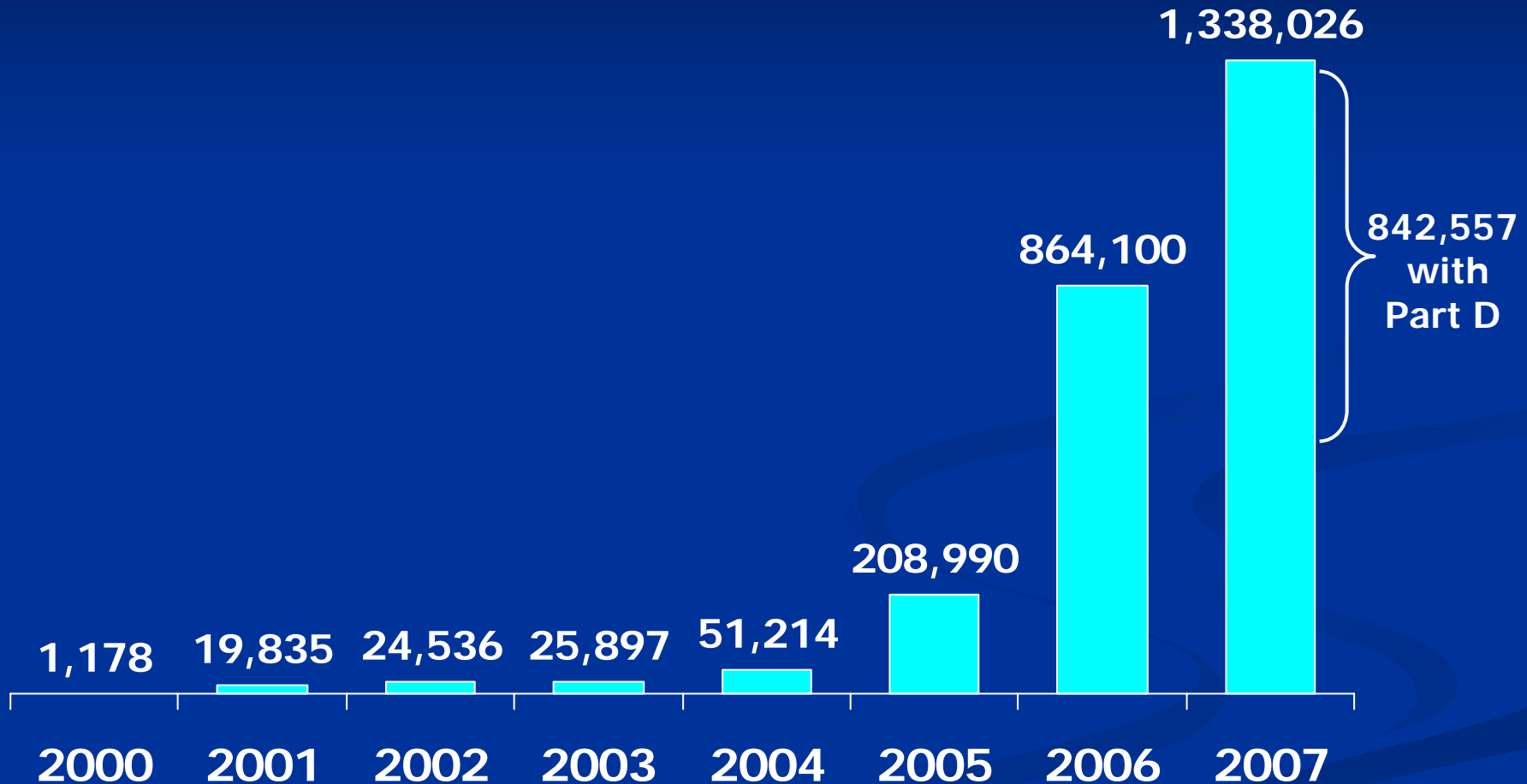


Total Enrollment in All Plan Types = 8.3 million

Key Facts about Private Fee-for-Service Plans

- **Authorized under the Balanced Budget Act of 1997**
 - First plan was offered in 2000
- **Plans typically do not have provider networks**
 - PFFS enrollees can access any provider willing to accept the plan's payment
- **Required to offer Part A and B benefits**
 - May offer enhanced benefits or reduced cost-sharing
- **Plans not required to provide Part D benefit; about half do**
- **Exempt from other requirements that apply to other Advantage plans, such as specific quality and utilization review policies**
- **Virtually all beneficiaries have access to one or more PFFS plan**

PRIVATE FEE-FOR-SERVICE ENROLLMENT, 2000-2007



SOURCE: Avalere Health analysis of Centers for Medicare and Medicaid Services, Medicare Managed Care Contract Report (2000-2005); Centers for Medicare and Medicaid Services, Monthly Summary Report (2006-2007). Figures are year-end for 2000-2006 and as of February for 2007.