

# Medicare Per Capita Cost Variation by State, 2015

5 Slide Series, Volume 50

July 2017

**The Menges Group**

# Introduction

- This edition of our 5 Slide Series conveys differences in per capita Medicare costs by state.
- During 2015, statewide per capita costs ranged from a high of \$10,681 in New Jersey (117% of the USA average of \$9,115) to a low of \$5,899 in Hawaii (64.8% of the USA average).
- A comparison of FFS costs, the Medicare Advantage rate book, and Medicare Advantage enrollment penetration demonstrates that health plans are adept at taking advantage of areas (like Puerto Rico) where Medicare Advantage payments exceed underlying FFS costs.
- The figures in this report include Medicare Parts A & B, excluding Part D and program administrative costs.
- Nationwide, 35.7% of Medicare beneficiaries were enrolled in a Medicare Advantage health plan during 2015.

# Summary of Medicare Fee-for-Service per Capita Costs, 2015, 17 Highest-Cost States

- New Jersey had nation's highest Medicare FFS per capita costs at \$10,681 during 2015 -- 17% above US average
- 14 states + DC had costs above the US average during 2015

State or Territory	2015 Part A Per Capita Cost	2015 Part B Per Capita Cost	2015 Total Per Capita (Parts A & B Combined)	Part A % of Total	2015 Total Per Capita Cost as % of USA Average	Rank in 2015 Per Capita Costs
NEW JERSEY	\$5,107	\$5,574	\$10,681	47.8%	117.4%	1
MARYLAND	\$4,891	\$5,655	\$10,545	46.4%	115.9%	2
CONNECTICUT	\$4,981	\$5,462	\$10,443	47.7%	114.7%	3
NEW YORK	\$5,088	\$5,333	\$10,421	48.8%	114.5%	4
FLORIDA	\$4,214	\$5,941	\$10,155	41.5%	111.6%	5
CALIFORNIA	\$4,874	\$5,275	\$10,149	48.0%	111.5%	6
MASSACHUSETTS	\$4,983	\$5,160	\$10,143	49.1%	111.4%	7
TEXAS	\$4,360	\$5,347	\$9,707	44.9%	106.6%	8
MICHIGAN	\$4,607	\$5,046	\$9,653	47.7%	106.1%	9
ILLINOIS	\$4,415	\$5,113	\$9,527	46.3%	104.7%	10
DISTRICT OF COLUMBIA	\$4,875	\$4,593	\$9,467	51.5%	104.0%	11
LOUISIANA	\$4,357	\$5,091	\$9,448	46.1%	103.8%	12
DELAWARE	\$4,312	\$5,062	\$9,374	46.0%	103.0%	13
PENNSYLVANIA	\$4,394	\$4,897	\$9,291	47.3%	102.1%	14
RHODE ISLAND	\$4,395	\$4,803	\$9,199	47.8%	101.1%	15
NEVADA	\$4,186	\$4,892	\$9,078	46.1%	99.7%	16
OKLAHOMA	\$3,970	\$4,923	\$8,893	44.6%	97.7%	17

# Summary of Medicare Fee-for-Service per Capita Costs, 2015, Middle 17 States

State or Territory	2015 Part A Per Capita Cost	2015 Part B Per Capita Cost	2015 Total Per Capita (Parts A & B Combined)	Part A % of Total	2015 Total Per Capita Cost as % of USA Average	Rank in 2015 Per Capita Costs
OHIO	\$4,253	\$4,599	\$8,852	48.0%	97.3%	18
MISSISSIPPI	\$4,080	\$4,769	\$8,849	46.1%	97.2%	19
INDIANA	\$4,251	\$4,586	\$8,837	48.1%	97.1%	20
KENTUCKY	\$4,126	\$4,479	\$8,605	47.9%	94.5%	21
NEBRASKA	\$3,926	\$4,589	\$8,516	46.1%	93.6%	22
KANSAS	\$3,869	\$4,566	\$8,436	45.9%	92.7%	23
MISSOURI	\$3,833	\$4,599	\$8,432	45.5%	92.6%	24
ALASKA	\$3,912	\$4,480	\$8,392	46.6%	92.2%	25
TENNESSEE	\$3,635	\$4,668	\$8,303	43.8%	91.2%	26
ARIZONA	\$3,448	\$4,839	\$8,287	41.6%	91.0%	27
NEW HAMPSHIRE	\$3,794	\$4,479	\$8,273	45.9%	90.9%	28
MINNESOTA	\$3,874	\$4,388	\$8,262	46.9%	90.8%	29
N. CAROLINA	\$3,671	\$4,484	\$8,155	45.0%	89.6%	30
MAINE	\$3,478	\$4,650	\$8,128	42.8%	89.3%	31
W. VIRGINIA	\$3,861	\$4,265	\$8,127	47.5%	89.3%	32
WYOMING	\$3,918	\$4,179	\$8,097	48.4%	89.0%	33
VERMONT	\$3,706	\$4,322	\$8,028	46.2%	88.2%	34

# Summary of Medicare Fee-for-Service per Capita Costs, 2015, 17 Lowest-Cost States

State or Territory	2015 Part A Per Capita Cost	2015 Part B Per Capita Cost	2015 Total Per Capita (Parts A & B Combined)	Part A % of Total	2015 Total Per Capita Cost as % of USA Average	Rank in 2015 Per Capita Costs
GEORGIA	\$3,383	\$4,621	\$8,004	42.3%	87.9%	35
N. DAKOTA	\$3,433	\$4,553	\$7,986	43.0%	87.7%	36
ALABAMA	\$3,391	\$4,565	\$7,956	42.6%	87.4%	37
S. DAKOTA	\$3,516	\$4,395	\$7,911	44.4%	86.9%	38
VIRGINIA	\$3,474	\$4,433	\$7,906	43.9%	86.9%	39
ARKANSAS	\$3,653	\$4,211	\$7,864	46.5%	86.4%	40
WISCONSIN	\$3,578	\$4,234	\$7,812	45.8%	85.8%	41
IOWA	\$3,489	\$4,318	\$7,807	44.7%	85.8%	42
S. CAROLINA	\$3,437	\$4,343	\$7,781	44.2%	85.5%	43
COLORADO	\$3,320	\$4,414	\$7,734	42.9%	85.0%	44
WASHINGTON	\$3,440	\$4,200	\$7,640	45.0%	83.9%	45
UTAH	\$3,163	\$4,404	\$7,567	41.8%	83.1%	46
OREGON	\$3,193	\$4,069	\$7,261	44.0%	79.8%	47
IDAHO	\$3,029	\$4,213	\$7,242	41.8%	79.6%	48
MONTANA	\$3,069	\$4,109	\$7,178	42.8%	78.9%	49
NEW MEXICO	\$3,085	\$3,840	\$6,925	44.6%	76.1%	50
HAWAII	\$2,655	\$3,244	\$5,899	45.0%	64.8%	51
<b>TOTAL, 50 STATES + DC</b>	<b>\$4,190</b>	<b>\$4,926</b>	<b>\$9,115</b>	<b>46.0%</b>	<b>100.1%</b>	

# Summary of Medicare Fee-for-Service per Capita Costs, 2015, US Territories

Per capita Medicare costs in each of the territories are less than 50% of USA average

State or Territory	2015 Part A Per Capita Cost	2015 Part B Per Capita Cost	2015 Total Per Capita (Parts A & B Combined)	Part A % of Total	2015 Total Per Capita Cost as % of USA Average
<b>TOTAL, 50 STATES + DC</b>	<b>\$4,190</b>	<b>\$4,926</b>	<b>\$9,115</b>	<b>46.0%</b>	<b>100.1%</b>
<b>US TERRITORIES</b>					
MARIANA ISLANDS	\$2,458	\$2,076	\$4,534	54.2%	49.8%
PUERTO RICO	\$1,680	\$2,744	\$4,424	38.0%	48.6%
VIRGIN ISLANDS	\$2,106	\$2,223	\$4,328	48.6%	47.6%
GUAM	\$1,043	\$1,831	\$2,875	36.3%	31.6%
AMERICAN SAMOA	\$954	\$933	\$1,888	50.6%	20.7%
<b>SUBTOTAL, TERRITORIES</b>	<b>\$1,659</b>	<b>\$2,491</b>	<b>\$4,150</b>	<b>40.0%</b>	<b>45.6%</b>
<b>TOTAL USA (incl. Territories)</b>	<b>\$4,183</b>	<b>\$4,919</b>	<b>\$9,102</b>	<b>46.0%</b>	<b>100.0%</b>

# CMS Capitation Rates in Medicare Advantage Pick Up Some – But Not All – Underlying Geographic Cost Variations

Health Insurers Appear to be Adept at Taking Advantage of the Resulting “Arbitrage” Opportunities (at least in Puerto Rico)

<b>County</b>	<b>FFS Per Capita Cost, 2015</b>	<b>2015 Monthly Capitation Rate, Per CMS Rate Book</b>	<b>Capitation Rate as % of FFS Cost</b>	<b>% of Statewide Medicare Eligibles Enrolled in MCOs, 2015</b>
San Juan County, Puerto Rico	\$404.55	\$528.97	131%	90.0%
Essex County, New Jersey	\$954.46	\$852.74	89%	18.1%

# 5 Slide Series Overview

Our 5 Slide Series is a monthly publication whereby we briefly discuss/address a selected topic outside the confines of our client engagements.

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