

EXECUTIVE BRIEFING PREVIEW

What do seniors want from their Medicare Advantage plan?

9 data-driven insights on senior preferences



The Medicare Advantage (MA) market is a lucrative line of business for health plans. Thousands of seniors age into Medicare eligibility daily, creating a market rife with organic growth. Medicare Advantage's rising popularity with seniors is bolstered by competitive prices and expanded benefits, positioning MA to overtake traditional Medicare enrollment by 2025.

Medicare Advantage's popularity with seniors has in turn increased the competition for health plans, with a record number of carriers and MA products available. Plans must fine-tune their understanding of seniors' preferences and decision-making around plan selection to appeal to consumers and stand out in a fiercely competitive crowd.

Advisory Board conducted an online survey of 1,397 seniors over the age of 60 to understand what matters most to consumers when selecting a Medicare product and what makes the biggest difference in overall satisfaction. Our Senior Shopping Preferences Survey uncovered unique ways that seniors are exposed to Medicare Advantage, how they prioritize benefits and other aspects of product design, and how they weigh options for switching between plans. This briefing will showcase our nine data-driven insights that allow plans to get into the minds of senior consumers—and position their products to better meet these members' needs.

This preview contains the first three of nine data-driven insights on senior preferences. Members of select Research programs have access to the full briefing.

 For more information on how Advisory Board supports health plans, please contact us at programinquiries@advisory.com or visit advisory.com/memberships.

Insights

AVAILABLE IN PREVIEW

Aging into eligibility: Seniors' introduction to the Medicare marketplace

- 01 Seniors do their research online but continue to prefer traditional sales channels
- 02 Brokers remain the single most important entity in the MA sales pipeline
- 03 Seniors have interest in sticking with their pre-Medicare carrier—but aren't always loyal when it comes time to enroll

AVAILABLE WITH MEMBERSHIP

Drowning out the noise: Becoming the plan of choice

- 04 Most seniors consider only one or two plans despite having access to a significant number of plans to choose from
- 05 Practical criteria, like competitive pricing and robust physician networks, are table stakes—but not enough to be selected
- 06 Every supplemental benefit appeals to someone, but you can't offer everything at once
- 07 Seniors aren't selecting based on quality—because high Star ratings have become an expectation

Understanding the itch to switch: What it takes to keep members loyal

- 08 Most MA enrollees claim they'll shop around, but very few actually switch
- 09 Seniors lack complete understanding of their current benefits and coverage, which can lead to dissatisfaction with their MA plan

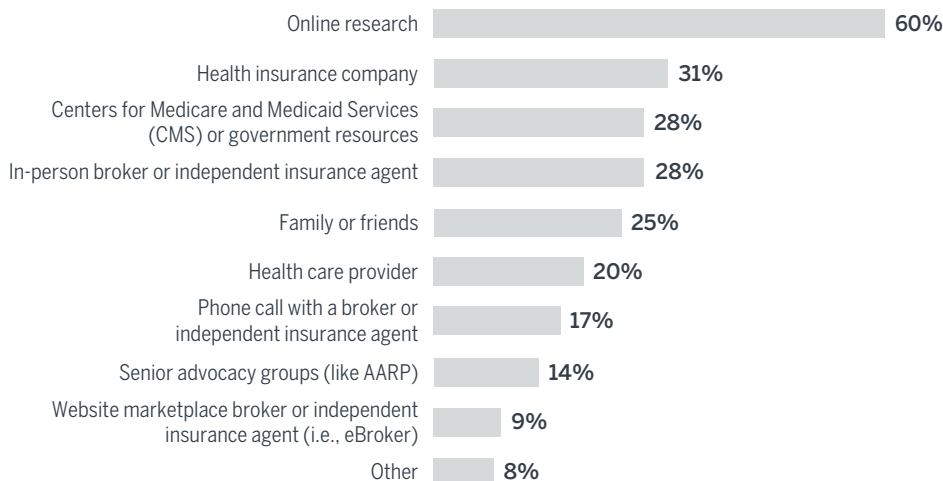
01 Seniors do their research online but continue to prefer traditional sales channels

Only about two-thirds of seniors research their Medicare options, whether it's deciding between traditional Medicare and Medicare Advantage (MA) or shopping around MA plans. On one hand, this makes sense—Medicare can be extremely confusing. Researching eligibility requirements, coverage, and a variety of options is daunting and often leaves seniors feeling more confused than when they began their research. On the other hand, a wealth of information is available to seniors, and frequent Medicare Advantage shopping is necessary for healthy market competition.

Of seniors who do research their Medicare options, most are headed online. Over 60% of seniors who research use online resources: their top online resources include search engines, health insurance company portals or websites, and CMS or other government websites.

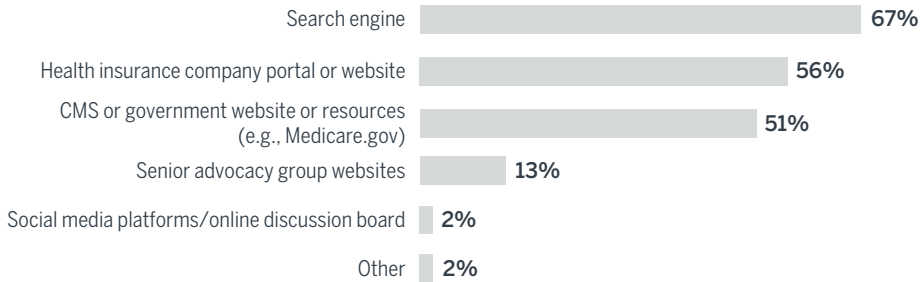
What resources did you use when researching and collecting information on Medicare plans?

n=894



What specific online resources did you use?

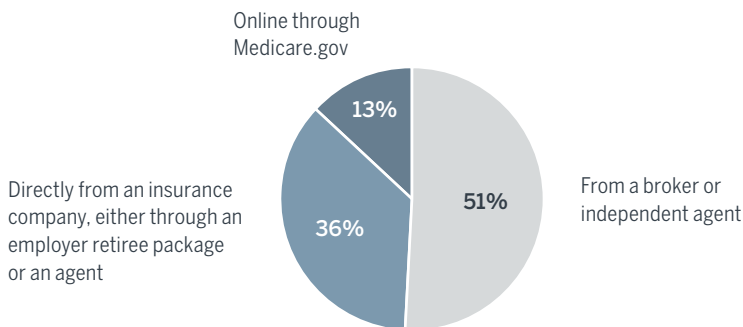
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Despite seniors' proclivity for online research, online sales for Medicare remain a tiny portion of all sales. Findings from our consumer survey confirm observations from health plan executives and brokers: seniors remain traditionalists in preferring to purchase Medicare plans through a live salesperson. Most Medicare Advantage sales come from independent brokers, while another significant portion comes through insurance company agents. Online sales and e-brokers generate a lot of buzz but are still a small slice of the pie for Medicare sales.

Where did you purchase your Medicare Advantage plan?

n=925



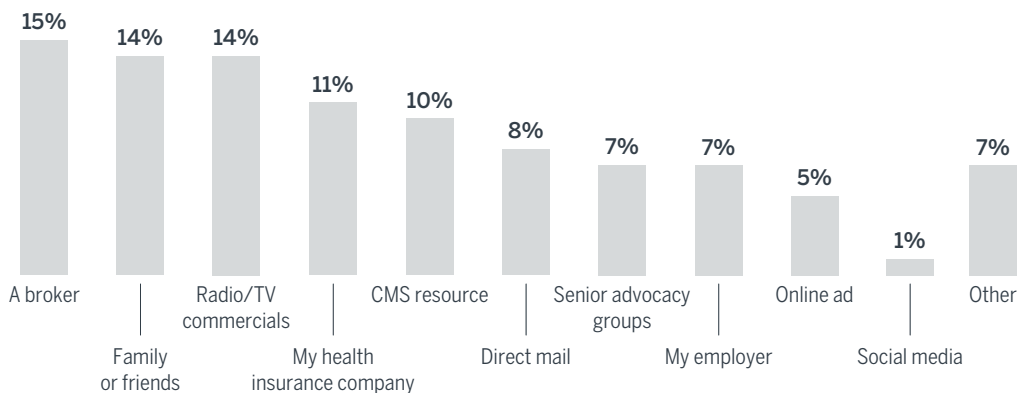
Brokers remain the single most important entity in the MA sales pipeline

As we've established, brokers are the most common avenue for seniors purchasing Medicare Advantage plans. Their influence on a senior's selection is significant: brokers are not going to show clients every single product available to them, and thus have tremendous weight in deciding which two to three plans seniors actually see and choose between. They also have outsized importance throughout the research and shopping process.

Brokers are the most common way seniors first hear about Medicare Advantage, followed closely by family and friends. Brokers serve a trusted role for seniors aging into Medicare eligibility and provide valuable information on not only which plan to choose, but also the nuances of Medicare programming and the ins-and-outs of Medicare Advantage. What's more, nearly one-third of seniors indicated that they first heard about their health insurance company through an insurance agent or broker—the most popular response of all options in our survey.

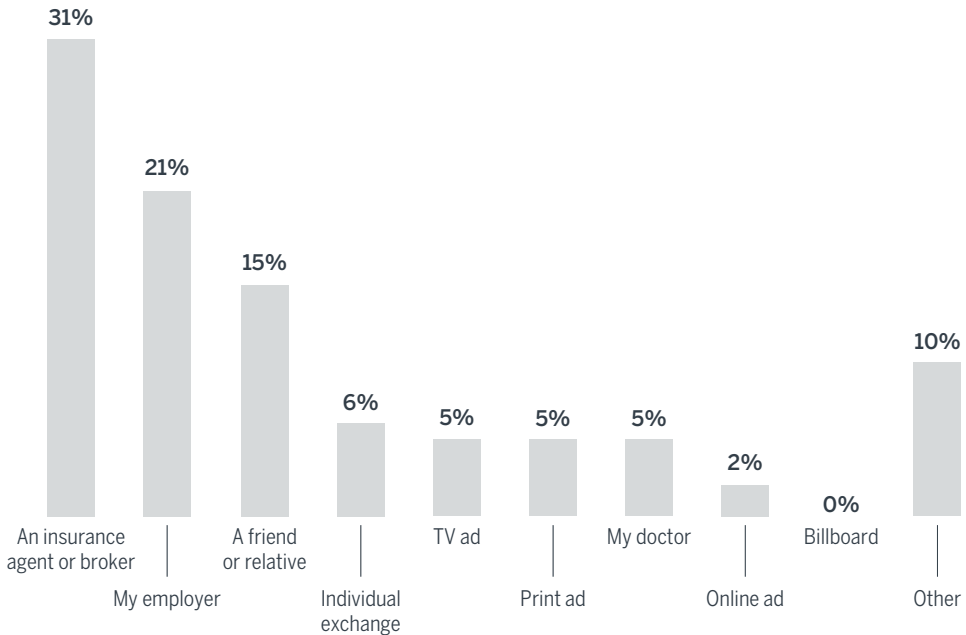
How did you first hear about Medicare Advantage?

n=1,331




How did you first hear about your current health insurance company?

n=1,297



Plans should not discount the value of strong broker relationships in growing their Medicare Advantage enrollment. Brokers build their own networks through happy clients—their primary business strategy depends on word-of-mouth referrals, which carry a lot of weight in the senior community. Though brokers won't hesitate to help unsatisfied members find a new plan, they put serious stock in understanding a client's preferences from the outset and trying to find the best fit for their needs. What's more, broker commissions are capped by CMS and are generally similar across plans in a given market. Broker commission is not a significant factor in directing members to plans.

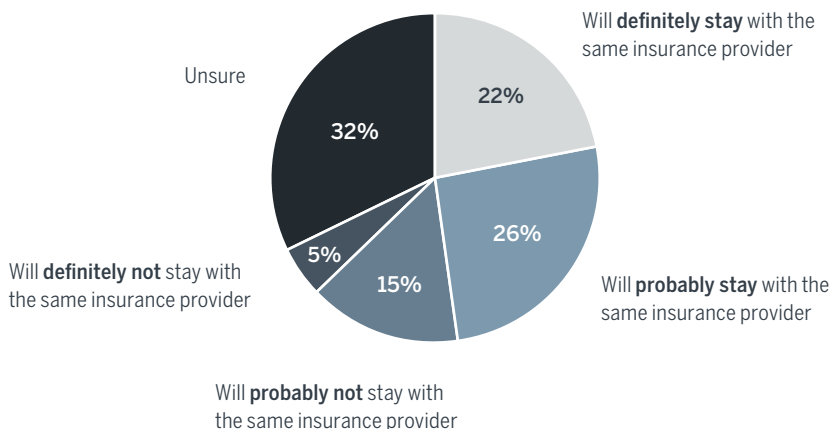
Plans must give brokers the tools to educate clients and help make informed decisions about which Medicare Advantage plan is right for them. Brokers often lack an understanding of the clinical quality and value of a plan, so plans should provide customized training that clarifies why their unique product design is right for seniors. Finally, plans should go the extra mile to ensure brokers have easy, timely access to helpful broker support teams. Friendly relationships might not guarantee a sale, but negative relationships with brokers could cause them to sway clients in a different direction. 

Seniors have interest in sticking with their pre-Medicare carrier—but aren't always loyal when it comes time to enroll

Shopping for and switching between health insurance plans can be confusing and time-consuming—which may be why nearly half of seniors say they would stay with their same health insurance carrier once they age into Medicare.

How likely are you to stay with the same health insurance provider once you become eligible or decide to sign up for Medicare?

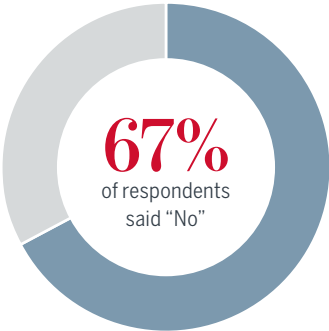
n=151




But when push comes to shove, only one-third of seniors said they stayed with the same plan when enrolling in a Medicare product. There are a lot of reasons seniors who planned to stay may switch, such as having a negative experience with their old plan, finding a new carrier that better fits their needs, or their old insurer not offering an MA plan. Regardless, it's clear that plans have a missed opportunity for converting members from other lines of business into their Medicare Advantage products.

Did you have the same insurance company prior to enrolling in Medicare Advantage or MedSup?

n=1,086



Converting members from other lines of business (LOBs) is easier said than done, often due to silos between products. Lack of data-sharing or automatic triggers to identify members who will soon be eligible for Medicare Advantage commonly contribute to these silos between lines of business. Leaders may also lack communication or working relationships with their counterparts in different lines of business. Identifying and correcting the reasons for silos between LOBs at your organization can help retain members—and streamline their experience aging into a new type of coverage. 

Action items

Sales:

Action items for health plans

- 1. Don't underestimate the impact of brokers on directing new Medicare Advantage members.** Understand brokers' priorities when shopping for MA plans with seniors and make it easy for brokers to want to sell your product.
- 2. Strengthen relationships and data-sharing with other lines of business** to identify opportunities to convert members to Medicare Advantage. There should be automatic triggers when a member in another line of business at your plan is about to age into Medicare.
- 3. Take advantage of known ranking factors for strategic placement on CMS.gov.** CMS.gov and Medicare.gov present plans by ZIP code in order of CMS' determination of the most cost-effective plan. But appearing first on their list is not always desirable. Appearing first may attract larger numbers of members than your plan is prepared to handle and will enroll most members on your most cost-effective plan—meaning less opportunity for profit. Attempt to price products to appear second to fourth in search results.

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