

AGING INTO MEDICARE:

How Health Plans Can Inform Members and Build Brand Loyalty During the Transition to Medicare





Introduction

Medicare is among the largest and fastest-growing segments in healthcare. Created in 1965, the federal health insurance program today has 64 million seniors enrolled.¹ Each year, approximately four million Baby Boomers are aging into Medicare, more than 10,000 a day, and the number of beneficiaries enrolled in the program is projected to reach 80 million by 2030.²

For both health plans and their members, the transition to Medicare is a pivotal moment. Members must sort through an array of information and make multiple decisions regarding the type of coverage they want. For many, it requires a significant investment of both time and effort to try and find a plan that best matches their needs and situation.

For health plans, member attrition during the transition to Medicare can be significant. Far too often, for a variety of reasons to be discussed, members leave their health plan when they enroll in Medicare even though their current insurance provider offers attractive Medicare Advantage and Medigap plans.

In this white paper, we'll examine the many challenges members face during their transition to Medicare. We'll then consider what health plans can do to help their members make a more informed decision during their Medicare enrollment and, by doing so, improve both brand loyalty and member retention.



THE CHALLENGE FOR MEMBERS:

Navigating the Medicare Maze

For most pre-retirees, Medicare is an essential component of their retirement strategy. Yet, despite this importance, many seniors are confused or misinformed about what Medicare is, how it works and what benefits it provides. Any senior who has not carefully planned and previously considered their options before the Initial Enrollment Period will often find the process overwhelming. Here are four factors that can make the enrollment process particularly difficult and confusing.

Pain Point #1

LACK OF UNDERSTANDING ABOUT MEDICARE IN GENERAL

Many older Americans believe they lack the necessary knowledge to make an informed decision about their Medicare coverage.

- // In a recent survey of American adults 50 and older, 72 percent said that they wished they had a better understanding of Medicare coverage.³
- // In another survey, more than 50 percent of seniors stated that choosing the right plan during Open Enrollment was confusing, and 35 percent stated that they were not prepared to choose a plan that was right for them.⁴
- // According to the Medicare Rights Center, confusion about enrollment is an ongoing concern for people who call its national Medicare helpline.⁵

Pain Point #2

MISCONCEPTIONS ABOUT MEDICARE BENEFITS

The lack of knowledge among seniors as to what Medicare covers is, to put it bluntly, shocking. Consider these findings:

- // **More than half** of seniors do not know that Medicare Part B is not free.⁶
- // In another survey, **almost 60 percent** incorrectly thought that Medicare paid for long-term nursing-home care.⁷

This lack of understanding also applies to the most basic insurance terms—even after seniors have enrolled in Medicare. A survey of more than 1,000 Medicare beneficiaries found that:

- // **56 percent** could not answer the question **What is a deductible?**⁸
- // **69 percent** could not answer the question **What is coinsurance?**⁹

Pain Point #3:

CONFUSION ABOUT WHEN TO ENROLL

Unless a person is already collecting Social Security (in which case they will likely be automatically enrolled), Medicare asks people to sign up during a seven-month Initial Enrollment Period (IEP). That period includes the three months before, the month of, and the three months following a person's 65th birthday. If the IEP window is missed, seniors must wait to sign up during the general enrollment period, which runs from January 1 to March 31 each year.

Unfortunately, the rules and timelines that govern enrollment are so complicated that many seniors are likely to miss sign-up deadlines. Variables that impact when seniors enroll include working past age 65, remaining on a company health plan, and being self-employed or an early retiree who buys individual coverage on the health care exchange. Because of this confusion, more than 700,000 Medicare beneficiaries are forced to pay financial penalties (a monthly increase in premiums of 10 percent for each year of delay) for failing to sign up for Part B when they were first eligible.¹⁰

Pain Point #4

CHOICE OVERLOAD

Enrolling in Medicare is a multi-step process. Having so many variables involved can complicate the process to the point where many enrollees feel overwhelmed by choice overload. Among the decisions that need to be made:

- // Choose between original fee-for-service Medicare and its private managed-care alternative, Medicare Advantage.
- // Those choosing Medicare Advantage must make their way through a complex landscape of private insurers offering hundreds of different plans in order to try to find the one plan that provides the most value for their personal situation.
- // Those who select original Medicare must decide whether to purchase supplemental insurance and, if so, from which company.

During the process, members are often bombarded with Medicare-related mail and television ads from so many sources that this influx of information often becomes confusing rather than helpful.

There are resources available to help seniors collect information during the Medicare enrollment process. But, in many cases, these tools contain incomplete information or are difficult to use. Even the Medicare Plan Finder, the official government website designed to help seniors find plans that match their medication requirements and health provider needs, has been criticized because it's difficult to navigate and lacks detailed information about Medicare Advantage providers, to cite but two examples.¹¹

In addition, enrolling in Medicare involves multiple federal agencies, including the Social Security Administration and the Centers for Medicare and Medicaid Services, which adds additional layers of bureaucracy to navigate. Each step in the enrollment process—intake of information, eligibility verification, enrollment acceptance and validation, benefit activation and notification—is subject to federal regulation, and any non-compliance or incorrect information can cause delays, frustrations and bad decisions.



THE CHALLENGE FOR HEALTH PLANS:

Member Retention during the Medicare Transition

As we noted previously, many members leave their health plan when they enroll in Medicare even though their insurance provider offers Medicare Advantage and Medigap plans. For example, one major health plan has reported **losing up to 70 percent of its members** when they make the transition to Medicare.

Why is this the case? A silo approach is one reason. Some health plans may have one department that manages commercial health insurance and another that manages Medicare. This type of organizational structure can cause gaps in communication and a lack of accountability as to who is responsible for helping members transition to Medicare. As a result, members can feel unsupported by their health plan during the transition and turn to other resources for help.

Another reason for the lack of member retention is the fact that many members are not even aware that their current health plan offers Medicare supplemental and Medicare Advantage plans. For example, approximately 90 percent of people who are nearing Medicare-eligible age are insured nationally, but less than half of 64-year-olds enrolled in a group plan know if their commercial carrier offers Medicare products. That number drops to less than 25 percent for 63-year-olds.¹²

It's essential that health plans develop more effective ways to communicate their Medicare offerings. The results of such a program can be significant. Members who are aware of their current insurer's Medicare plans and receive information about it are more than twice as likely to continue coverage with their current insurer.¹³

The stakes are high for health plans because the Medicare Advantage (MA) market has become extremely competitive. In 2021, 3,550 Medicare Advantage plans are available nationwide for individual enrollment—a 13 percent increase (402 more plans) from 2020 and the largest number of plans ever available.¹⁴ However, even with so much competition, investing in the MA market is still a wise decision. When considering average revenue, margin, and the length of time members stay in a plan, the lifetime value of a Medicare Advantage member is over three times that of a large group member, and almost ten times that of an individual member.¹⁵



MEETING THE CHALLENGE:

5 Guidelines for Supporting Medicare-Eligible Members

So, how can health plans do a better job of educating and supporting their members when they are making the transition to Medicare? At Onlife Health, we recently launched an innovative pilot program, **Aging-Into Medicare**, designed to help seniors make a more informed and less stressful transition to Medicare. (See the **Aging-Into Medicare** section on page 10 for more information.) In developing the program, we followed these five essential guidelines.

1) Educate Is Job #1

As discussed previously, many Medicare-eligible members lack even a basic understanding of the fundamentals Medicare, which makes enrollment confusing and difficult—even overwhelming. Providing basic information about the Medicare program in a simple, straightforward, easy-to-understand way must be top priority for any program.

2) Provide Digital Access

Contrary to some stereotypes, seniors who are new to Medicare are increasingly comfortable using digital technology to manage their health.

// About 70 percent of people nearing Medicare age reported going online to perform at least one activity in the last year.¹⁶

// 53 percent will go online to shop for Medicare when they near eligibility.¹⁷

3) Connect with Members Early in the Process

For members already enrolled in Medicare, the decision to switch plans is often made before the Annual Enrollment Period (AEP), based on a combination of their experiences throughout the year as well as their research into other options.

For members who are enrolling into Medicare for the first time, this planning ahead and consideration of their Medicare options can occur years before they become eligible at age 65. In a recent survey of seniors living in Florida, for example, a majority said they had already thought about their future Medicare coverage by the age of 63. By reaching out to members in their early 60s, health plans have the opportunity to position themselves as a trusted source for information early in the process.

4) Create a Seamless Experience

Incorporating a Medicare education program into a health plan's portal, instead of making it a separate offering, creates a seamless member experience that facilitates access and ease of use. Members see the program as another example of the health plan serving their needs in a timely and personalized manner, which enhances brand loyalty.

5) Reach Out to Caregivers

More than 34 million Americans, typically family members, provide unpaid care to an adult age 50 or older.¹⁸ Yet most family caregivers aren't familiar with Medicare and have little or no knowledge as to what it covers and how to enroll, even though they often serve as an advocate and decision-maker for their loved one. Almost 10 percent of Medicare-eligible members have designated their wife, adult child or another family member or friend as their primary decision-maker.¹⁹ Not reaching out to these caregivers and educating them about the enrollment process and the options available disregards a significant share of Medicare decision-makers.



Aging-Into Medicare

Launched in February 2020, Onlife's **Aging-Into Medicare** is a six-part educational program that provides both members and caregivers with a comprehensive understanding of their Medicare options and the sign-up process, with topics that range from when and how to enroll in Medicare to spousal eligibility and how to avoid penalties. For members age 60 to 65, a digital self-guided program, **What You Need to Know About Medicare**, is featured on their personalized home page. Caregivers age 33 to 55 can access the digital self-guided program titled **A Family Caregiver Guide to Medicare**, which is also featured on their personalized home page.



The **Aging-Into Medicare** program can be implemented on both a well-being member portal and mobile app with minimal or no enhancements to the health plan's current platform. By providing the educational content that members need to make an informed decision about their Medicare options with more confidence and less stress, **Aging-Into Medicare** positions a health plan as a trusted, reliable and go-to resource during the transition period. That can only enhance member retention and improve brand loyalty, which is becoming increasingly important as the Medicare market grows more competitive. The rate of switching health plans among seniors, which is already at 13 percent, is expected to continue to increase as seniors become more digitally savvy and Medicare platforms provide easier comparison-shopping tools.²⁰

Key Takeaways

The transition to Medicare is a pivotal moment for both members and health plans, defined by two issues:

1. Many Medicare-eligible members lack the knowledge, tools and resources to make an informed decision about their Medicare coverage during the Initial Enrollment Period.
2. For health plans, the transition period is characterized by significant member attrition.

Health plans can address both issues simultaneously by providing an informative program that educates and supports their members through the transition process.

Such a program positions the health plan as the reliable and trusted source for Medicare information, increasing both brand loyalty and member retention.

ENDNOTES

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