



Capture, Convert and Protect... Today's Modern Senior and Medicare

 **CONNECTURE**

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A Whitepaper by Connecture

Based on Connecture's Annual Voice of the Healthcare Consumer Survey from over 2,000 respondents with additional data from Deft Research

A Historical Shift

One of the most significant demographic trends in the history of the United States is the current growth of the population, ages 65 and older. Baby boomers—those born between 1946 and 1964—have brought both challenges and opportunities to our economy, infrastructure and healthcare system as they have passed through each major stage of life.

On World Population Day, July 11, 2019, we were reminded that there are now more people age 65 (in the world) than there are under age 5.

According to the U.S. Population Reference Bureau, young and old will continue to grow in opposite directions, placing increased burdens on our socioeconomic system. The costs of supporting the elderly are far more expensive than caring for a younger population. The American Hospital Association reports that by 2030, more than 37 million baby boomers will be living with one chronic condition, such as diabetes, arthritis or obesity.

Baby boomers aging into Medicare are college-educated. Many are working past age 65 and enrolling in Medicare later.

As smoking has declined over the years, the life expectancy for men is increasing at a faster rate too.



Today's senior is evolving. They are modern—digitally savvy and geographically mobile. And, they are changing the face of Medicare forever.



How Does Today's Modern Senior Approach Medicare?

Today's modern senior is comfortable with technology. They are independent and want choices but find health plan options overwhelming. Because they are confused by our complex government-run Medicare system, they seek a guided approach in choosing the right plan. They have experience with health insurance, having used group or individual insurance in the past, and want to recreate the same medical and drug coverage experience in Medicare.

Older populations, 67 and over, have similar motivations to the younger seniors in that they want to keep their current provider, worry about drug costs and don't want to over-pay for the "right" coverage. However, they are hesitant to change plans and prefer to stick with what works. Older seniors spend more time shopping for the right Medicare plan and will talk with friends and compare experiences with people they know.

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Capture, Convert and Protect Today's Modern Senior

In an increasingly technology-driven world, where the modern aging consumer has access to more information than ever before, how can we be sure they are getting the *right* information at the *right* time to make the *right* decisions relevant to their own personal health situation and pocketbook?

Innovative strategies are necessary to capture today's modern senior, convert them to their best fit plan and then protect and retain their business by keeping them from switching to another plan.



CAPTURE
the modern senior



CONVERT
to best fit plan



PROTECT
your members

Strategies Include:

1. Use health plan agents and FMO/broker distribution networks to expand outreach
2. Create a personalized Medicare shopping experience that includes accurate drug costs and out-of-pocket estimates
3. Ensure seniors have guided assistance to help them build trust in the Medicare system
4. Allow for effective transitions from commercial insurance to ensure the beneficiary selects their best fit Medicare plan of the same brand when they age-in

Capture Today's Modern Senior

Building Trust with Savvy Online Shoppers

Connecture's 2018 Annual Voice of the Healthcare Consumer Survey indicates that trust in Medicare builds as consumers age. Pre-Medicare groups, however, express less trust of Medicare, as the government-controlled Medicare system may be unfamiliar to them.

Age-in beneficiaries are savvy shoppers, and while they believe they can shop and enroll online with little assistance, Connecture customer data shows that over 80% of these enrollments are completed with assistance from a call center agent or broker. Those 65-66 use consumer ratings and reviews when looking at Medicare plans more so than 67+ ages.

Researching and reaching out to assisted channels to find the best fit Medicare online plan is part of the process of building trust.



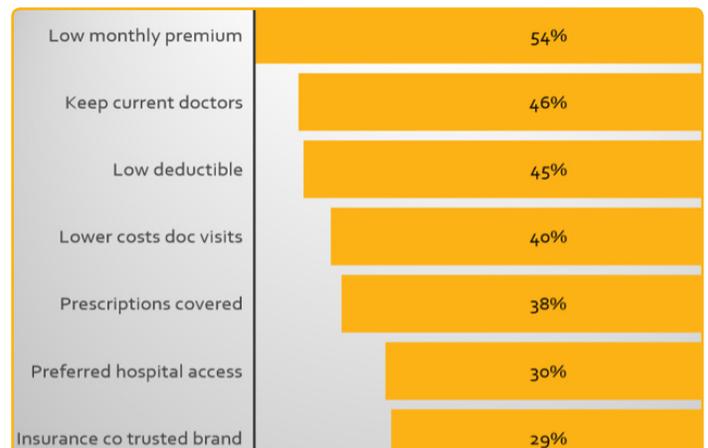
What's Important When Shopping for the Best Fit Plan?

What matters most to Medicare beneficiaries relates to cost. In the past, premium was most important, but now consumers are looking at total cost.

Beneficiaries seek:

- Low monthly premium
- Ability to keep their current doctors
- Low deductible
- Lower costs for doctor visits

Most of What Matters Relates to Cost.



Source: 2018 Connecture Voice of the Healthcare Consumer Survey

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Personalization is the Key to Identifying All Costs

A personalized shopping experience that targets an individual's health status, preferences, preferred providers and total costs, adds up to consumers being able to make the right plan choice with or without assistance.

When enrolling in a health plan, nearly 50% of beneficiaries indicated they want to be able to input their drug list, add general information about their health and see if their provider is in-network.

Consumers are willing to provide (and ENTER) data to get a better understanding of how much Medicare is going to cost them individually. Cost estimates are critical to establishing a more relevant and personalized shopping experience which, in turn, leads to a higher rate of successfully completed enrollments.

Age Impacts Plan Choice

According to Deft Research, age at initial Medicare enrollment impacts the type of plans people select. As people are working longer and aging into Medicare later, they are choosing differently.

Beneficiaries aging in at 66 are more likely to choose a moderately-priced Medicare Advantage or Medicare Supplement Plan. Those aging in at 67 or older and more likely than younger age ins to choose Original Medicare.

Plan choice at age of initial enrollment	MA	MedSupp	Original Medicare
66	41%	45%	14%
67 plus	37%	41%	22%

Source: Deft Research

Brokers Provide Helpful Assistance in Plan Selection

Nearly half of Medicare Advantage members who received help indicated the agent provided guidance in deciding which plan to enroll in for 2019, according to Deft Research.

Analysis of the Data Showed:

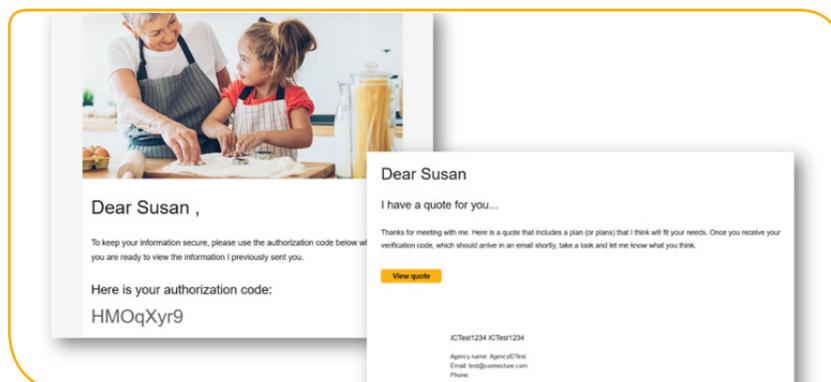
- The majority of those on Medicare plans are not comfortable deciding on their own.
- Annual cost beyond premium is important.
- In network provider status is a key decision point.
- Drug costs and knowing if drugs are covered is of critical importance. Plan benefits, such as zero deductible for drugs or Gap coverage, are not readily understood without assistance.

Brokers Need the Right Tools to Provide the Right Assistance

Consumers need assistance in finding their best fit plan and brokers need the right tools, to provide that assistance.

Broker Tools to Help Increase Enrollments, Include:

- **Quick plan comparisons**, with no rekeying – to save time
- **Mobile tools**, like tablets and apps - for remote use
- **Personalized landing pages** - for successful enrollment
- **Quick quotes** – to allow the beneficiary to complete online enrollment right away. Note: Connecture has seen a 63% rate in continuing to the next step in shopping and enrolling when using personalized quick quotes.



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Convert to the Best Fit Plan

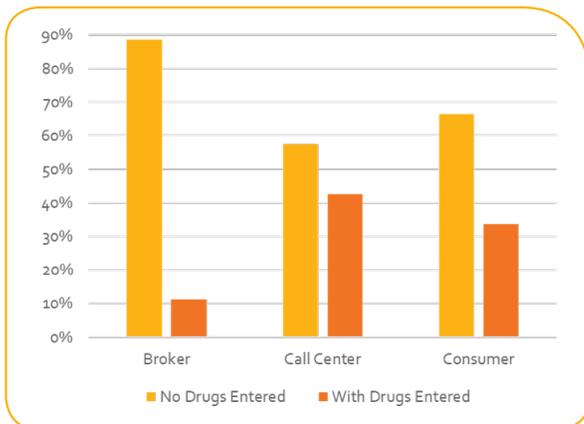
What Stands Between Matching Each Beneficiary to their Best Fit Plan?

It's no longer a secret that what lies between every Medicare beneficiary and a successful conversion to their best fit plan is knowing and understanding the cost of prescription medications and how it impacts overall out-of-pocket costs. Finding the best fit plan is dependent on determining these costs as accurately as possible.

Today's Medicare Beneficiary vs. Yesterday's

Yesterday's beneficiary was focused on \$0 monthly premiums, thinking it was the "ticket" to keeping money in their pockets. Today, as consumers have increased access to better sources of information and, as their knowledge of Medicare improves, they are realizing that \$0 premium does not always equate to saving money. They are considering their drug costs and whether to stay in network or go out of network to keep their physicians.

Connecture data has shown that a \$0 premium plan can actually cost beneficiaries more on an annual basis, and often does not equate to the best fit plan.



Source: Connecture enrollment data and analysis

Brokers Least Likely to Enter Drug Data

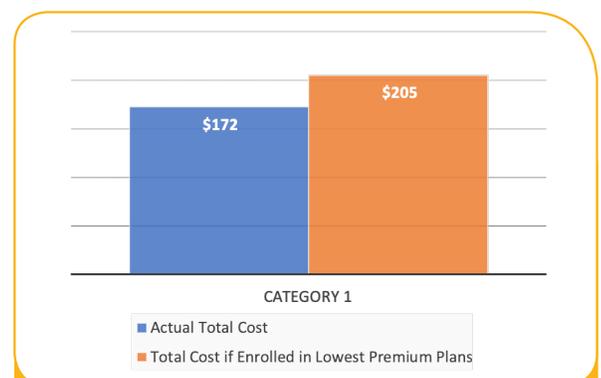
As consumers are willing to enter their drug information to understand the difference between total costs and \$0 premium, our research has shown that brokers are least likely to enter drug data when assisting consumers in plan enrollment.

Given that Medicare beneficiaries need and want trusted guidance from their broker to help find the best fit plan, the importance of entering drug data when shopping and enrolling cannot be overstated.

Medicare Beneficiaries who Pick a \$0 Premium Plan May End Up Paying More!

Carriers, brokers and FMOs can easily capture and convert on \$0 premium plan, but it doesn't mean the consumer will stay with that plan.

In many cases, beneficiaries will end up spending more if drug costs are not included in out-of-pocket estimates, and ultimately, may end up switching plans.



Aggregated payments for this sample population are \$33 million more per year (16%) versus enrolling in the lowest cost plan

Source: CMS data, Kaiser Family Foundation, Connecture analysis

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Protect Your Members

Retain Members as they Transition to Medicare

Keeping a current customer is less costly than acquiring a new one. Helping health plan members stay with the same **brand** as their current health plan once they retire is one of the keys to protecting and retaining your members and your business.

Staying connected is critical. Beneficiaries have options and connections can be difficult to maintain. Once a member is transitioned to a Medicare plan, reaching out early with best fit options based on their health history and prescription medications is important. Connecting with at-risk members who may be checking out their options as they browse for a new plan due to a rate change or other plan changes is also key to protecting members.

The Best Fit Plan Prevents Switching

Getting beneficiaries into their best fit Medicare plan from the start is the smartest way to prevent plan switches. As Deft Research indicates in the graph below, nearly one-third will switch plans for dental coverage (up from 21% the previous year).

High premiums, expensive brand copays, high out-of-pocket and being charged more than expected contributed to switching as well as negative experiences. While high premium costs are a switching trigger, consumers are looking more closely at annual cost vs. premium only, making finding the best fit plan even more important.

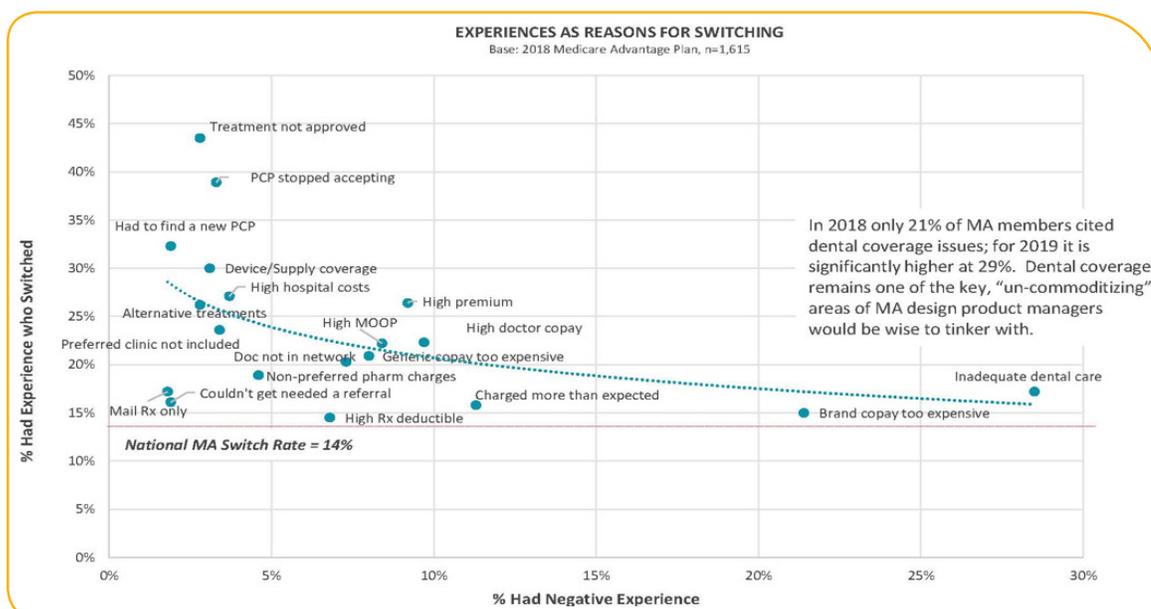
The best fit plan leads to greater plan satisfaction and improves member retention as it removes many of the variables that impact switching.

Personalization is Necessary for Retention

With technology today, it is possible to have a one-to-one connection with every member. The more personal and authentic the relationship, the more indispensable that relationship becomes, as our survey has shown.

The right tools are necessary to support personalization. Personalization requires demographic information, plan data, drug data and combining everything into a retention site that is primed for proactive member outreach. With preloaded information into a system specifically designed to handle the transition from group/commercial insurance to Medicare, or at-risk members, the connection stays in place for every Medicare beneficiary.

Reaching out at the right time to every member keeps the connection alive.



Source: 2019 Medicare Shopping & Switching Study, Deft Research

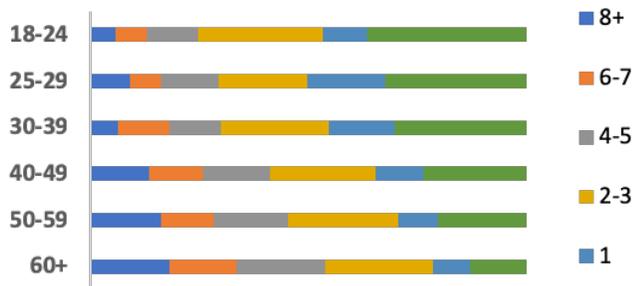
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Interest in Drug Alternatives Increases with Age

Another strategy to help retain members, as supported by the Connecture Voice of the Healthcare Consumer Survey, is to provide members with accurate drug cost savings information. We know that the number of prescriptions increases with age, along with interest in finding cost-effective therapeutic alternatives.

Healthcare consumers want options. They want savings. Connecture research has demonstrated that often the savings with generic medications is far less than the savings from therapeutic alternatives.

Number of Prescriptions By Age



Percent of Respondents Likely to Ask about ALTERNATIVES by Number of Prescriptions



Source: 2018 Connecture Voice of the Healthcare Consumer Survey

Creating your own plan to Capture, Convert and Protect Today's Modern Senior

Our aging population is bringing both challenges and opportunities to our Medicare system. Developing your plan to capture the modern senior on a personal level, convert each one to their best fit plan and protect and retain each member will be critical to your business success! *In summary:*

Online shopping has stabilized after a 5-year growth trend.

We've seen steady growth since 2012. Although online shopping has leveled off, senior shoppers continue to need assistance with enrollment.

Healthcare (and Medicare, Specifically), is all About Trust.

Consumers don't necessarily trust the healthcare system, but they trust individuals like brokers to help them. Guided assistance helps build trust in Medicare.

Consider Medicare Advantage and Medicare Supplement Product Offerings.

With consumers aging in later, working longer and being more geographically mobile, it's important to have relevant insurance products available they want and need.

Zero Premium Plans can be More Costly for Beneficiaries.

Helping each person find their best fit plan, based on their health status and prescription medication cost, is important to retaining members and preventing plan switching.

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Make Transitions and Aging-in Easy.

Your communications strategy should be relevant to the age of beneficiaries when they enter Medicare, to make transitions and aging-in easier. Be there when consumers need you and make it a “no brainer” for each person to transition from under-65 insurance to Medicare. Help them to stay loyal to your brand.

There is likely to be interest in therapeutic alternatives, especially as compared to the cost of generics, so consider how you can help guide consumers on a high number of prescriptions versus those with low or no prescriptions. Everyone will want to know what their drug costs mean to out-of-pocket and overall costs.

Above all, get personal. Personalize your shopping experience and your message. Grow and adapt with your consumer. Once you capture and convert, you'll surely want to protect and keep them close. Always be able to answer the question all beneficiaries want to know, **“What’s best for me?!”**



About Connecture

Connecture offers the most widely adopted Medicare shopping and enrollment solution, providing millions of consumers every year with a simple digital experience for finding their best fit plans. With unique drug-pricing capabilities, Connecture arms consumers with reliable and time-tested out-of-pocket cost estimates to support better decision-making. Connecture's multi-channel automation saves consumers, carriers, brokers and call centers time navigating Medicare complexities, improving member satisfaction and retention.

Connecture has been delivering compliant solutions for 20 years. Supporting 9 of the 10 top U.S. health insurance carriers, more than 30 national and regional FMOs, and with nearly 4,300 plans on our platform, Connecture processed 715,000 plus Medicare in the past year. Our regular consumer market surveys from more than 10,000 respondents affords unique insights on consumer shopping and enrollment behavior, driving innovation in research and development. **Visit connecture.com, email marketing@connecture.com or call 800.379.9060.**

Learn More:

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