

THE DENTAL DILEMMA

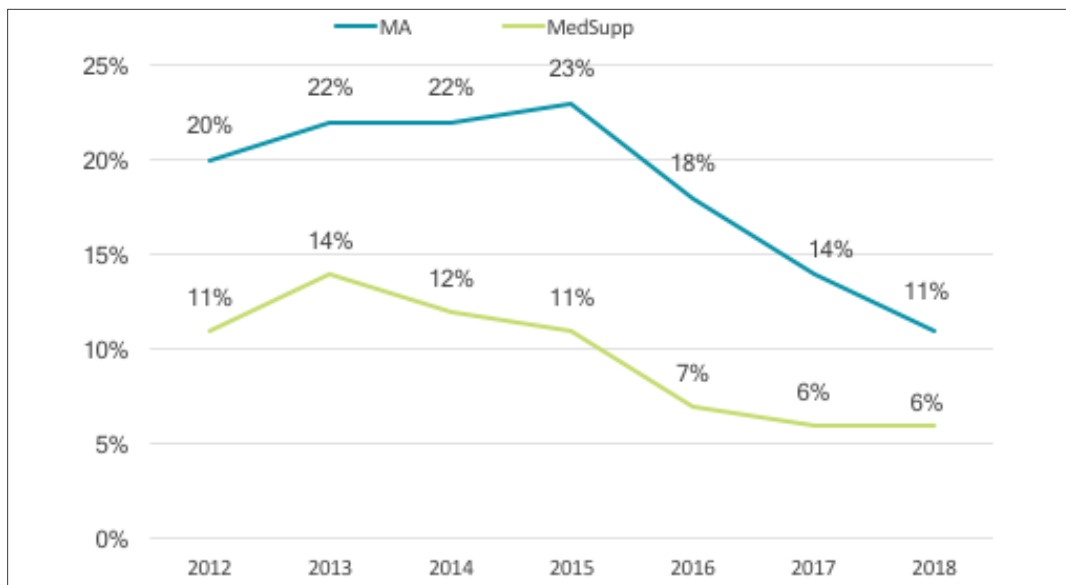
Deft Research recently published the **2018 Medicare Shopping and Switching Study**. This national market research report of over 3,400 seniors delves into the essence of the Medicare consumer: what prompts them to shop, what benefit changes lead them to switch, and which channels are more efficient at converting switchers.

One constant from previous Deft switching studies is that seniors with Medicare Advantage Prescription Drug (MAPD) coverage are sensitive to dental coverage. For years, dental frustration was a leading non-medical shopping trigger responsible for significant amounts of seniors “kicking the tires” of new plans. In previous years, while seniors may have been triggered to shop for new MAPD coverage by negative dental experiences, most stopped short of switching. That all changed during the 2018 AEP. This year, dental frustration was one of only three shopping triggers Deft uncovered that actually led seniors to either MAPD plan or carrier switching.

So, what is different now?

Over the last three AEPs, the MAPD market has stabilized. The rash of private fee-for-service exits in the earlier 2000’s has subsided, Part D benefits (which historically prompt switching) have stabilized, and more carriers have the ability to hold the line on benefits and cost shares because of greater CMS reimbursement. When seniors see that their coverage will remain the same from year to year, their shopping and switching activity grinds to a halt. Today, switching in MAPD is down more than half, from 23% in 2015 to just 11% today due to benefit stability.

2012-2018 Medicare Plan/Carrier Switch Rates

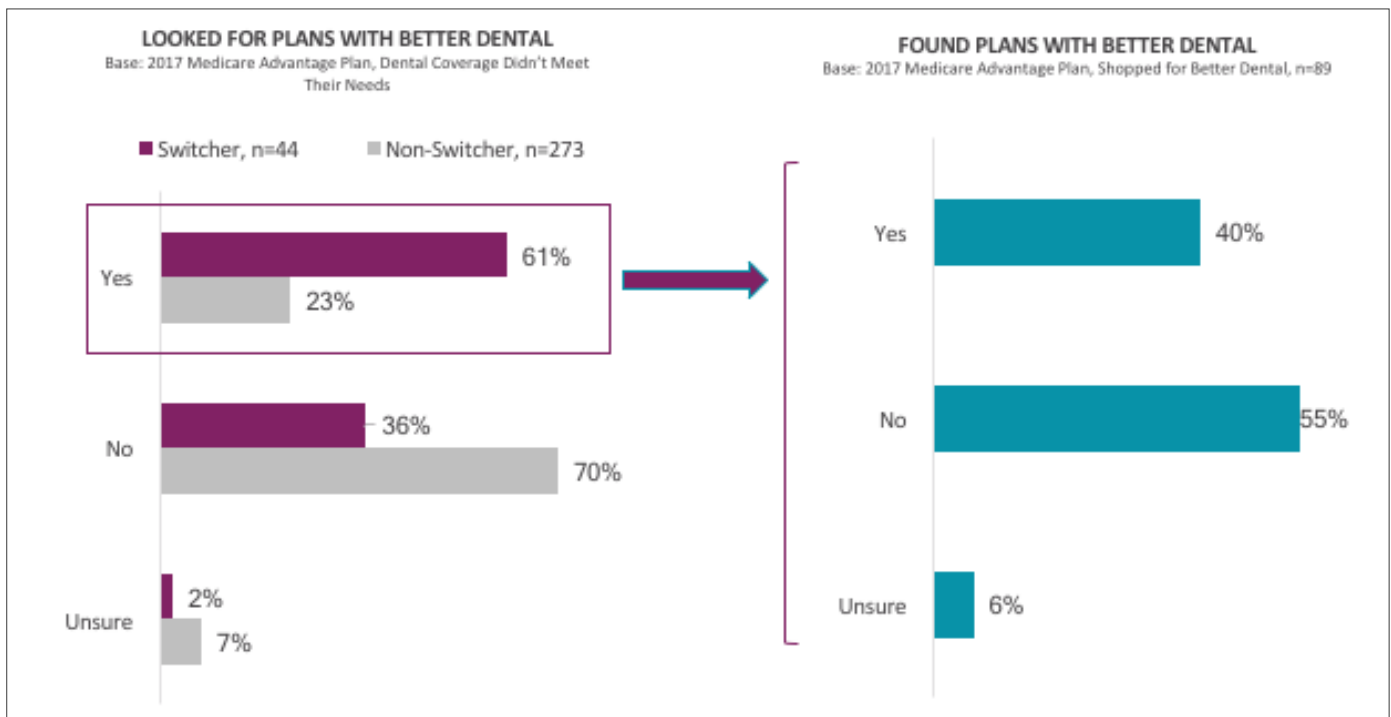


Source: Deft Research 2018 Medicare Shopping and Switching Study.

In past years, greater disruption meant marketers could count on Annual Notices of Change (ANOCs) letters from competitors, igniting senior shopping activity. And even though plan developers may have known that their dental benefit was sub-par (or non-existent), seniors from other plans may have been forced into switching to their designs because of changes to top-line benefits like network, premium, or deductibles. Now that those historical medical switching triggers are less frequent, poor dental--the one constant senior frustration--tends to carry more weight.

Implications for Product Design

Product developers may wonder, “What do we do with dental now that health benefit commoditization means dental matters more?” Historically, the “dental dilemma” meant considering embedded coverage versus a standalone rider. That was a common argument between actuaries and product designers at bid time. But today, nearly a quarter of seniors in MAPD plans feel their dental coverage is inadequate. 57% of those consumers actually have some sort of dental benefit. It’s no longer a matter of embedded versus standalone; today’s seniors are frustrated that their coverage is too lean. This makes the new “dental dilemma” not a question of “to embed, or not to embed.” Rather, it is a question of whether carriers can get away with preventative dental instead of a more comprehensive benefit.



Source: Deft Research 2018 Medicare Shopping and Switching Study.

With the repeal of the health care tax, more carriers have more resources for comprehensive dental. Some carriers are adding 30% coverage for common procedures, while others are considering a dental indemnity benefit. Regardless of how plans decide to enrich their dental benefit, providing a more comprehensive plan is both attractive to switchers and helps keep current members loyal. The *Medicare Shopping and Switching Study* showed that 61% of 2018 switchers sought a better dental benefit, 40% of those who looked for better dental found it, and a whopping 75% of those who found better dental switched. For plans looking to boost new member enrollment, while simultaneously reducing their own attrition, the dental question may not be such a dilemma after all. The answer is to put more emphasis into comprehensive coverage.

About the Research

The *Medicare Shopping and Switching Study* is the first study in the four-part **Senior Market Insights Service** for 2018. This study surveyed over 3,400 consumers, as well as 462 Medicare agents, to provide a comprehensive look into the causes for senior shopping activity. Carriers, agencies, and consultants alike can all gain from understanding the nuances of today's boomer senior and what makes them decide to switch coverage.

Deft Research's **Senior Market Insights Service** includes three other reports that will be published later in the year. In mid-April, Dual Eligibles will provide insights into how seniors with Medicaid eligibility (D-SNP or otherwise) shop and consider new coverage; in late May, Deft's Age-in Study will chronicle how consumers progress from Individual or Group Under 65 coverage into Medicare; and in late August, Deft's Medicare Member Experience Study will show what causes attrition, switching intention, and lower CAHPS scores.

The 2018 Senior Market Insights Studies Include:

Medicare Shopping And Switching (February, 2018)

Dual Eligible (April, 2018)

Age-in (May, 2018)

Medicare Member Experience (August, 2018)

For more information on the full results of the *2018 Medicare Shopping and Switching Study*, email info@deftresearch.com with the subject line “**2018 Medicare Shopping and Switching.**”