

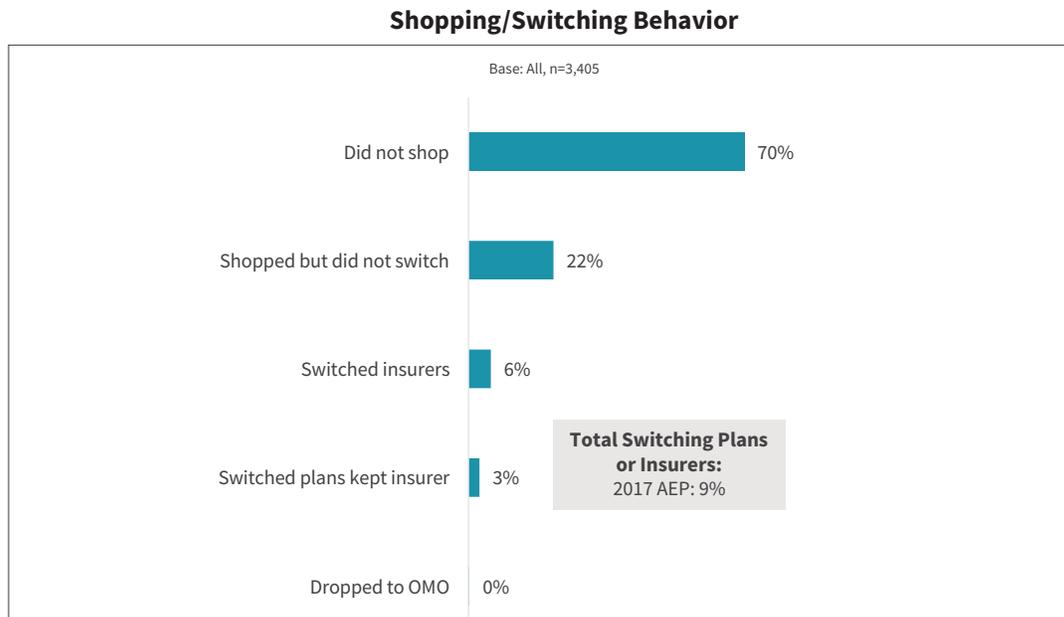
## THE OMNIPOTENT OMNICHANNEL APPROACH

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.

A trend that many marketers have been grappling with is decreased switching in the Medicare space. What used to be a yearly Annual Election Period (AEP) “gold rush” has morphed into a shadow of its former self, with switching rates half of what they used to be. Q) What is the culprit for the lower activity? A) Benefit stability due to good reimbursement. Since 2015, CMS reimbursement has been greater and more predictable. That has allowed plan designers to hold the line on premiums and costs shares. If anything, it has sweetened benefits, not reduced them. The current dearth of switching in the Medicare space is just 9%.

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.

### Only 9% of Medicare Members Switched Plans or Insurers During the 2018 AEP



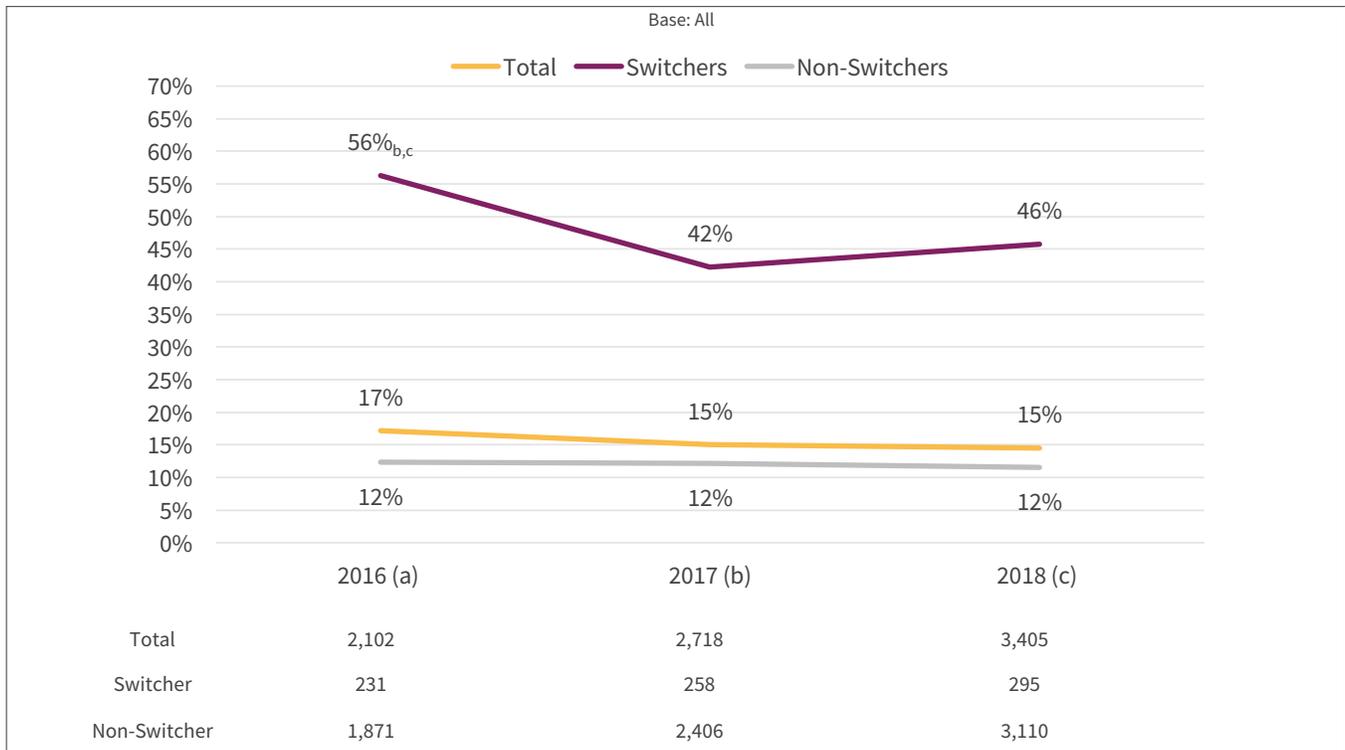
Source: 2018 Medicare Shopping and Switching Study

But are we really in an era of low switching, or is this the norm? Were the “good old days” of 20% or more switch rates merely a sugar high? Were they the result of plan discontinuations and massive benefit disruption? Does it even matter? The reality is, things are different today than they were just two years ago, and that means marketers must either change their approach or be left behind.

High-switch environments such as the market of three years ago gave us a false sense of security. Medicare consumers then flocked into the AEP, worked up by the significant plan changes in their Annual Notice of Change (ANOC) letters. The ANOCs that our competitors sent out did our work for us. They lit a fire under seniors and brought them from their homes to our seminars. But current benefit stability means these ANOCs are no longer scary and messy. Rather, they are meek and clean, and therefore do not direct seniors into action. Instead, they reinforce seniors’ desires not to spend time thinking about health insurance. The ANOC has transformed from a potent shopping prompt to a snooze button, and that has made it that much more of a challenge to hit AEP enrollment numbers.

What can help right the ship? Two things: 1) A robust broker strategy, and 2) An omnichannel approach to marketing.

**Over the Last Three Years, Roughly 50% of Switchers Worked with an Agent Sought Help From Agent By Switching**

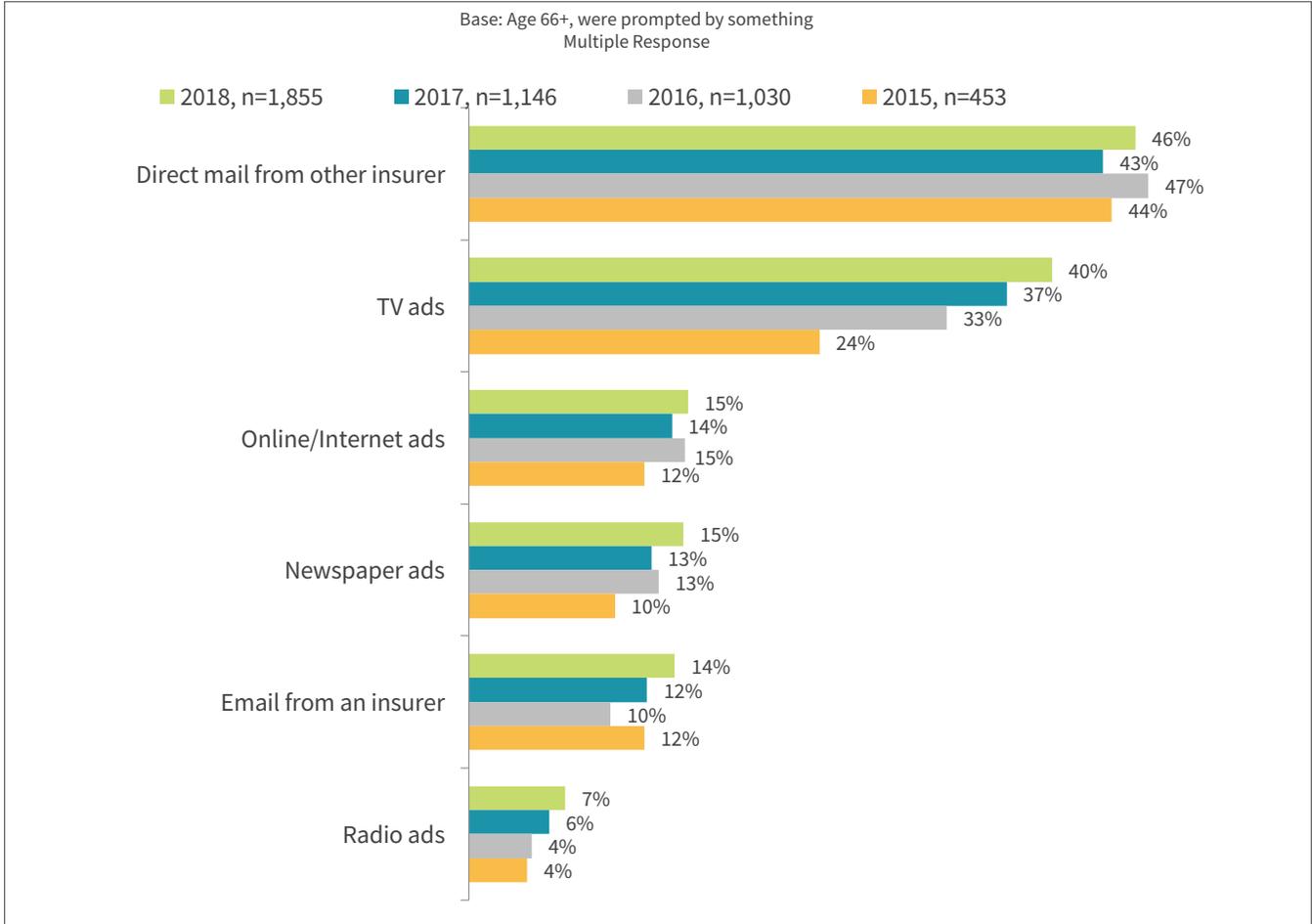


Letters indicate significant difference from corresponding group, p < .05  
 Source: 2018 Medicare Shopping and Switching Study

Agents and brokers have always been the switch catalyst in the Medicare market. Over the last three years, about 50% of switchers worked with an agent. Not bad. Carriers may want to rethink those “in-house” strategies from a few years ago. Paying out higher agency overrides and commissions isn’t such a bad thing when it still posts big numbers every December.

**TV Has Grown as a Significant Driver of Prompts Over the Last Four Years**

**Shopping/Switching Behavior**



Source: 2018 Medicare Shopping and Switching Study

Aside from a renewed dedication to external distribution, a commitment to all available channels to reach seniors—whenever and wherever they are—is also in order. The 2018 Medicare Shopping and Switching Study shows that direct mail is still the king of prompts (the reports of its demise have been greatly exaggerated). Online is robust as a prompt, but is even better as a true shopping vehicle. Email, newsprint, and radio are enjoying a small renaissance. But the darling of today’s omnichannel approach has to be television ads. TV has grown to be a significant driver of prompts over the last four years and with the development of direct response TV and household specific addressable TV advertisements, TV should be strongly considered as part of any fall campaign. Boomers watch television. In fact, demographers argue that mass distribution of television was developed to market to the baby boom generation. Direct response ads—versus brand ads—generate prompts which generally lead to online shopping, then ultimately, what we all want: a senior who ignores the snooze button and “raises his hand” for help.

When we can no longer rely on ANOCs smoking seniors out from the tall grass, we need to rethink our broker strategy, and we need to commit to an “all hands on deck” approach: the omnichannel approach.

### **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 460 Medicare agents to provide a comprehensive look into the causes for senior shopping activity. Carriers, agencies and consultants alike can gain from understanding the nuances of today’s boomer senior and knowing what makes them decide to switch coverage.

Deft Research’s Senior Market Insights Service includes three other reports that are slated for release later in the year. Recently, the Dual Eligible Member Study published, which provides insight into how seniors with Medicaid eligibility (D-SNP or otherwise) shop and consider new coverage; in late May, Deft’s Age-In Study will chronical how consumers progress from Individual or Group Under 65 coverage into Medicare; and Deft’s Medicare Member Experience Study, which will be published in late August, will show what causes attrition, switching intention, and lower CAHPS scores.

### **The 2018 Senior Market Insights Studies Include:**

**Medicare Shopping And Switching** (Published)

**Dual Eligible** (Published)

**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](mailto:info@deftresearch.com) with the subject line “**2018 MSS.**”