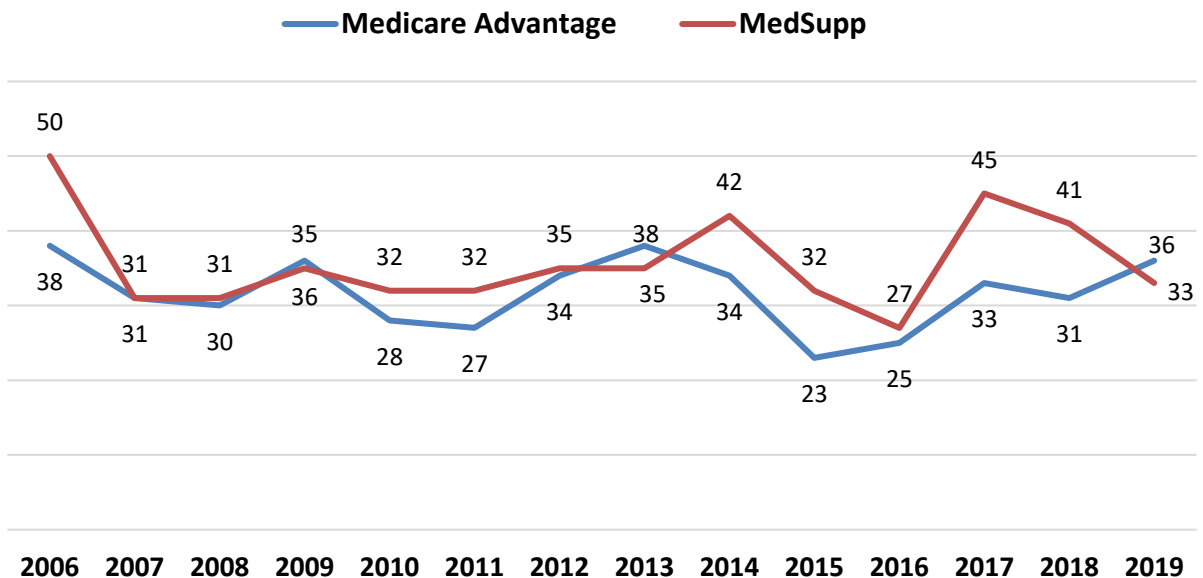


MedSupp and MA Loyalty Drivers May Come from the Same Tree, but Their Branches Are Altogether Different.

Deft Research recently published the 2019 *Medicare Member Experience and Engagement Study*. This national market research report of over 5,000 Medicare consumers illuminates the experiences that lead to better member engagement and increased loyalty. Carriers, agencies, and consultants alike benefit from understanding these drivers so that retention efforts can be deployed against the tactics most likely to succeed.

For most of the last decade, the Medicare retention paradigm read something like this: “MedSupp members are more loyal than MA members because their benefits don’t change and they value unfettered access.” Those “truths” held up most of the last decade with the average discrepancy between NPS scores for the two lines of business averaging around 4, with MedSupp clearly outpacing its cousin.

NET PROMOTER SCORE (NPS) OVER TIME



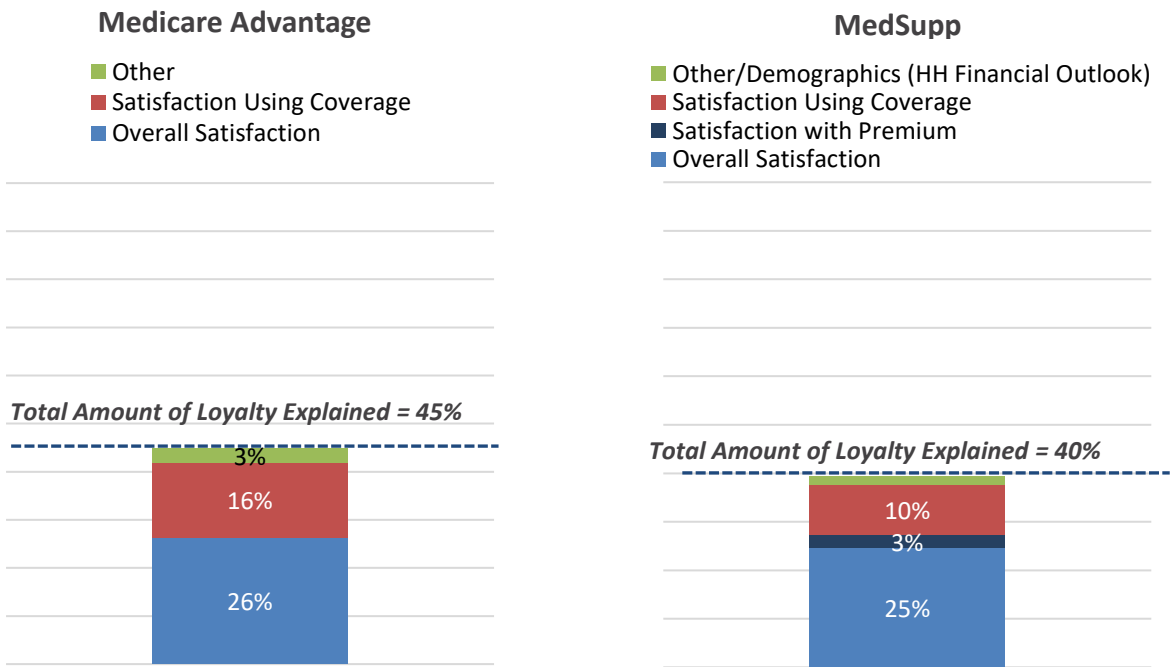
Source: 2019 Medicare Member Experience and Engagement Study

But a strange thing began happening after MedSupp equaled its most dominant year over MA in 2017. MedSupp’s NPS plummeted 12 points in the last two years while MA has risen by three, and leadership has flip-flopped for only the third time in 14 years.

The 2019 Medicare Member Experience and Engagement Study details the factors that led to MA’s ascension. According to our analysis, much of the known drivers of MA loyalty revolve around how satisfied members are using their coverage (this measure is a composite of member experience and customer service ratings.) Overall CAHPS Ratings of both care providers and health plan account for most of the rest of explained loyalty. *(This is why off-cycle CAHPS studies are a “must”.)*

A similar portion of Medsupp loyalty can be attributed to their satisfaction with using their coverage (their member experience), and a large share accounted for by the same CAHPS Ratings. *(Think CAHPS-like questions are only good for Medicare Advantage? They are just as key for Medsupp.)*

EXPLAINING MAPD AND MEDSUPP LOYALTY

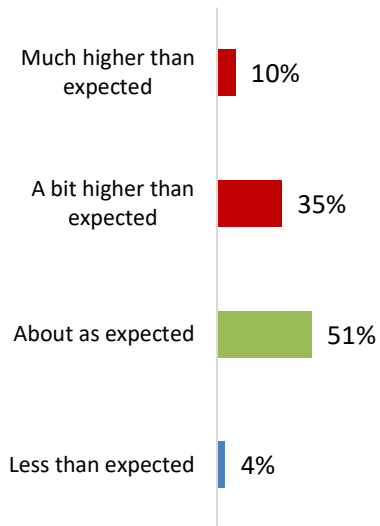


Source: 2019 Medicare Member Experience and Engagement Study

The additional factor, of course, is premium. Premiums for MA products have not budged much at all in the last two years according to the last two Medicare Shopping and Switching Studies and CMS data. Strong reimbursement and Four-Star bonus payments are to thank there. However, premiums for MedSupp plans have risen each of the last two years, as they almost always do. But those increases (and their degrees of increase) may have come as more of a surprise for MedSupp members.

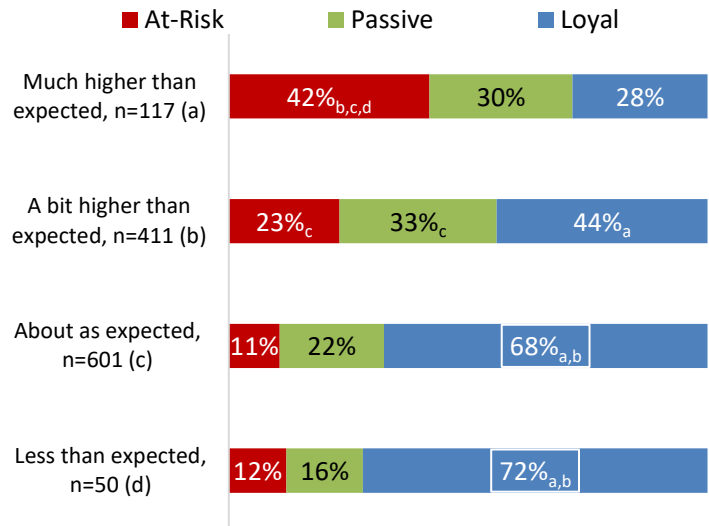
PREMIUM INCREASE COMPARED TO EXPECTATIONS

Had MedSupp in 2018, Had Premium Increase,



LOYALTY BY PREMIUM INCREASE COMPARED TO EXPECTATIONS

Had MedSupp in 2018, Had Premium Increase



Source: 2019 Medicare Member Experience and Engagement Study

Around half of the MedSupp market faced premium increases above their expectations last year. Any member who fell in that camp saw their “At-Risk” percentage **double to quadruple** versus those whose expectations were simply met. Are the MACRA changes causing carriers to be more aggressive with their Plan F premiums? Are new MedSupp consumers just unaware that premiums will go up over time? (*A shocking 30% of MedSupp members report not knowing that premiums would go up over time when they initially signed up.*) Regardless of the cause, MedSupp carriers must do a better job of explaining what happens with premiums over time. When members simply have their premium increase expectations met, their NPS is 57—nearly 20 points higher than MA has ever delivered. If MedSupp wants to regain its position atop the Medicare loyalty pyramid, don’t shy away from what will happen with premiums. Be as transparent as possible. It’s not the increase that drives attrition, it’s breached expectations.



About the Research

The Medicare Member Experience and Engagement Study is the final study in the 4-part **Senior Market Insights Service** for 2019. This study surveyed over 5,000 Medicare eligible consumers to better understand what drives loyalty in MA, MedSupp, and PDP.

Deft Research's **Senior Market Insights Service** includes three other main reports that have already published. In January, the Medicare Shopping and Switching Study delivered insights on the growing switch rate seen across the entire Medicare spectrum of products; in late April we published the results of our supplemental switching study that focuses solely on the new OEP; April also was the timing for the Dual Eligible release; and Deft's Age-in Study detailed how the new crop of boomers will impact Medicare sales over the short-term when it published in June.

- Medicare Shopping and Switching (PUBLISHED)
 - OEP Shopping and Switching Supplement (PUBLISHED)
- Dual Eligible (PUBLISHED)
- Age-in (PUBLISHED)
- Medicare Member Experience and Engagement Study (PUBLISHED)