



EXECUTIVE RESEARCH BRIEF

2020 COVID-19 AND ITS IMPACT ON MEDICARE CONSUMERS STUDY

COVID-19, the Presidential Election, and Medicare's AEP: What Carriers and Agencies Can Still Rely on.

2020 COVID-19 and its Impact on Medicare Consumers Study Executive Research Brief

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Deft Research recently published the 2020 *COVID-19 and its Impact on Medicare Consumers Study*. This national study of more than 3,000 Medicare eligibles reveals how the current global pandemic is affecting seniors both now and with an eye to the fall AEP. The study takes a deep dive into several areas germane to carriers, agencies and consultants who seek to maximize sales efficiency during the annual sign-up period. The main focal points of the study are: 1) the impact COVID-19 has had on seniors' daily lives, 2) their loyalty to carrier post-pandemic, 3) current levels of switch intention by Medicare product, 4) how senior shopping will look different going forward, and 5) the impacts of telehealth on the member experience. This brief will examine just one of the points above—prompting Medicare beneficiaries to shop heading into the AEP. The full *COVID-19 and its Impact on Medicare Consumers Study* will be followed in late August with a short addendum report that will highlight any changes in study data right before the start of the selling season (included in study purchase). For more information on the report, please contact your Deft Research associate or visit www.deftresearch.com.

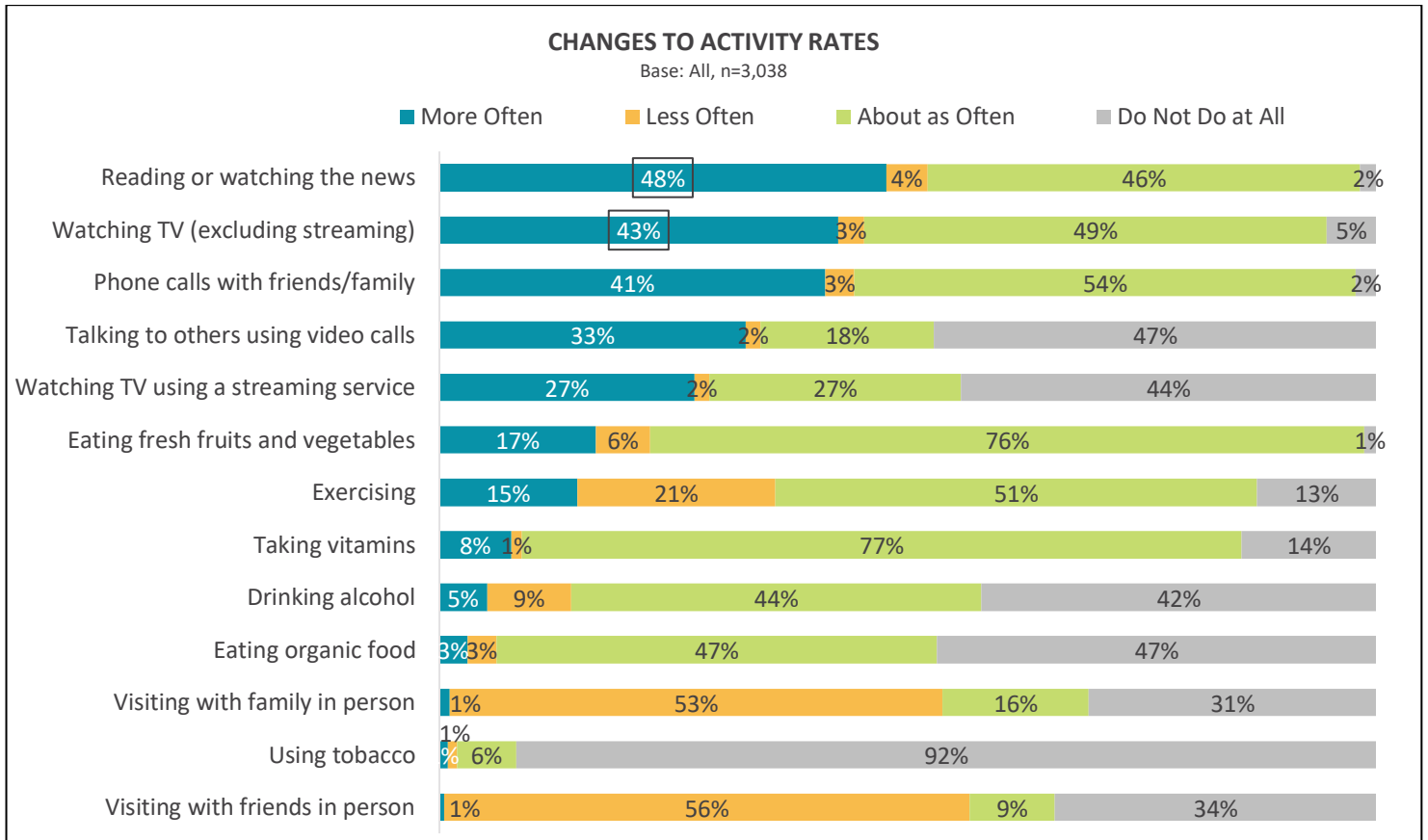
Attaining lead goals and besting ROI targets seems harder to accomplish each AEP. The number of carriers vying for seniors' attention and the volume of mail and TV commercials these companies and their agencies produce has made the nature of selling in MA highly competitive. If you welcome the challenge, then perhaps your personal credo is "some salmon like swimming upstream." Hats off to you.

As if that swim weren't hard enough already, the 2020 AEP has two other factors making that upstream jaunt even more challenging: the Presidential Election and the COVID-19 pandemic. Think of those two factors as grizzly bears eager for upstream swimming salmon to emerge. Swim at your own risk. Either of those factors could take a difficult task and make it overwhelming by itself. But couple them together, and even the most hardened sales and marketing professionals may look to reverse course and "go with the flow."

Presidential elections have been known to dampen seniors' willingness to shop for Medicare products until the chaos leading up to the Tuesday after the first Monday in November has passed. The phones at call centers simply don't ring, hence the adage: "Seniors don't compartmentalize Presidential Elections and Medicare selections." And for those willing to run TV spots from October 1st through November 3rd, you are competing with big budgets from the DNC and the GOP, and that may impact issues like ad clearance. Good luck.

The issues surrounding the COVID-19 pandemic and the 2021 AEP may be equally as challenging. For starters, highly effective sales seminars and face-to-face agent meetings may never be the same thanks to social distancing. We may all need more than just good luck now.

With this in mind, it may be wise to look back at what traditionally prods seniors into shopping action each fall, and then one-by-one determine if these same prompts will be in play for 2020 or if they will succumb to the mighty grizzlies' paw. Deft's *Medicare Shopping and Switching Studies* have shown over time that the most effective AEP prompts on seniors tend to be the following four (in any order): 1) Friends and Family, 2) Direct Response TV, 3) The arrival of the ANOC, and 4) Direct Mail. Compared to recent years, which of these may be neutral in terms of impact in 2020, which will likely be negative, and which may be a boost to shopping—positive?



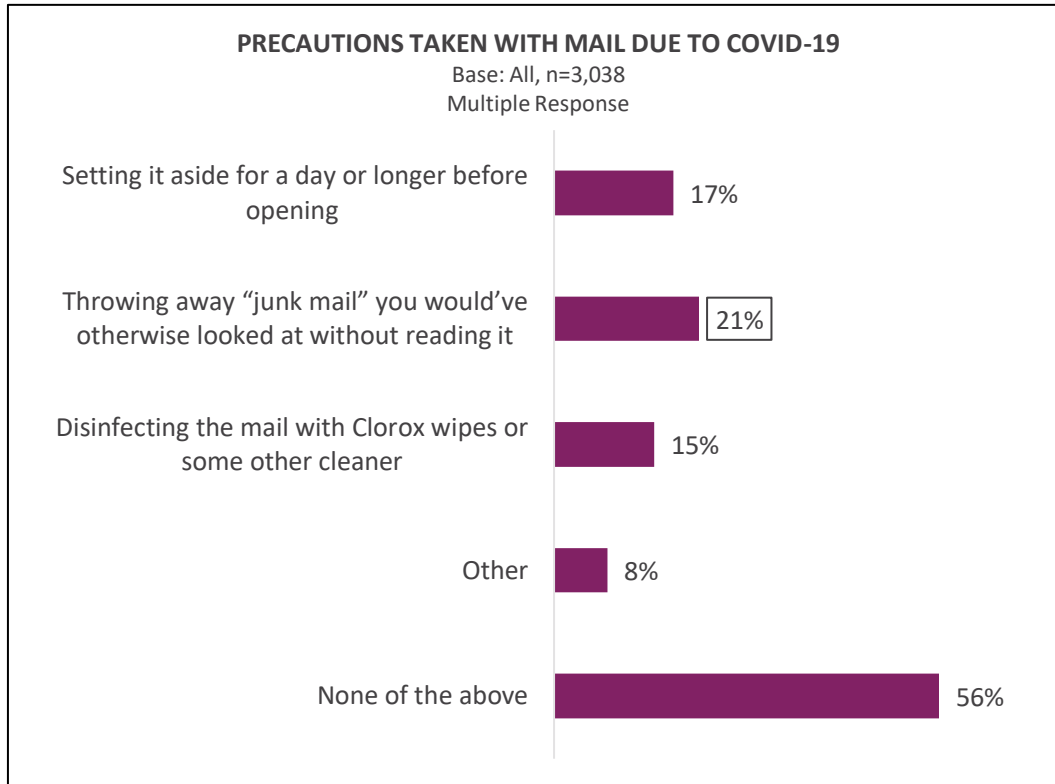
As seen above, Friends and Family as a prompt, and Direct Response TV ads as a prompt will likely be impacted this year. With seniors 50% less likely so spend time in person with friends and family, there will be less conversations from senior to senior about Medicare (something seniors generally do like to discuss in groups): *“Did you hear about Bob’s Medicare coverage? After his diagnosis he found out he couldn’t see that specialist group in town”*. Or *“John’s new plan gives him an OTC allowance that he can use at the local pharmacy”*. We have to assume, should a second wave of infections hit and social distancing continues, that Friends and Family as a prompt in 2020 will be a solid negative. **Family and Friends: Negative.**

But as seen at the top of the same slide, seniors are spending more time watching TV. What was just a few months ago considered to be a solid negative in a Presidential election year may now be neutral to positive. With some online sources showing that 7-in-10 firms are forecasted to now spend less in 2020 on advertising due to the recession, those airways may not be as crowded this fall as they normally would be in an election year. Ad clearance may be less of an issue. **Direct Response TV: Neutral to Positive**, compared to other Presidential election years.

Handicapping the likelihood of competitors sending out either frightening or friendly ANOCs is anyone’s guess (the former driving Medicare shopping and the latter throwing cold water on it). Some in the industry feel that after two years of the supplemental benefits bonanza we are due for a pause. And although the reimbursement rate trajectory seems favorable,

we may not see as many novel designs this year, nor will we likely see much benefit degradation. With all bids now off to CMS at this point, it is difficult to surmise what seniors will see in their mailbox come September 30th. **ANOC: To Be Determined** (Yes, this is a bit of a cop out.)

This leaves good ol' reliable. Direct Mail.



Only 10% of seniors indicated in the *COVID-19 and its Impacts on Medicare Consumers Study* that they are significantly afraid of catching COVID-19 from handling direct mail. However, it appears as though their direct mail habits have been altered. As seen above, around one-in-five seniors indicate that they are throwing away "junk mail" without reading it, when before they would have looked through it. This is not a death knell for direct mail. Your agency may have data to show if New-to-Medicare mail response numbers have appreciatively dipped these last two months. But it is enough to warrant some concern. **Direct Mail: Negative.**

The 2021 AEP may be the most challenging AEP for marketers and sales professionals to navigate their entire Medicare careers. The movement to virtual seminars will help for those leads that do come in. But marketers should note that the normal boosts the industry receives from our four "go to" prompts may not be the booster shot we usually receive. **All 2021 AEP Prompts: Neutral to Negative.** Swim harder, little fishy.

About the Research

The *COVID-19 and its Impact on Medicare Consumers Study* is the fourth study in the 6-part **Senior Market Insights Service** for 2020. This study surveyed over 3,000 Medicare eligibles, providing a comprehensive look at how the COVID-19 pandemic is changing the way seniors live, and how they will shop this fall. Carriers, agencies, and consultants alike can gain from understanding the impact this healthcare crisis may have on the upcoming selling period.

Deft Research's **Senior Market Insights Service** includes five other main reports that already have published or will publish later in the year. In January, the *Medicare Shopping and Switching Study* showed the benefits and channels that drove senior activity. In March, the *Dual Eligible Member Study* provided insights into how low-income seniors shop and consider new coverage. In April, the *Open Enrollment Period Study* focused on year two of the newly reinstated shopping period. In June, Deft's *Age-In Study* will chronicle how consumers progress from Individual or Group coverage into Medicare. Finally, when it publishes in late August, the *Medicare Experience & Engagement Study* will show the factors influencing switch intention and CAHPS scores.

The 2020 **Senior Market Insights Service** reports include:

- *Medicare Shopping and Switching Study* (PUBLISHED January)
- *Dual Eligible Member Study* (PUBLISHED March)
- *Open Enrollment Period Study* (PUBLISHED April)
- *COVID-19 and its Impact on Medicare Consumers* (PUBLISHED May)
- *Age-In Study* (June 2020)
- *Medicare Experience & Engagement Study* (August 2020)

For more information on the full results of the *2020 COVID-19 and its Impact on Medicare Consumers Study*, email info@deftresearch.com with the subject line "2020 COVID-19 STUDY."