

MyMedicareBot

2021 AEP Retrospective Analysis

Summary

MyMedicareBot’s annual AEP Retrospective Analysis provides Medicare carriers with actionable insights to implement more effective membership growth and retention strategies and campaigns.

The insights from this analysis come from our Medicare Business Intelligence Platform, which enables health plans to smartly design, target and execute their sales, retention and upgrade campaigns. This platform leverages our 18+ years of experience operating Medicare enrollment systems and analyzing Medicare data on behalf of CMS and leading carriers.

In this analysis, we highlight key themes that plans of all sizes should consider as they develop their CMS bid and distribution strategy for AEP 2022.

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Medicare Advantage Growth

Individual Medicare Advantage enrollment increased by 11% to 22 Million Beneficiaries^(a)

The Big Plans are Getting Bigger

The big plans are getting bigger by increasing their product line and marketing spend. In particular, their wider offering of PPO, D-SNP and C-SNP plans allows them to better target and acquire specific beneficiary segments (i.e., LIS, chronic, dual, PDP-to-MAPD and Medigap-to-MAPD converters) across all enrollment periods. Their challenge in AEP 2022 is how to improve lead targeting and quality to increase member persistency.

Startups are Gaining Ground

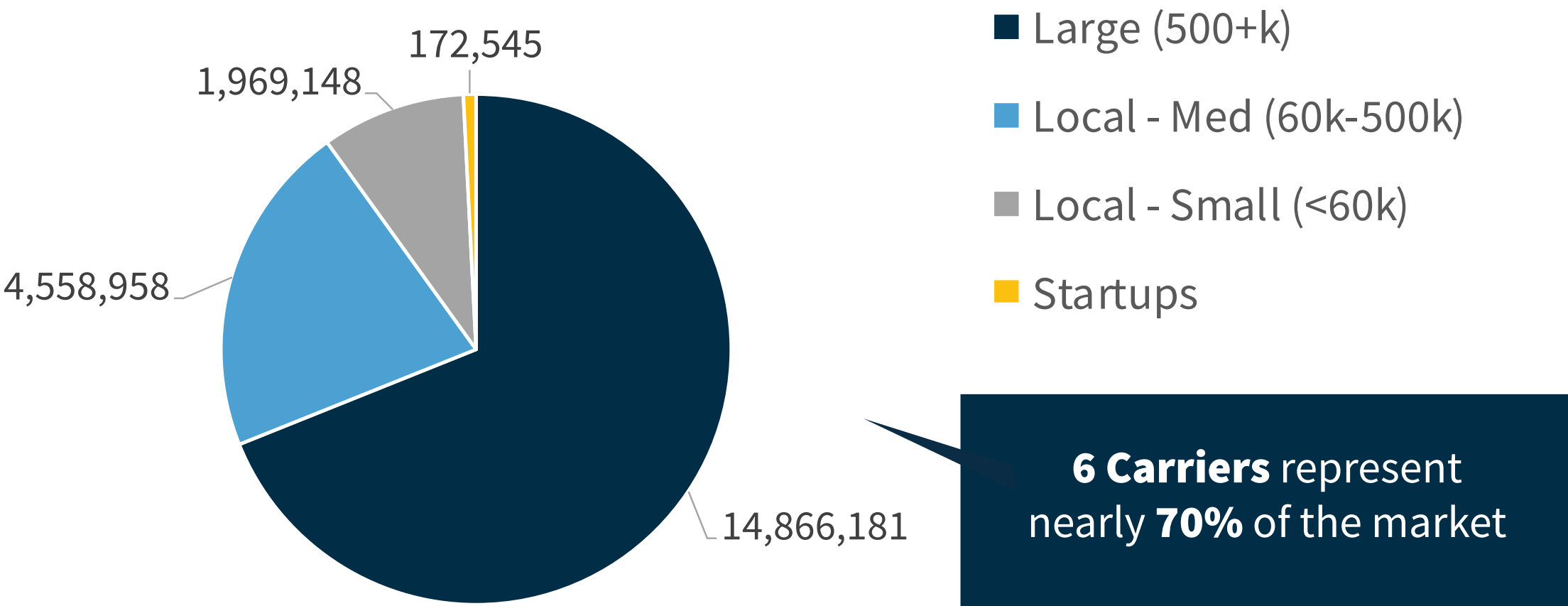
Although still relatively small, new entrants like Alignment, Clover and Devoted are rapidly growing membership with simplified and highly competitive plan designs, such as \$0 to low premium PPO, low copay and market matching extra benefits. Their challenge in AEP 2022 is to smartly target expansion markets and quickly adapt to local distribution norms to continue their growth.

Local Plans are Struggling

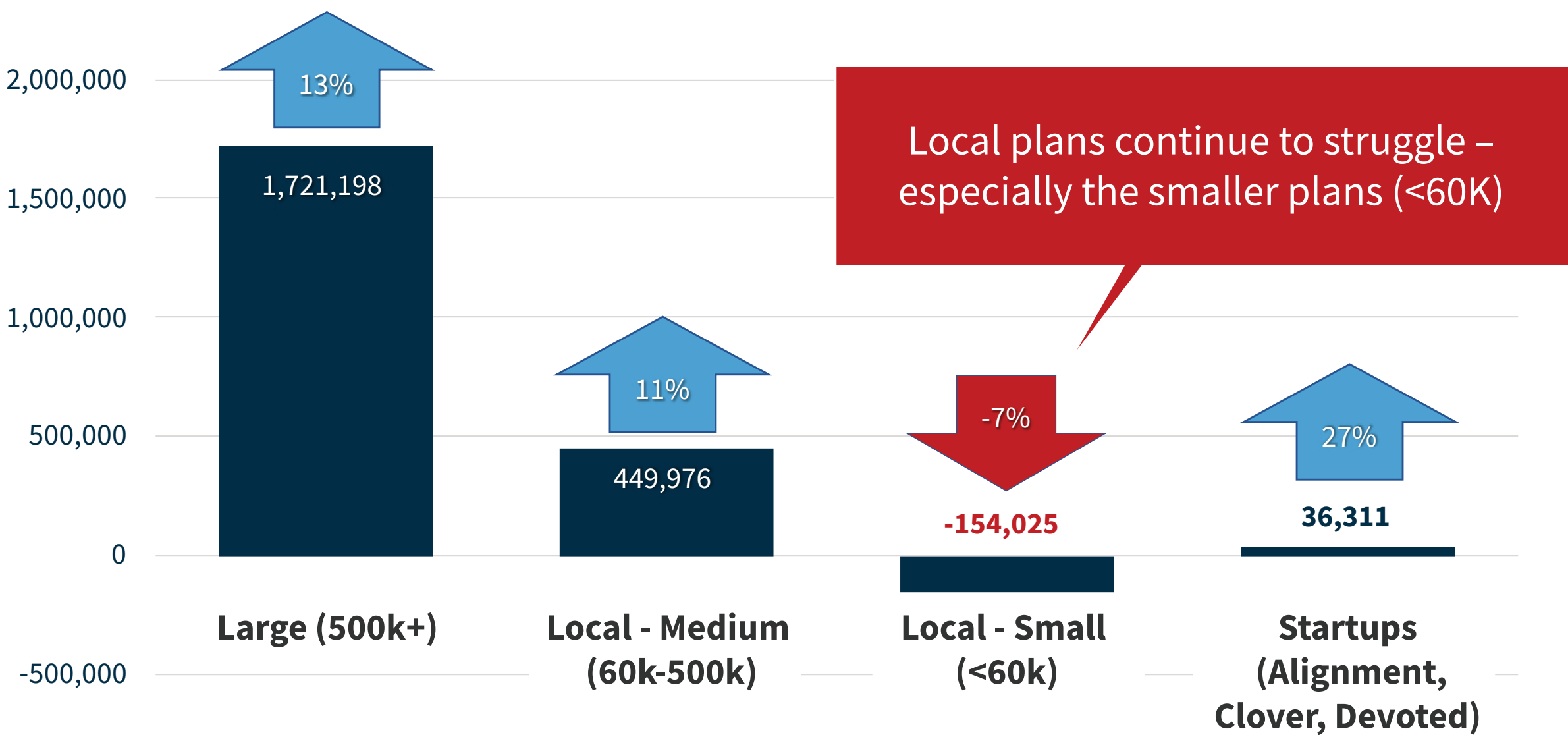
Local plans are being squeezed by national plans gaining share by introducing higher benefit and lower premium plans and startups testing and implementing simplified plans with market matching benefits and innovative member engagement programs to keep them loyal and less likely to shop. Their challenge in AEP 2022 is to develop more effective retention and growth strategies that take advantage of their local market expertise and large commercial group business.

^(a) Excludes employer group plans and includes certain individual MA plan types (i.e., HMO, HMO-POS, PPO, R-PPO, Cost, SNP, Dual).

2021 Individual Medicare Advantage Members as of 1/1/2021^(a)

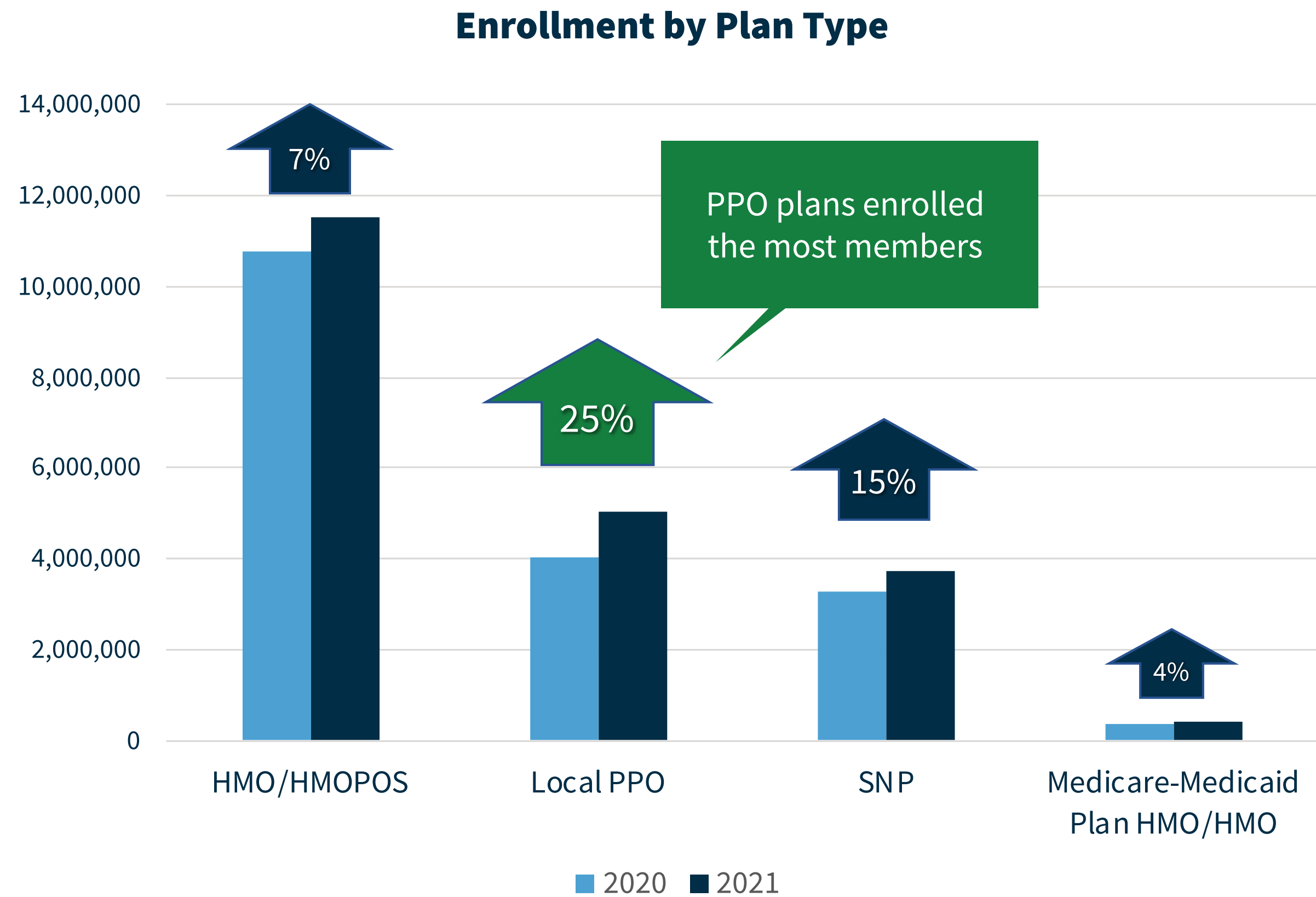


Net New Enrollments as of 1/1/2021^(a)



MA Enrollment Growth Continues with PPO and C/D-SNP Plans Leading

The Individual Medicare Advantage market grew by 10.5% to 21.5MM. PPO and Special Needs Plans enrolled more members than other Medicare Advantage plan types. Increasing availability of and enrollments into PPO and SNP plans by national/regional plans continues. The national and startup plans are taking even more share from local plans (especially the Blue Cross Blue Shield affiliates), who struggle to compete on price, plan design and supplemental benefits.



Medigap+PDP-to-MAPD Conversion is Increasing

Significant increase in PPO enrollments (+25% or 1MM members) combined with decreasing PDP membership (-3.1% or 624k members) indicates Medigap+PDP to MAPD PPO conversion is accelerating in select states.

- This trend represents significant risk to Medicare Supplement carriers (especially the Blues) whose members are increasingly switching to \$0 to low premium PPO plans to save money and access extra benefits.
- This trend also represents significant opportunity for PPO carriers who now have access to some 22% of Medicare beneficiaries who are still on supplement plans.
- PPO plans with \$0 to low premium gained more enrollments in states (In order – FL, GA, NY, TX, MI, SC, IL, VA) that also experienced the most PDP disenrollments (In order - TX, MI, NY, GA, IL, VA, SC, NY).
- A key driver of Medigap to MAPD PPO conversion may be due to increasing PDP premiums and higher drug copays, especially for tiers 4 and 5 which can be significantly higher in a stand-alone PDP plan.^(b)
- The Rx and premium savings combined with extra benefits like dental, vision and hearing bound by MOOP makes for a compelling value proposition for the \$0 to low premium PPO plan.

(b) Copays for Tiers 4 and 5 are higher for stand alone PDP plans, e.g., Tier 4 = PDP 33-50% coinsurance / PPO = \$75-100; Tier 5 = PDP 25-47% coinsurance / PPO 25-37% coinsurance

Regional Trends

Enrollment Trends Vary by Region

National trends are useful, but Medicare competition is ultimately local. In line with that, we split the US into nine regions to see how each region compared to national trends. (MyMedicareBot can drill into the specific counties where each plan operates, not shown in this report.)

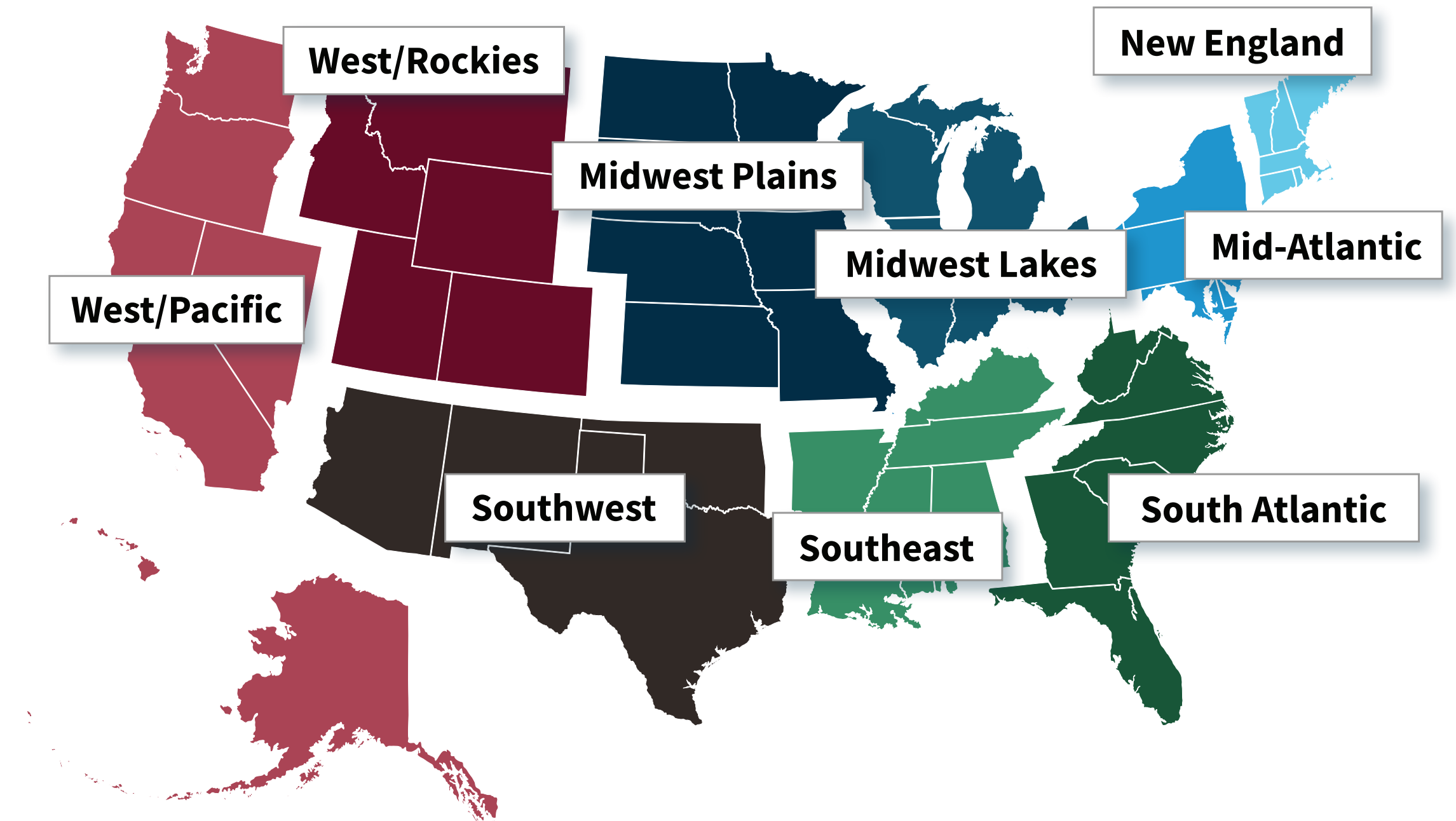
Local PPOs and D-SNPs are Growing

Local PPOs are outpacing HMOs

- Compared to a national average of 25% growth of local PPOs, **New England** saw significantly higher growth at 29%. If Employer Group Health Plans were excluded, the numbers would be even more dramatic: 46% growth in New England vs 26% national average.
- PPOs grew the least in the **Southeast**, including **South Atlantic**, at about 10%. Conversely, these areas had the greatest HMO growth: 14% in the Southeast and 12% in South Atlantic.

D-SNPs are another source of growth

- The **Midwest Lakes** region had a growth rate of 46% for Special Needs Plans for Dual Eligibles. This region also led the nation for Medicare-Medicaid Plans.
- The **Southwest** and **West/Pacific** had the lowest growth in D-SNPs at about 10%.
- The membership level of Employer Group Health Plans remained flat. Only in **New England** did the growth rate keep pace with other plans.



Medigap+PDPs are Down and MAPDs are Up

MAPDs were up 10.5% nationally

- The **Midwest Plains** lead at 13%.
- The **Mid-Atlantic** and **West/Pacific** regions lagged the most, at around 7% MAPD growth.

PDPs were down 3.1% nationally

- The **Southeast** region were down the most at a 5.7% decline.
- The **West/Rockies** region had the least PDP decline at 0.7%.

Strategies to Prepare for AEP 2022

Retention Strategies

- Prepare to target or defend against growing **Medigap-to-MAPD** conversion expanding nationally.
- Spend your resources on **converting** current customers from PDP to MAPD, which is less expensive than finding new MAPD leads.
- Proactively identify your customers' "best fit" plan and let them know whether they should **stay, switch or upgrade**. If they feel confident that they're in the right plan with you, they're less likely to shop with your competitors.

Growth Strategies

- Understand what makes your market unique and adjust your campaign strategies to maximize your **local opportunities**.
- Understand how your products are **differentiated** at the county level to inform your sales and distribution strategy.
- Target **age-in** and **working retirees** enrolled in commercial group plans for conversion into your Individual Medicare plans before your competitors do.

About MyMedicareBot

We are Medicare distribution experts who partner with health plans to drive membership growth, retention and profitability.

We believe that no two health plans—and therefore no two good solutions—are the same. We work closely with our clients to customize solutions based on their needs, leveraging a combination of consulting, technology and analytics.

We leverage our 18+ years of experience operating Medicare enrollments systems and analyzing Medicare data on behalf of CMS and leading carriers to develop and implement more effective campaigns.

MyMedicareBot helps Medicare carriers in 3 primary ways:

- **Analytics:** Use member claims and competitive market intelligence to increase the ROI of our clients' sales, retention and conversion campaigns.
- **Platform:** Implement an integrated omni-channel platform to operationalize, monitor and optimize campaigns.
- **Distribution:** Oversee and manage retention and conversion campaigns on behalf of Medicare carriers and distribution partners.

To learn more, contact us at info@mymedicarebot.com to see if our offerings are a good fit for your organization.

