



## 2024 AEP GUT CHECK STUDY EXECUTIVE RESEARCH BRIEF

### **Are Seniors Prepared to Absorb Cost Increases This Fall, or Will They Defect to Another Plan, Carrier, or Even Another Coverage Type?**

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Deft Research recently published the 2024 AEP Gut Check Study. This national market research report of over 2,700 Medicare Advantage, MedSupp, and Original Medicare Only beneficiaries helps the industry understand how consumers feel about their coverage at the halfway point of the year. The report shows what levels of satisfaction seniors harbor ahead of this AEP, the frustrations they face currently, and illuminates how industry stakeholders must pivot in the final months before the selling season in order to capitalize on what may very well be the most tumultuous AEP in more than a decade.

The AEP Gut Check Study examines the mid-year switch intent of seniors, how various utilization experiences relate to senior's loyalty, and how sensitive MA, MedSupp, and Part D seniors are to premium increases and other cost share changes that may lead to both shopping and switching this fall. This Executive Research Brief will examine a couple of interesting data points from the study related to mid-year frustration and switching from one private coverage type (MA or MedSupp) into the other.

Armed with the insights from this study, carriers, agencies, and sales organizations will have a better grasp of the strategies to pursue and the tactics to implement as we tick down to 10/1 and the start of the 2025 AEP season. For more information on the rest of the report, please contact your Deft Research Client Services associate or email [info@deftresearch.com](mailto:info@deftresearch.com).

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Both private Medicare options have natural moats surrounding their enrollment which, in effect, keep members from defecting from one coverage type and into the other.

For MedSupp members, the moat they face is unfettered access, the same feature that sold them on MedSupp in the first place. According to Deft's 2024 Medicare Age-In Study, the right to see almost any doctor and to be treated by almost any hospital is still the number one feature of MedSupp that draws Age-ins to the product. Knowing that a move to MA means you are surrendering that right—coupled with

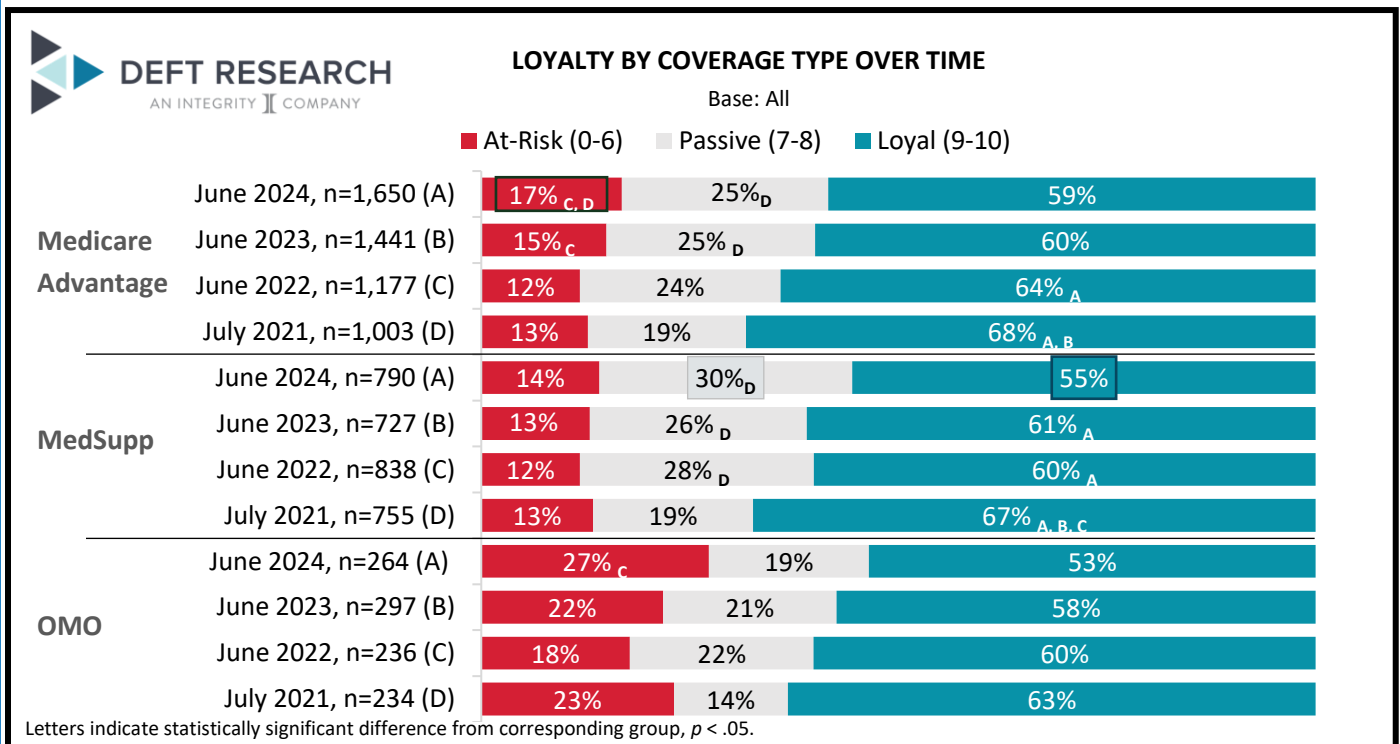
the fact that as one ages, the potential need for greater access only increases—is enough of a moat to keep most MedSupp members loyal to their private Medicare category.

But despite this, each of the last two years MedSupp has seen a net loss of around 125,000 members during a time when more than eight million people turned 65. Guaranteed access is indeed a wide moat, but escalating MedSupp premium increases paired with MA’s low-to-no monthly cost, integrated drug coverage, and rich supplemental benefits (including dental, vision, and hearing) have begun to fortify the bridge over the MedSupp moat for some.

For MA members, the moat that keeps them from really considering a move to MedSupp is twofold: underwriting and basic economics. As we all age and our health needs evolve, the chances that any of us can make it through underwriting outside of the initial enrollment window decreases. A 75-year-old may want to switch from their \$0 MAPD and into a Plan G MedSupp, but the chronic conditions they are managing may block them. And for those younger seniors who may not have as complicated health needs (yet), basic economics may hold them back. Fixed income budgets are not built to take on new monthly costs as seniors age. As their nest egg depletes (if they are fortunate enough to have one in the first place) seniors look to eliminate fixed monthly costs as a shrinking nest egg coping mechanism.

The greatest loyalty program the MA category ever invented has nothing to do with welcome packets, healthy rewards, or customer service calls; it has everything to do with the near impossibility of moving a fixed income senior from a guaranteed monthly premium bill of \$0 (MAPD) to guaranteed monthly premium bills of \$200 or more (MedSupp + Standalone PDP + Dental/Vision/Hearing bundle).

As is the case, Deft’s Medicare Shopping and Switching Study has shown over the years that private Medicare coverage type switching—moving from MA to MedSupp or MedSupp to MA—is generally rare. Only 3% of MedSupp members moved to MA last AEP and under 1% of MA members crossed over to MedSupp. Both of those moats are wide and deep. But both will be tested this fall.



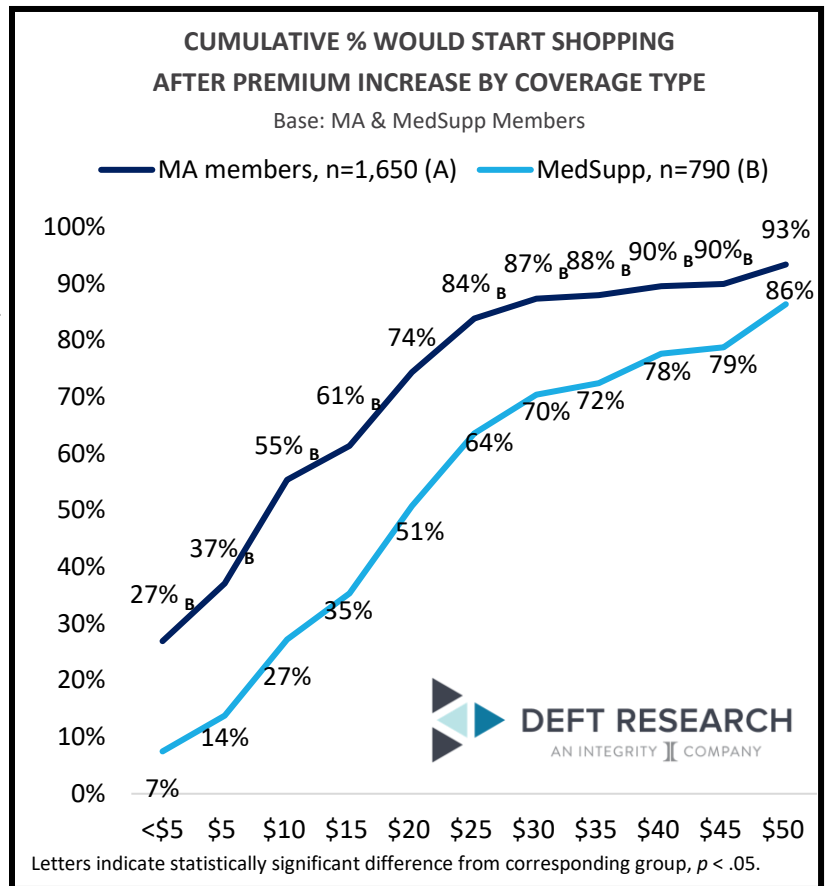
According to the chart on the previous page, the proportion of “Loyal” MedSupp members (measured as a nine or ten rating for likelihood to stay with insurer) this year is meaningfully lower than it has been in any of the three previous years—the same three year stretch where the total in-force policy count for the MedSupp category dropped from 14,398,844 members to 14,142,412<sup>1</sup>. And for MA, there are equally troubling signs. The percentage of “At-Risk” consumers is the highest it has been in three years—meaningfully higher than 2021 and 2022. Last year’s mid-year disloyalty jump from 12% to 15% preceded a seven-year high MA switch rate of 16% during the 2024 AEP. Even though the move from 15% “at-risk” in 2023 to 17% in 2024 is inside the margin of error for this study, any potential uptick in MA disloyalty is concerning.

At a minimum, both moats have sprung a leak at the mid-year mark, but the most disruptive changes may be yet to come. MA members have yet to see their ANOCs, including likely cuts to supplemental benefits and allowances. This is also well before MedSupp plus Part D members see what happens to their monthly drug premiums after Inflation Reduction Act MOOP changes. Both of those events could turn those slow leaks into something far more chaotic for both coverage types.

Which begs the question... How much infrastructure damage can these moats bear before the water drains out completely? The 2024 AEP Gut Check Study took seniors through a series of price sensitivity exercises to quantify the premium increase MA and MedSupp seniors feel it would take for them to shop, switch plans, or switch coverage types. Deft analyzed these responses to identify the percent of respondents who feel that they would take action at each premium increase level – indicating the level of tolerance for price changes.

The chart to the right shows one of more than a dozen price sensitivity scenarios profiled in the AEP Gut Check Study: the percentage of both MA and MedSupp consumers who would start shopping by premium increase. Today, 75% of the non-EGWP, non-SNP MA market pays \$0 in premium. (That percentage has risen from about 56% in 2019.) But as little as a \$5 bump in premium may activate a third of MA consumers to look for new coverage.

At around a \$20 increase in premium, about half of MedSupp members indicate they would be compelled to shop. Based on average MedSupp Plan G premiums of around \$150 for younger seniors, and based on some of the higher premium



<sup>1</sup> [Deft Research 2024 Medicare Market Assessment.](#)

increases noted since 6/1 for popular MedSupp plans (as high as 13 to 15% in many states), thousands and thousands of MedSupp seniors will see (or have already seen) \$23 premium increases or more. These consumers are indicating that at a minimum they will shop, and many of those will ultimately switch this fall. (The 2024 AEP Gut Check Study details the prospects of these shell-shocked Plan G members being “saved” from defecting to MA by being switched to Plan N.)

It's safe to say that we will have a robust shopping environment this fall. The only things that may keep heightened MA and MedSupp switching from manifesting is a late Thanksgiving (delaying conversations about Medicare with family that may lead to switching) and a presidential election (which impedes advertising effectiveness during the AEP). But it is fair to say that, upon learning of premium increases/benefit reductions, many MedSupp and MA members will be on the lookout, and the potential for coverage type switching is real this year. The 2024 AEP Gut Check Study has all the details on this potential movement.

There is truly never a dull moment for health insurance professionals when working in government programs. And in the 2025 AEP, there may not be a dull minute for sales professionals, marketers, and carriers after seniors open their mail on 9/30.

**Don't miss these offerings related to the 2024 AEP Gut Check Study:**

- [Medicare Member Experience Study](#) can help you identify and address areas of member experience prior to the 2025 plan year that may lead to attrition, switching intention, and lower CAHPS scores.
- [2024 Medicare Market Assessment](#) is a data tool that can help you refine your sales and marketing efforts for plans by providing estimates of the consumers available to target. Market Assessments can help your team understand the total available market for your Medicare products to find where plans can thrive today and identify where they can expand tomorrow. Assessments are available for three groups of consumers:
  - General Medicare Market
  - Age-In Market
  - Duals Market
- [National Part D Addendum Study](#) can help those in the D-SNP market understand the factors needed to retain Dual eligible members during a potentially turbulent AEP.

**Keep the insights coming all year with our syndicated studies.**

The **2024 Senior Market Insights Service** includes the following studies:

- [National Dual Eligible Benefit Design Conjoint Study](#) examines tradeoffs between supplemental benefit preferences, amounts, and purses to identify what Dual Eligible consumers value the most.
- [National Dental Benefit Design Conjoint Study](#) identifies the tradeoffs that consumers are willing to make based on their current dental needs in either an embedded dental plan or standalone.
- [Medicare Shopping and Switching Study](#) highlights what made members venture to new products during this past AEP.
- [National Part D Addendum Study](#) provides insight into seniors' price sensitivity to drug plan changes and how that may influence migration from standalone Part D to MAPD.
- [Dual Eligible Acquisition Study](#) provides insights into how seniors with Medicaid eligibility (D-SNP or otherwise) shop and consider new coverage.
- [Medicare Open Enrollment Period and Disenrollment Prevention Study](#) focuses on the experiences that keep members loyal during the "redo" period.
- [Medicare Age-In Study](#) shows the products, channels, and enrollment preferences of the next generation of boomer eligibles.
- [AEP Gut Check Study](#) examines the pain points carriers and agents must address as we near the AEP.
- [Dual Eligible Retention Study](#) helps to better understand the member experience carriers, agencies, and consultants need to consider to win with this fastest growing segment of the Medicare space.
- [Medicare Digital Tools Study](#) gives an in-depth look at how seniors use digital tools for product selection, navigation, and accessing healthcare.
- [Medicare Member Experience Study](#) shows what causes attrition, switching intention, and lower CAHPS scores.

Our **2024 Commercial Market Insights Service** studies for the Individual Under 65 Market include:

- [Individual and Family Plan Shopping and Switching Study](#) examines the traditional OEP enrollment period, the channels that best connected with consumers, and how these individuals shopped for coverage.
- [Commercial Group and ICHRA Study](#) illuminates how current commercial group members feel about a potential move to ACA coverage and compares these experiences to those already in ACA coverage through ICHRA.
- [Individual and Family Plan Digital Tools Study](#) gives an in-depth look at all aspects of digital healthcare, including online shopping, portal management, e-brokers, virtual care, and virtual-first plans.

- [Individual and Family Plan Member Experience Study](#) identifies the experiences that either inflate or depress loyalty so that carriers can hold onto ACA members.