



**2024 MEDICARE SHOPPING AND SWITCHING STUDY  
EXECUTIVE RESEARCH BRIEF**

**Insulating MA Members Against the “Next Big Thing”**

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Deft Research recently published the 2024 Medicare Shopping and Switching Study. This national market research report of nearly 5,000 seniors – with more than 4,600 in private coverage – examines all aspects of senior consumerism during the fall AEP. This year’s report details the market growth seen in 2024, rates of consumerism by plan type, and examines the aspects associated with switching through three different statistical approaches. Furthermore, it illuminates the marketing channels that were the most effective at progressing seniors through the sales funnel, the role of the agent, and the impact of supplemental benefit changes. The depth of the study’s analysis and thoroughness of reporting is what has made the Medicare Shopping and Switching Study the “Gold Standard” breakdown of the AEP and the “go-to” resource for hundreds of carriers, agencies, consultancies, investors, and vendors who were eager to learn from the analysis. For those looking to build success in future AEPs, there is no substitute.

This Executive Research Brief will examine a few interesting points from the broader report as it relates to senior consumerism, supplemental benefits, and the experiences associated with members who switch carriers.

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 throughout the year as we progress from winter design planning to spring marketing ideation and eventually fall sales execution. 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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One of the more common questions we field at Deft from our custom research clients is the following:

“Can you tell us what the next big thing will be in MA design?”

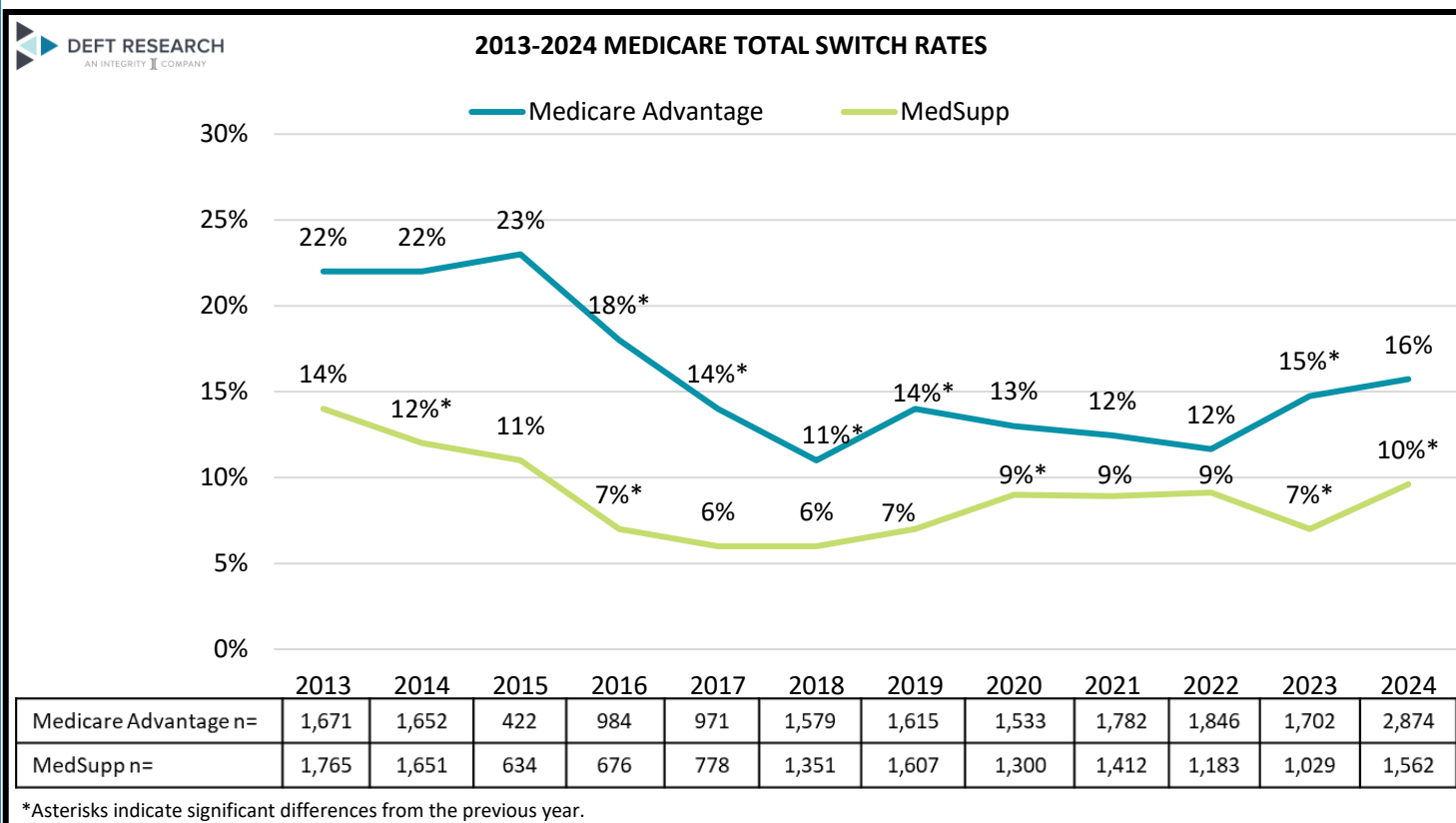
Just like Hasbro toys would have loved to know in advance that rival Coleco was about to launch Cabbage Patch dolls in 1982, it’s certain that most MA managers would have loved to have known what the “must have” supplemental benefit would be two years down the road when sitting in design meetings last winter. So how difficult can it be to know the next big thing?

The journey to the next innovative benefit starts with understanding consumer sentiment – getting to know how consumers value different parts of their plan today – but also requires a delicate rebalancing of other benefits, understanding of financial risk, and successful marketing. On top of this, regulations may limit future avenues for MA innovation: CMS may curtail some of the more creative supplemental benefit approaches as it will no longer be good enough to assume an SSBCI benefit will improve health for members. Soon we will be in the “prove it” phase for SSBCI.

Having certainty that copay cards, healthy food credits, or fitness reimbursements would be the next big thing would have been great—and impossible given the uncertainty of real-world markets.

That doesn’t mean carriers shouldn’t innovate, nor will the difficulty of the task ever stop plan designers from trying. There will always be a competitor who is more aggressive, innovates a key new benefit, or develops a novel benefit delivery approach to worry about. Those who get it right will be rewarded. But predicting and executing on disruptive innovation in a competitive market is inherently speculative.

Creative supplemental benefits that disrupt the market can be rewarded by strong AEP switching. And with this year’s creative array of benefits, AEP switching was unsurprisingly up.

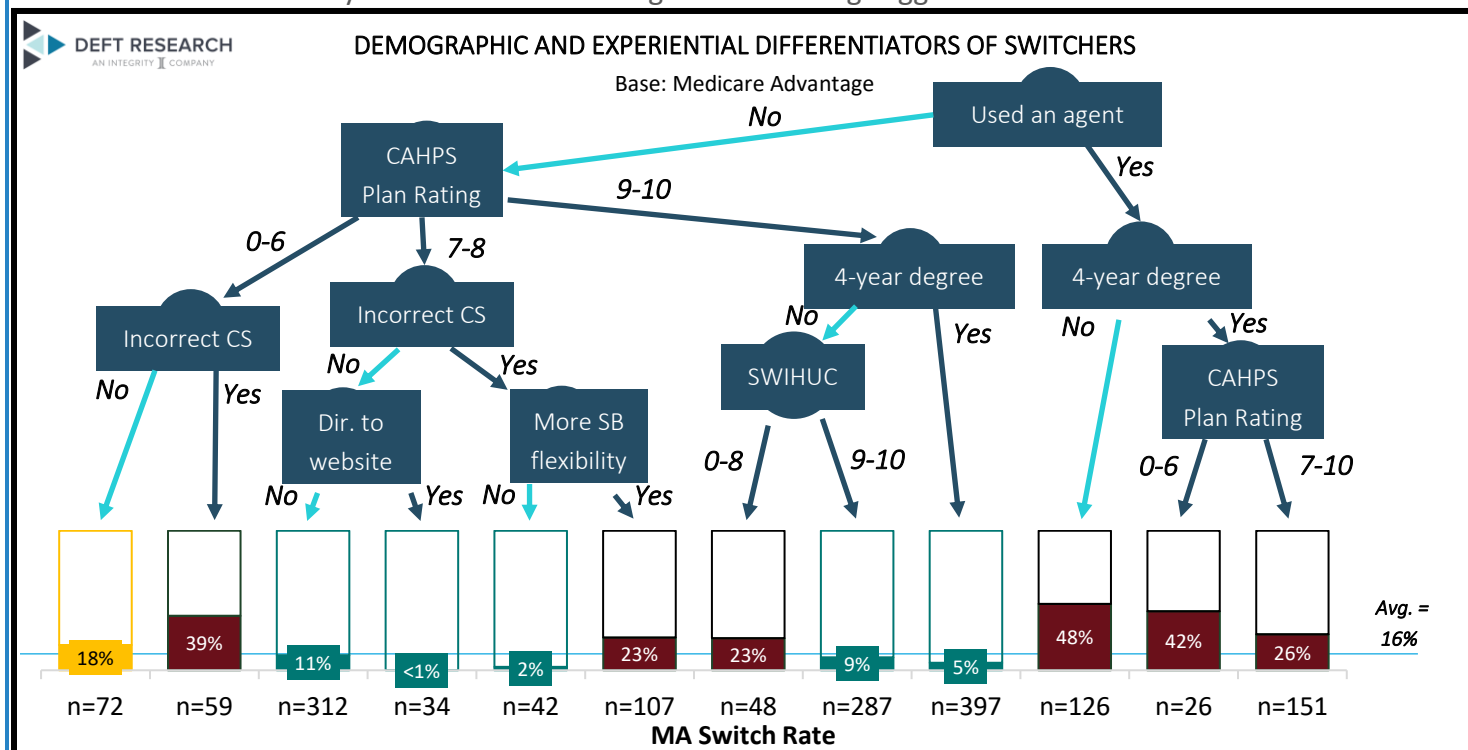


As seen on the chart above, MA switching eked up slightly to 16% – the highest tally seen since 2016 before the enhanced supplemental benefit craze hit. MedSup switching cracked double-digits for the first time in nearly a decade.

These percentages may come back down to earth soon, but until they do, carriers will be faced with renewed urgency to address age-old questions. Is it time to chase the shiny new benefit? How can current members be protected? What’s the next big thing in MA design, and can we get there first?

These questions have a core component: what moves consumers from one plan or carrier to another? With that figured out, carriers have the knowledge they need to answer the rest of these questions for themselves based on their own company goals.

One feature of the 2024 Medicare Shopping and Switching Study is that it takes the deepest dive ever into this question. The analysis and reporting goes through three levels of detail. First, it illuminates the benefits and experiences that are more commonly found with switchers. Second, it quantifies that data through a Johnson’s Relative Importance Driver Analysis. Finally, a Chi-Squared Automatic Interaction Detection analysis—commonly referred to as CHAID Analysis—shines additional light on switching triggers.



Above is a graphical illustration of the CHAID analysis performed. The analysis itself is a method used to identify the distinguishing characteristics between groups of consumers. Oftentimes, CHAID analysis will be used to identify features, experience, or attitudes that are associated with a specific outcome of interest—switching in the case of this study.

The CHAID analysis teaches us a few things:

1. **The presence of an agent is always a major catalyst for switching.** When seniors choose to interact with an agent, more switching occurs. This is shown by the red switching percentages on the three right “switch rate” bars. Some of this movement is likely caused by the sort of thing no one wants to see—incessant, unwarranted telemarketing calls that CMS views as predatory. But for the vast majority of cases, agents are consulting with seniors – at the senior’s request – to try and to match up changing health, drug, and financial concerns with the myriad of plan options that exist today (44 MA options per average eligible).

Whenever an agent is in the picture, MA switching is higher than the national average of 16%—sometimes three times as high. Switching is highest when the senior working with an agent lacks a 4-year degree (48%), but lowest when they have both a 4-year degree and the perception that their plan isn't a bad fit, as seen by providing a 7-10 score on the CAHPS Overall Plan Rating question (26%).

2. **High CAHPS plan ratings matter.** When no agent is in the picture, if a senior reports a 9 or 10 for CAHPS Overall Plan Rating and they feel their carrier has helped them to better understand their coverage (Satisfaction with Insurer's Help Understanding Coverage score of 9-10), seniors switch at similar rates regardless of whether they have a 4-year degree or not. This rate is well below average – seniors who are happy with their plan and feel their insurer has helped them understand it have lower switch rates. But when seniors without a 4-year degree feel their carrier is not doing enough to help them understand their coverage, switching shoots up (23%). And for seniors who think their plan is not so hot (0-6 for CAHPS Overall Plan Rating), plans need to be prepared with high quality Customer Service: at best, these seniors have slightly higher switching (18%), but if Customer Service gives them the run-around, switching balloons to nearly 40%. Yikes!
3. **Seniors in a plan that isn't a perfect fit pay attention to the "Next Big Thing" – in this case, flexibility with supplemental benefits.** When seniors perceive their carrier as middling via 7-8 CAHPS Overall Plan Rating scores and when Customer Service provides wrong information, they may be vulnerable to considering other plans with better benefit availability and ease of using benefits. If a senior feels they need more flexible benefits, switching spikes (23%); if they have all the flexibility they need, switching plummets to just 2%.

So, is the "Next Big Thing" something that can move seniors from one plan to another? Absolutely. But seniors only become susceptible to competitors' "Next Big Thing" when they already perceive their plan as not providing the access or assistance they need to reap the most out of their health insurance. If carriers take care of the basics – network adequacy and service that helps members use their benefits – the need for greater flexibility with supplemental benefits never becomes a defining factor in their choice to stay or go.

No one knows what the next Cabbage Patch or Bratz doll will be, but we all know there will be something. Nailing the blocking and tackling of health insurance (access and service) is the best insurance against members' eyes wandering to the shiny lure of someone's novel flexible supplemental benefit arrangement.

**Don't miss these offerings related to the Medicare Shopping and Switching Study:**

- [National Dual Eligible Benefit Design Conjoint Study](#) provides a deeper dive into the tradeoffs that Dual Eligibles make when selecting a plan to help plan designers prepare for upcoming bids.
- [National Dental Benefit Design Conjoint Study](#) examines the tradeoffs seniors face in one of the most important supplemental benefit areas, preparing plan managers for building their 2025 offerings.
- [National Part D Addendum Study](#) can help plan designers to understand the impact of senior drug plan preferences on switching in both MAPD and standalone PDP.

**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.