



## 2024 NATIONAL PART D ADDENDUM STUDY EXECUTIVE RESEARCH BRIEF

### **A Prescription for Change: How New Health Conditions Shape Perception of Coverage and its Impact on Switching.**

George Dippel, President

1.30.2024

Deft Research recently published the 2024 National Part D Addendum Study. This national market research report of nearly 2,000 seniors—with nearly 1,900 of them in either MAPD or standalone Part D plans—examines how drug design change impacts beneficiary switching habits, how sensitive seniors are to Part D premiums in light of new \$0 Part D options, and how changing health conditions alter seniors' perception of drug plan suitability. This Executive Research Brief examines a couple of interesting points from the overall study as it relates to seniors' perception of drug plan fit and the role agents can play in positioning their clients for more enduring drug coverage when health needs change.

Armed with the insights from this study, MA and Part D carriers, marketing agencies, and sales organizations will have a better grasp of the elements of drug design that matter more to seniors as the industry prepares for even more changes to Part D rules in 2025. 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).

---

Change is inevitable.

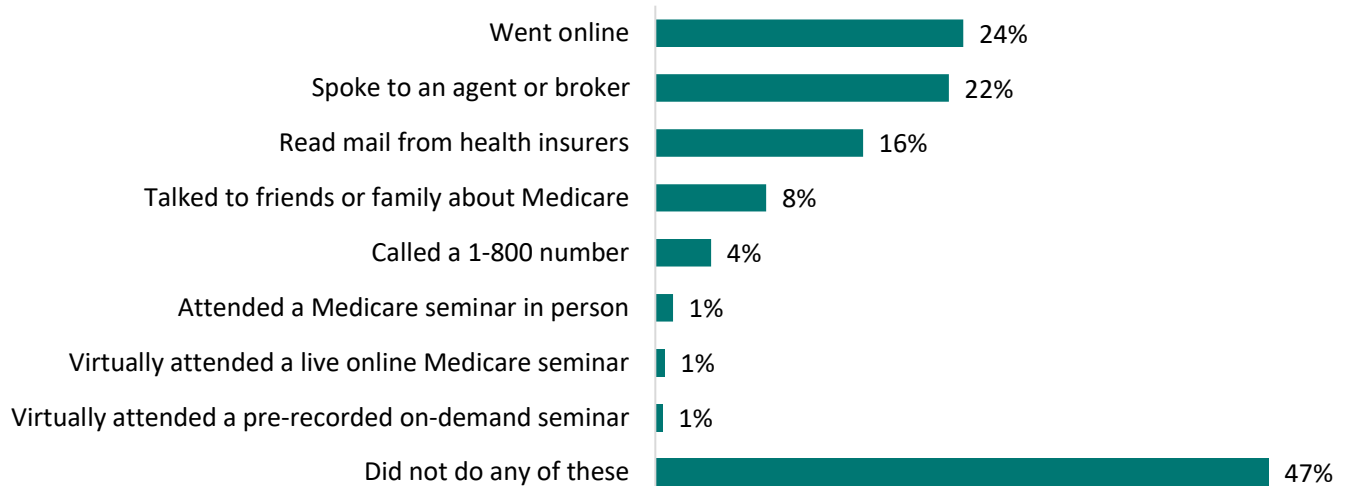
For healthcare consumers as they age, health needs are sure to change just as sure as the sun will rise tomorrow in the East.

For MAPD and Part D carriers, drug designs are sure to change as soaring prescription drug costs meet the Inflation Reduction Act's new Part D rules.

These two certainties will collide for millions of seniors every year when an acute illness forces a new prescription, or a routine physical reveals an underlying health issue in need of immediate attention. What happens next for the senior is a result of what happened before—when seniors were considering the suitability of their current drug coverage in their MAPD or standalone Part D plan.

**PDP SHOPPING CHANNELS**

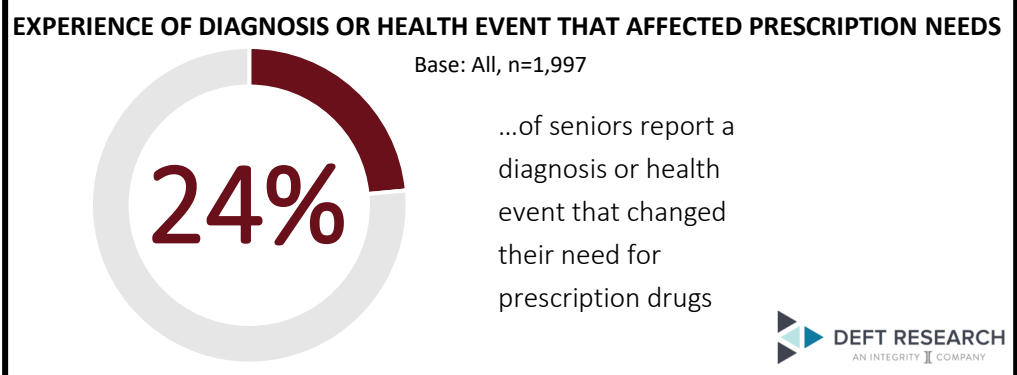
Base: All, n=1,997  
Multiple Response



According to the chart above, when it comes to seniors investigating drug coverage, they are just as likely to “go it alone” by searching online as they are to seek the advice of an agent. With all sorts of public (Medicare.gov) and private (eHealth, etc.) drug comparison tools available, even not-so-insurance-savvy seniors can probably find a drug solution that fits their needs and budget rather easily. But if all that the senior does is enter their medications and pick the plan with the least anticipated yearly out-of-pocket cost, they may be doing themselves a disservice. The drug tool will correctly show what the senior’s expected out-of-pockets costs will be based on their drug needs today, but those drug needs will change at some point as health needs evolve tomorrow. And should those evolving health needs change outside of the OEP, seniors may find themselves locked into coverage that is too costly for the new medication they need absent any 5 Star option.

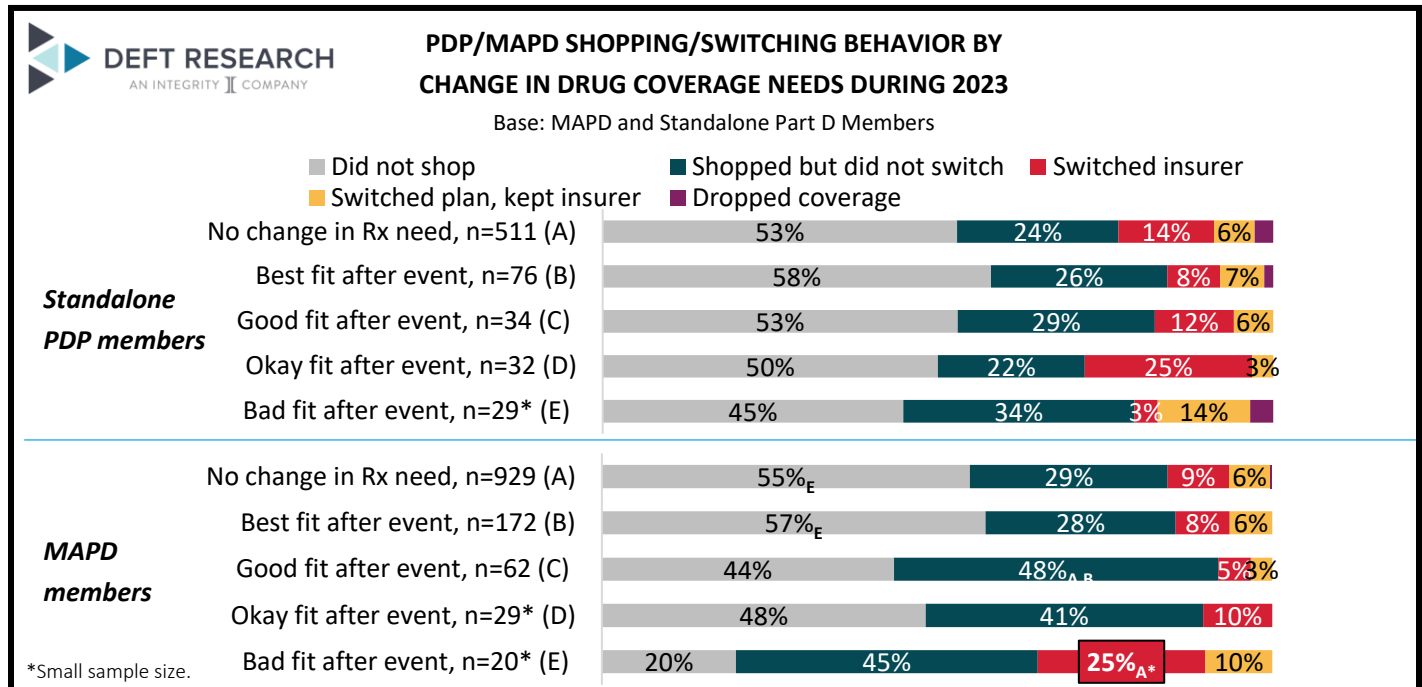
Whether they did their research online or with an agent, seniors can easily end up in coverage that won’t meet their prescription drug needs in the future. For those using an online drug tool, cost estimates that assumed static health needs are certain to fail the senior at some point in their life. And for seniors who opted to use an agent, they may very well have been given advice based on a similar drug tool only focused on the lowest drug cost today.

So how long do these plans have until seniors need to change their prescriptions and seek a better fitting plan? For one in four seniors, future health changes ended up being not so far in the future after all.



As seen on the chart on the previous page, changing health forced a reassessment of drug needs for a quarter of seniors this year. If seniors only consider today’s needs during their plan research, they will likely end up paying more for a medication that neither their current coverage nor their wallet were built to accommodate.

When fixed income seniors are faced with a drug plan that no longer fits, they are more prone to switch. And it appears that MAPD plans fight that more so than standalone Part D plans.



Per the chart above, 25% of MAPD members who realized their drug plan was a bad fit after a recent health event didn’t just switch plans—they switched carriers entirely. Carriers who want to reduce attrition need to ensure that their members are forward-thinking about their medication needs. That may be a lot to ask of the DIY senior, but it ought not to be for the licensed agent.

Selling \$0 MAPD is by far the easiest thing for any agent to do today. These products work for any senior’s budget and plans generally have enough supplemental benefits for an agent to move a senior from lead to a closed sale quickly. But equally positioning the same carrier’s other designs with more enhanced coverage may be the best thing for their client. In this case, what is good for the client—more comprehensive drug coverage for health needs lurking just around the corner—may also be the best thing for the agent and carrier: a great, long-lasting plan fit. No agent wants to have to switch their current clients the next AEP, and a lower chance of a misfit in drug coverage may help increase member loyalty and LTV for the carrier.

Placing a senior in the best prescription drug coverage for the long-term means not just selling plans based on today’s known needs, but consulting on the “what ifs” of tomorrow. Is that harder on the agent? Possibly. Can it lead to more speedbumps on the way to a closed sale? Most likely. Is it counter to what the industry sees now for the first time with \$0 premium Part D plans? Absolutely.

But isn’t considering and consulting on the “what ifs” of tomorrow what insurance is all about in the first place?

**Don't miss these offerings related to the Part D Addendum Study:**

- [Medicare Shopping and Switching Study](#) is a natural pairing to the Part D Addendum and a must-have to understand what led consumers to switch this last AEP.
- [National Dual Eligible Benefit Design Conjoint Study](#) provides a deeper dive into the tradeoffs that Dual Eligibles make when selecting a plan, which may help plan designers to navigate difficult drug plan designs for Duals.
- [Medicare Open Enrollment Period and Disenrollment Prevention Study](#) can help drug plan designers keep in touch with senior's reactions to the plans in the new year, including their drug coverage.

**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.