



CHOOSING MEDICARE: UNDERSTANDING THE DECISION-MAKING PROCESS OF CURRENT MEDICARE BENEFICIARIES AND COMING-OF-AGERS

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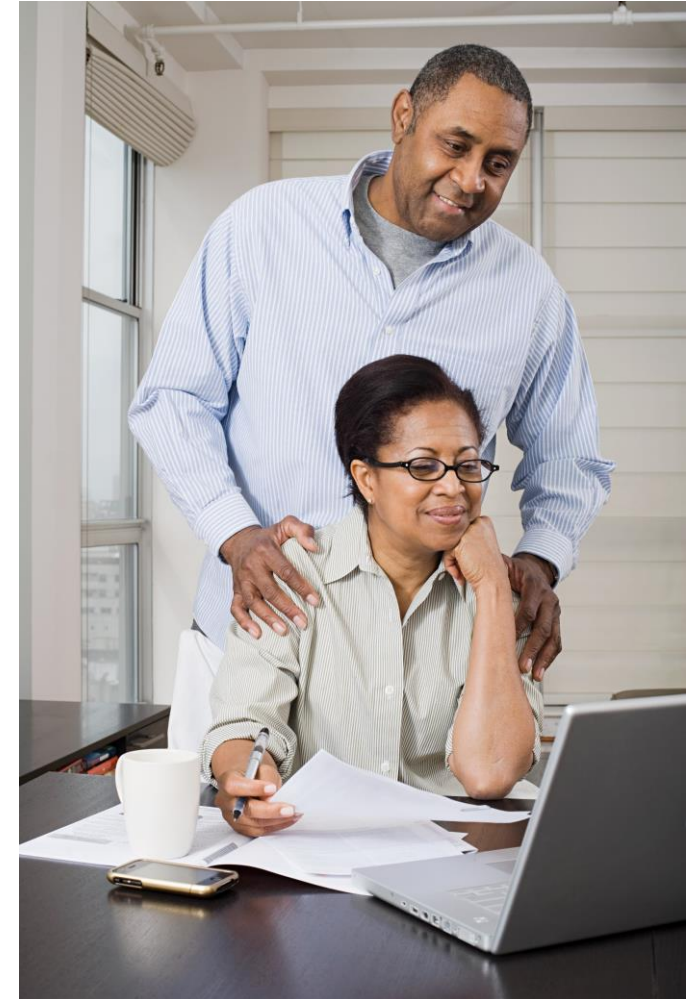


INTRODUCTION AND EXECUTIVE SUMMARY

Introduction

Previous research has shown that the decision-making process related to enrollment in Medicare is complex and confusing for many U.S. adults. AARP was interested in knowing more about the decision-making process from the perspective of current Medicare beneficiaries as well as “coming-of-agers”—those adults who are 64 years of age and on the cusp of making an enrollment decision. The organization undertook a two-phase research study to delve more deeply into the topic.

In August of 2022, on behalf of AARP, ANR Market Research Consultants held a series of ten virtual focus groups, eight with current Medicare beneficiaries and two with “coming-of-agers”—adults ages 64 who were on the cusp of Medicare enrollment. Following this initial phase, a survey of current Medicare beneficiaries (ages 65-80) and “coming-of-agers” (age 64) was fielded in February and March of 2023 by ANR Market Research Consultants. This report details the results from this survey.



Executive Summary

This report includes the results of a February-March 2023 survey that asked 1,210 current Medicare Beneficiaries and 205 “coming-of-agers” their experiences with the decision to enroll in Medicare. We focus on the different types of Medicare coverage that individuals have (or plan to have) including Original Medicare (also known as Traditional Medicare or Fee-for-Service Medicare), with or without Medigap coverage, and Medicare Advantage. We also delve into individuals’ familiarity with the Medicare program, the factors they considered when enrolling in a plan, their satisfaction with their current coverage, and whether they consider switching plans during the annual Open Enrollment period.

- **Many factors affect the enrollment in Medicare decision-making process.** Individuals’ perceived health status, the characteristics of the insurance they held prior to joining Medicare, and the trade-offs between cost and choice of doctors are paramount.
- **Individuals split between choosing Original Medicare and Medicare Advantage.** Nearly six in ten age 65-69 (“new to Medicare”) say they originally enrolled in Original Medicare (with or without Medigap) while four in ten enrolled in a Medicare Advantage plan.
- **Coming-of-Agers (COAs)—those who are close to their Medicare enrollment date—may underestimate the task of enrolling in Medicare.** They are most likely to say they will use resources such as the Medicare website and online searches during the research process, while many beneficiaries used outside help from an insurance broker or agent. Nearly half say they have not put any effort into comparing the features of the different plan types suggesting that they do not begin the research process until just prior to turning 65.
- **Switching from Original Medicare to Medicare Advantage is common.** One-third of those who originally enrolled in Original Medicare with a Medigap supplement have switched to a Medicare Advantage plan, and nearly all who originally enrolled in Medicare Advantage say they still have such a plan. Seven in ten who originally enrolled in Original Medicare without Medigap say they have switched to a different plan type.
- **Awareness of Open Enrollment is high, but cross-plan comparisons are uncommon.** Nearly all Medicare beneficiaries are aware of Open Enrollment and more than eight in ten coming-of-agers have heard of it. However, fewer than six in ten of those with a Medicare Advantage plan say they compare costs and coverage every year during open enrollment—and one-fifth report that they have *never* compared costs and coverage.

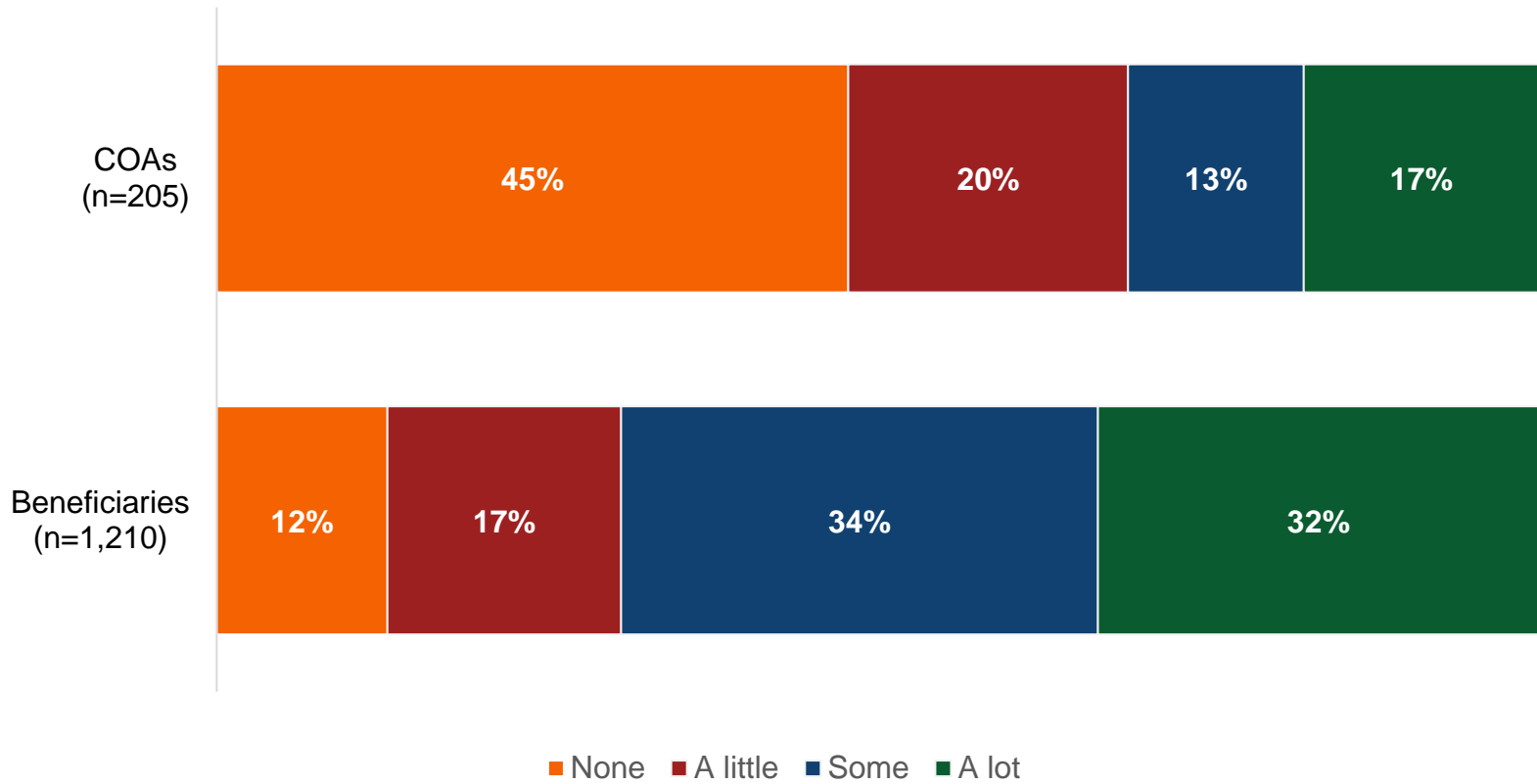
Please note: this study includes individuals who have Original Medicare or Medicare Advantage. It does not include individuals who have retiree coverage from employer-sponsored plans, from Veterans benefits, or those who are more than 80 years of age.



INITIAL ENROLLMENT

Many 64-year-olds have not yet started researching Medicare.

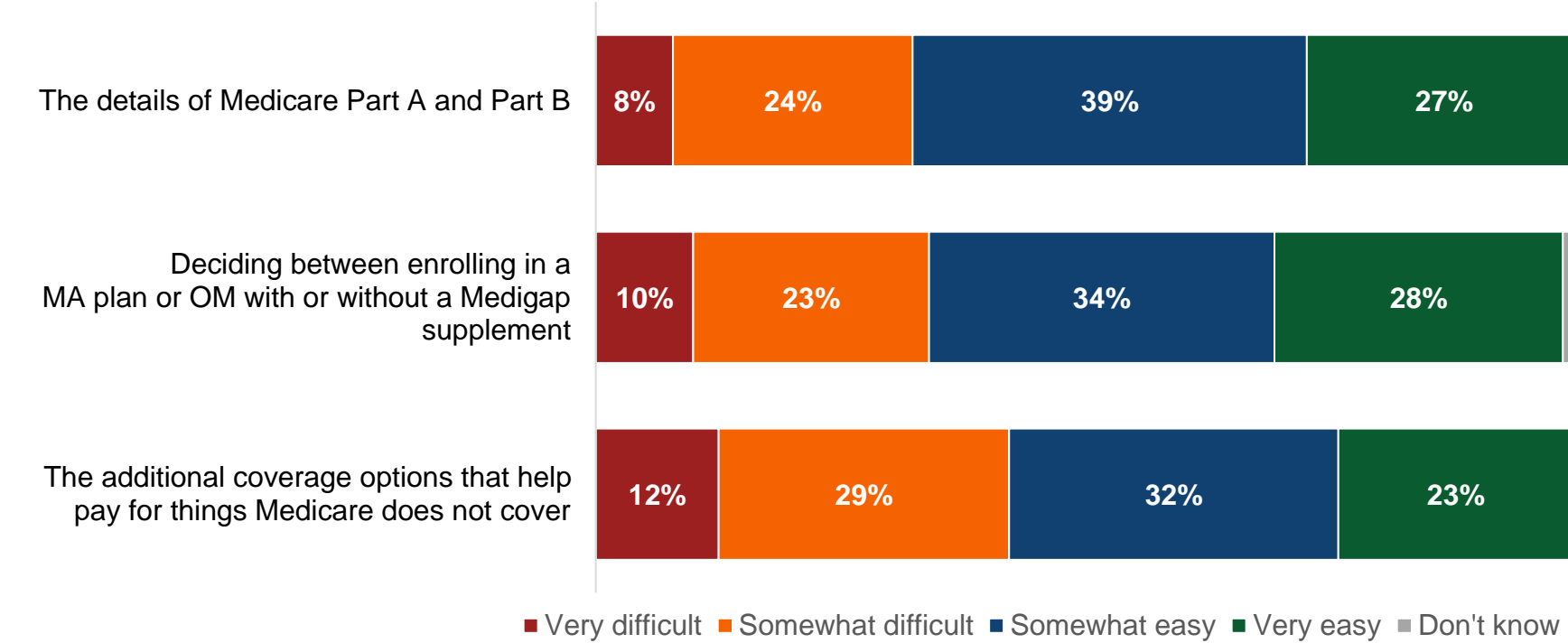
While two-thirds of beneficiaries say they spent at least some time and effort comparing the features of the different Medicare plan types, just three in ten “coming of agers” (COAs) answer this way. This gap suggests that COAs are likely spending time researching Medicare *just* prior to turning age 65.



Q3. [When you first enrolled in Medicare, how much time and effort did you spend//How much time and effort have you spent] comparing the features of Original Medicare with a supplement, Original Medicare without a supplement, and Medicare Advantage plans? Base: All respondents (n=1,415)

Beneficiaries are mixed on their initial understanding of Medicare...

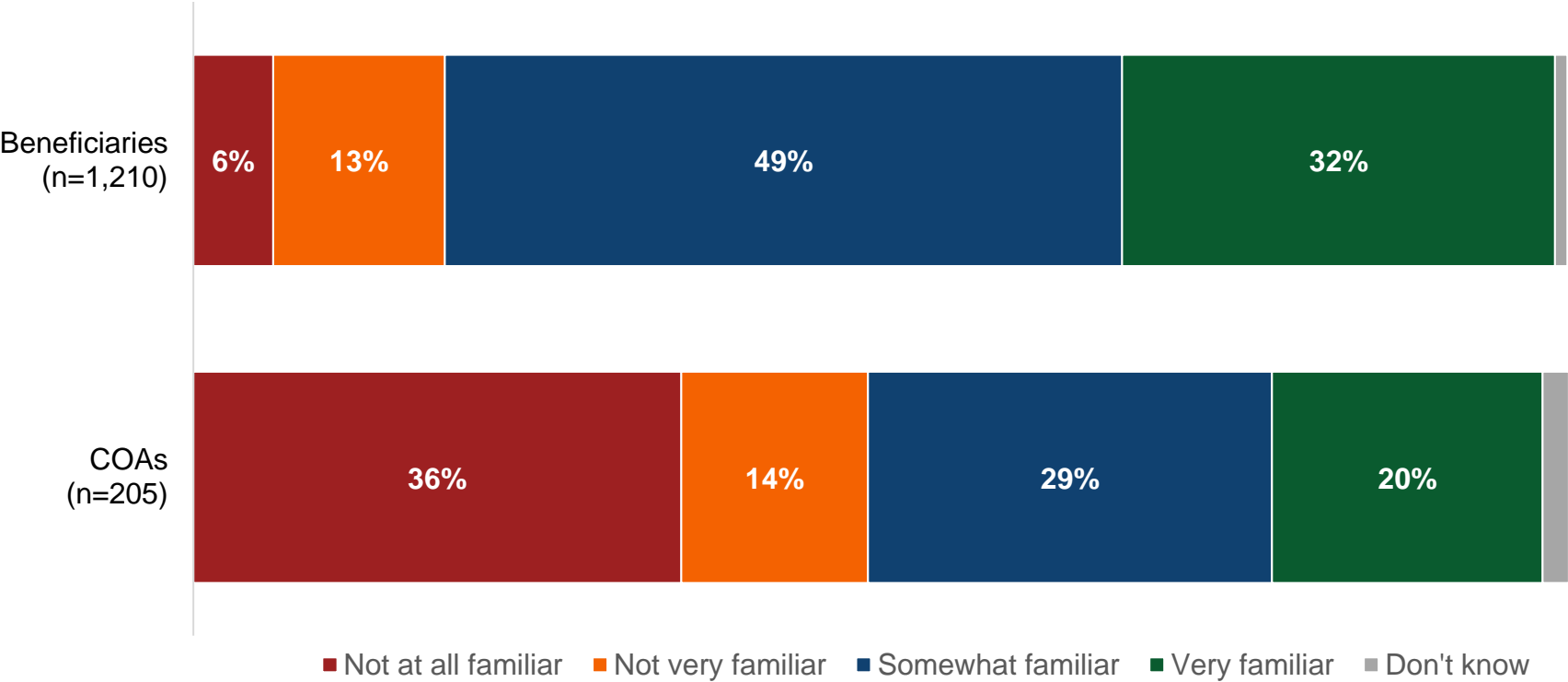
About one-third of current Medicare beneficiaries say it was very or somewhat difficult to understand the details of Part A and Part B as well as deciding between a Medicare Advantage plan or Original Medicare with or without a Medigap supplement. Even more beneficiaries say it was difficult to understand additional coverage options for things Medicare does not cover.



Q7. Thinking back to when you first enrolled in Medicare, how easy or difficult was it to learn and understand each of the following? Base: All beneficiaries (n=1,210)

...but most are at least somewhat familiar with the differences between Original Medicare and Medicare Advantage.

However, Coming-of-Agers are more split on their familiarity with the differences between Original Medicare and Medicare Advantage plans, with more than one-third saying they are not at all familiar.



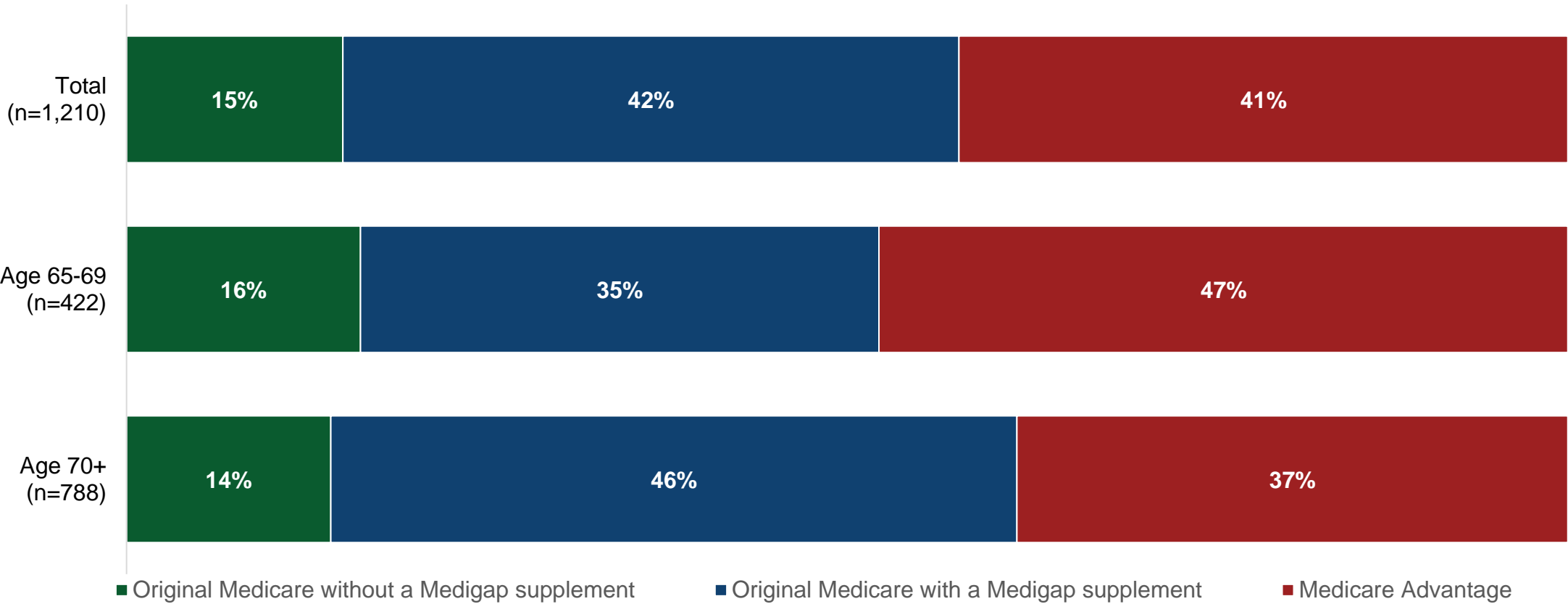
Coming-of-Agers

COAs who have a spouse/partner who is already enrolled are more familiar with the differences in plans than those who do not have a spouse/ partner enrolled (67% vs. 41%).

Q4. How familiar are you with the differences between Original Medicare and Medicare Advantage plans? Base: All respondents (n=1,415)

Most current beneficiaries report they initially enrolled in Original Medicare, with or without a Medigap supplement.

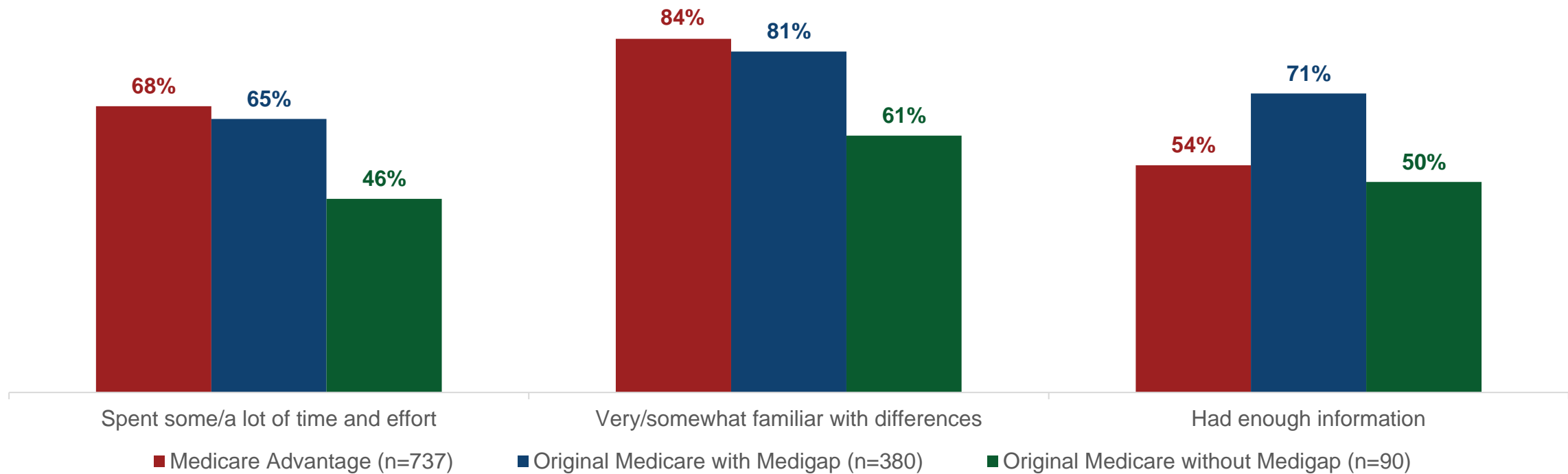
Medicare Advantage plans are more common for initial enrollment among those who are age 65-69 compared to those who are age 70-plus.



Q9. Thinking back to when you first enrolled in Medicare, what type of plan did you decide to enroll in? Base: All beneficiaries (n=1,210)

Original Medicare beneficiaries with Medigap spent the needed time, are familiar with differences, and are most likely to report having enough information.

Beneficiaries enrolled in Original Medicare without Medigap spent the least amount of effort comparing features, report being the least familiar with the differences between Original Medicare and Medicare Advantage and are least likely to say they made an informed decision.



Q3. [When you first enrolled in Medicare, how much time and effort did you spend//How much time and effort have you spent] comparing the features of Original Medicare with a supplement, Original Medicare without a supplement, and Medicare Advantage plans? Base: All beneficiaries (n=1,210); Q4. How familiar are you with the differences between Original Medicare and Medicare Advantage plans? Base: All beneficiaries (n=1,210); Q5. Thinking back to when you first enrolled in Medicare, did you feel like you had enough information to make an informed decision about what type of plan to enroll in? Base: All beneficiaries (n=1,210)

Type of coverage prior to age 65 may affect initial Medicare plan selection.

Those with HMO coverage prior to turning 65 are significantly more likely than those with PPO or fee-for-service coverage to enroll in a Medicare Advantage plan. Those with PPO or fee-for-service coverage are most likely to enroll in Original Medicare with Medigap.

Plan Type Selected During Initial Enrollment in Medicare	Primary Insurance Prior to Age 65		
	PPO	HMO	Fee-for-service (80/20)
	n=503	n=309	n=95
Medicare Advantage	41%	55%	24%
Original Medicare with Medigap	47%	30%	56%
Original Medicare without Medigap	10%	13%	19%
Don't remember	2%	3%	1%

Significantly higher/lower results compared to both other groups are shaded in blue/red

Q9. Thinking back to when you first enrolled in Medicare, what type of plan did you decide to enroll in? Base: All beneficiaries (n=1,210)

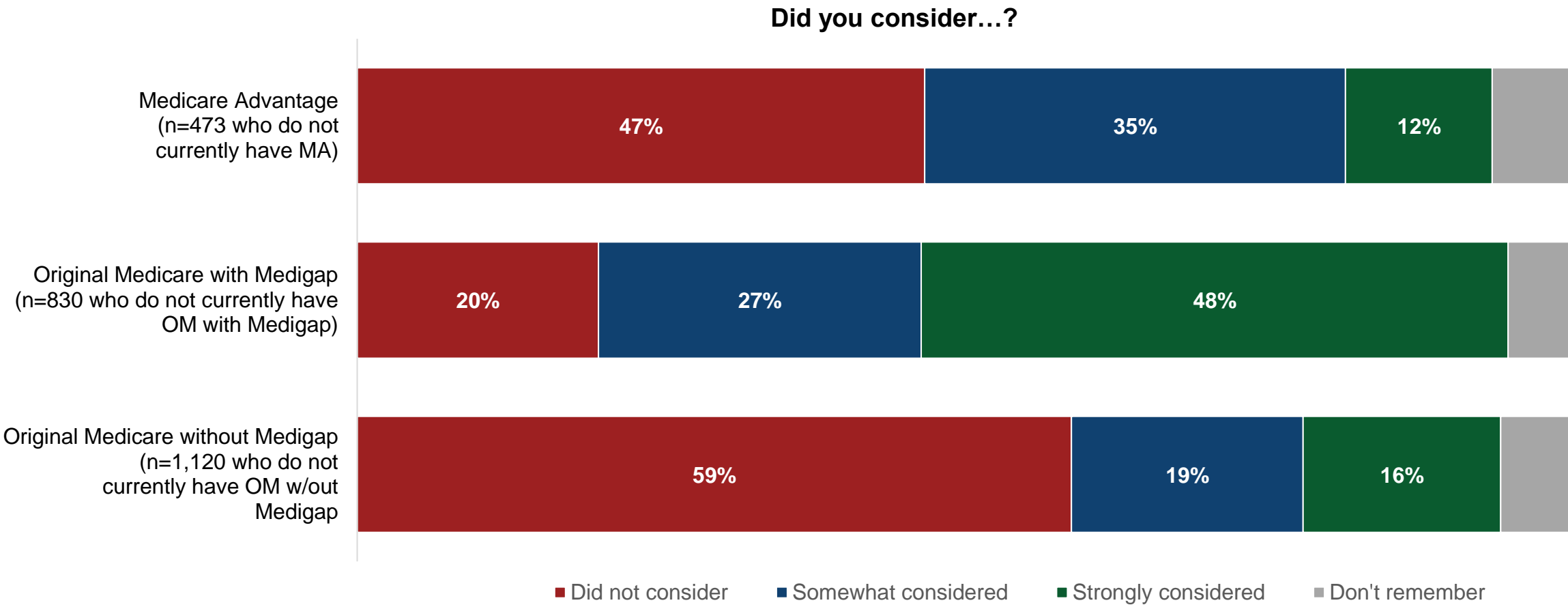
Beneficiaries who initially enrolled in Original Medicare without Medigap were uninformed about their other options and may have been focused on cost.

Main Reason for Choosing Plan Type (Unaided – Coded Top Reasons)	Original Plan Type Selected		
	MA	OM w/ Medigap	OM w/out Medigap
	<i>n=393</i>	<i>n=465</i>	<i>n=134</i>
Better coverage (includes vision, dental, etc.)	36%	31%	<1%
General comments of the best plan/coverage for them	13%	21%	9%
Low cost	15%	8%	20%
Broker/SHINE counselor/other professional advice	8%	6%	4%
Can keep current doctors/more choices	4%	7%	1%
Didn't know enough about other options	0%	3%	23%
Rx coverage	6%	2%	0%
Employer/union advice	2%	2%	10%
Can't afford or don't know enough about supplements	0%	1%	9%
Top reason(s) for choosing each plan are shaded in blue			

Q10. What is the main reason you chose [plan they originally enrolled in]? Coded open-ended comments

Base: Beneficiaries who remember what plan type they originally enrolled in (n=992)

Original Medicare with Medigap is more likely to be considered when beneficiaries are considering their initial enrollment options.



Q8. During the decision-making process, how strongly did you consider each of the following types of Medicare plans? Base: All beneficiaries without each plan type

Cost and coverage issues are the top drawbacks.

Reasons for <u>Not</u> Considering Each Plan Type (Unaided)	Plan Type NOT Considered		
	MA	OM w/ Medigap	OM w/out Medigap
	n=231	n=168	n=676
Cost (too expensive or another plan was cheaper)	17%	35%	14%
Coverage (general – not specific to specialists or doctors)	22%	18%	64%
Your doctors were not covered/wanted more choices	21%	2%	2%
Specialists or specific medical needs were not covered	3%	3%	4%
Never heard of this plan type/did not know enough about it	10%	8%	2%
Other (specify)	36%	33%	16%
Don't know	4%	6%	4%

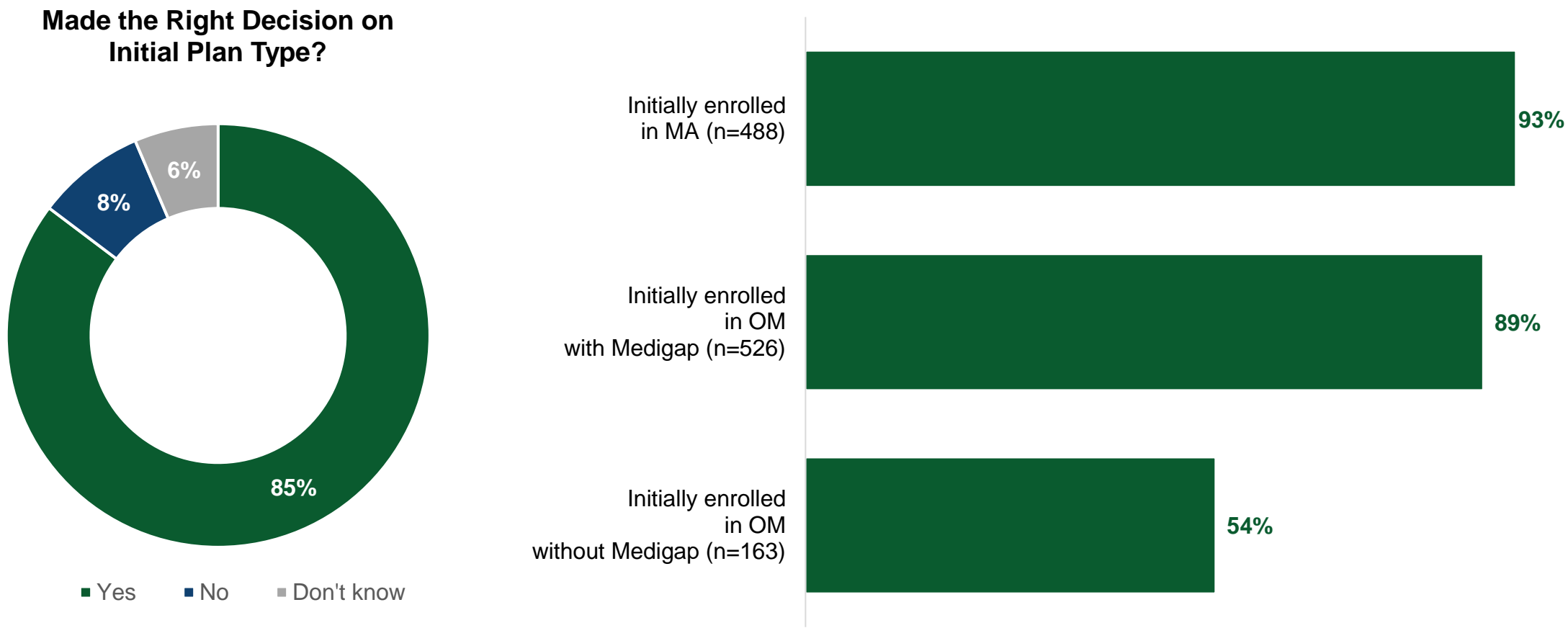
Q13. Earlier, you said that you did not consider [plan type] when you first enrolled in Medicare.

What is the main reason you did not consider a [plan type] plan?

Base: Beneficiaries who did not consider enrolling in each plan type

Top reason(s) for not considering each plan are shaded in blue

Most believe they chose the right plan type for their initial enrollment.



Q11. Looking back, based on your experience with your [initial plan type] plan, do you think you made the right decision choosing that plan over other options?
Base: Beneficiaries who could recall the type of plan they initially enrolled in (n=1,177)

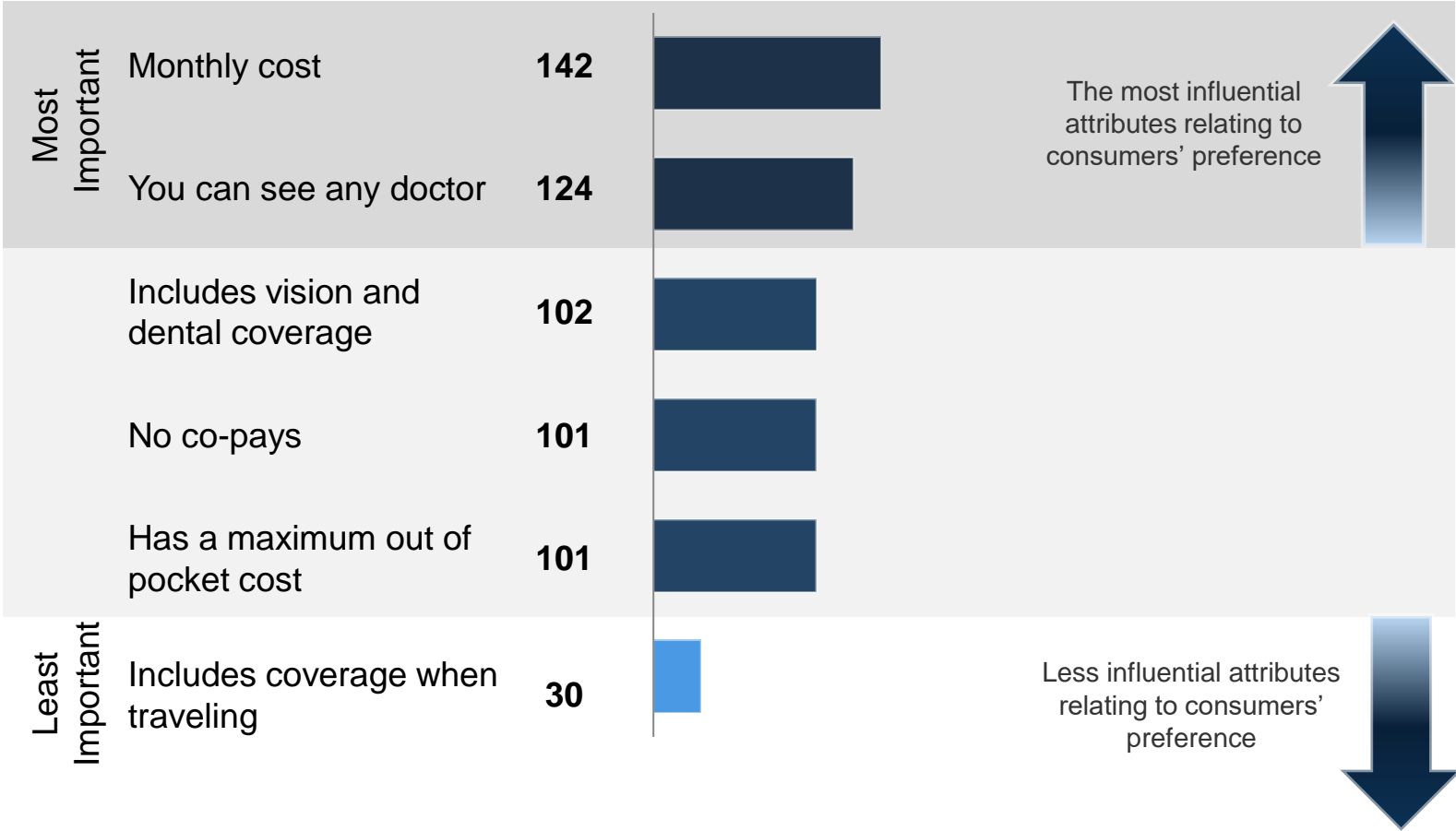


PRIORITIZING PLAN FEATURES

Cost and choice are very important when choosing a Medicare plan.

Overall, the most important factors to beneficiaries when choosing a Medicare plan relate to *cost* and *choice* (i.e., the ability to see any doctor).

While *monthly cost* is highly important, *not having co-pays* and *maximum out-of-pocket cost* are comparatively less important.



Through the use of MaxDiff analysis (having the individual indicate which attributes are most and least important across a set of attributes), the relative strength of each element is quantified. Each respondent reviewed eight (8) trios of factors during the exercise. A feature with a score of 120 is 4 times as important as a feature with a score of 30, for example.

In this next exercise, we want to understand what's most important to you in choosing a Medicare plan. Please consider how important these features are when selecting a Medicare plan. Considering only these 3 features, which is the most important and which is the least important? Base: All online respondents who are beneficiaries

Cost is even more important to those currently enrolled in Medicare.

Those who have not yet enrolled in Medicare (i.e., “Coming-of-agers” COAs) place greater importance on different factors than beneficiaries who have experience with Medicare.

		COAs	Beneficiaries
Most Important	Monthly cost	126	142
	You can see any doctor	133	124
Least Important	Includes vision and dental coverage	99	102
	No co-pays	89	101
	Has a maximum out of pocket cost	105	101
	Includes coverage when traveling	47	30

Note: Index scores highlighted in blue show a large difference (≥ 10 pts) between segments

Through the use of MaxDiff analysis (having the individual indicate which attributes are most and least important across a set of attributes), the relative strength of each element is quantified. Each respondent reviewed eight (8) trios of factors during the exercise. A feature with a score of 120 is 4 times as important as a feature with a score of 30, for example.

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Importance of different factors varies greatly by current plan type.

There are many substantial differences among beneficiaries in the relevant importance of factors by their current plan type, with *monthly cost* being the most important factor among those with Original Medicare without Medigap, and *the ability to see any doctor* being the most important to those with Original Medicare with Medigap.

Inclusion of “extras” like *vision and dental coverage* is much more important to beneficiaries with Medicare Advantage plans than those with Original Medicare.

		Medicare Advantage	OM with Medigap	OM without Medigap
Most Important	Monthly cost	138	146	158
	You can see any doctor	104	179	112
	Includes vision and dental coverage	132	36	77
	No co-pays	99	99	122
Least Important	Has a maximum out of pocket cost	100	99	115
	Includes coverage when traveling	27	41	16

Note: Index scores highlighted in red/blue show a large difference (≥ 10 pts) between segments

Through the use of MaxDiff analysis (having the individual indicate which attributes are most and least important across a set of attributes), the relative strength of each element is quantified. Each respondent reviewed eight (8) trios of factors during the exercise. A feature with a score of 120 is 4 times as important as a feature with a score of 30, for example.

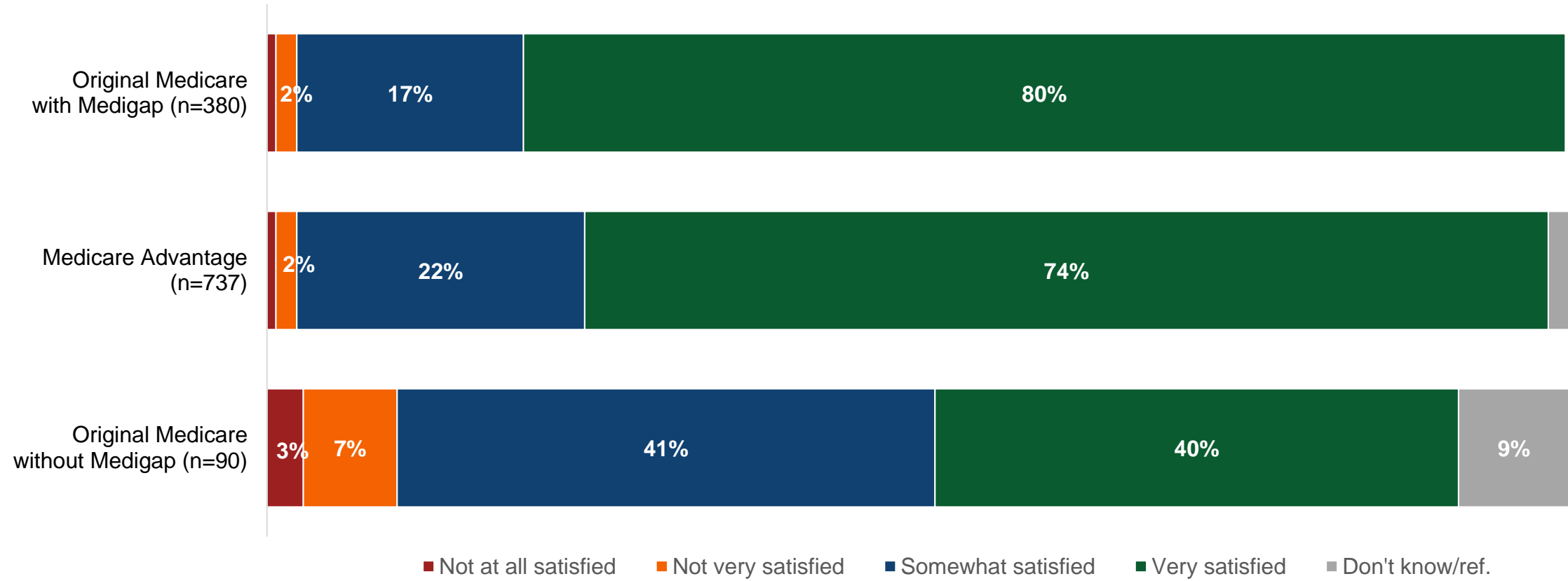
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PLAN COMPARISON, REVIEW, AND SWITCHING

Satisfaction is high for Original Medicare with Medigap and for Medicare Advantage plans.

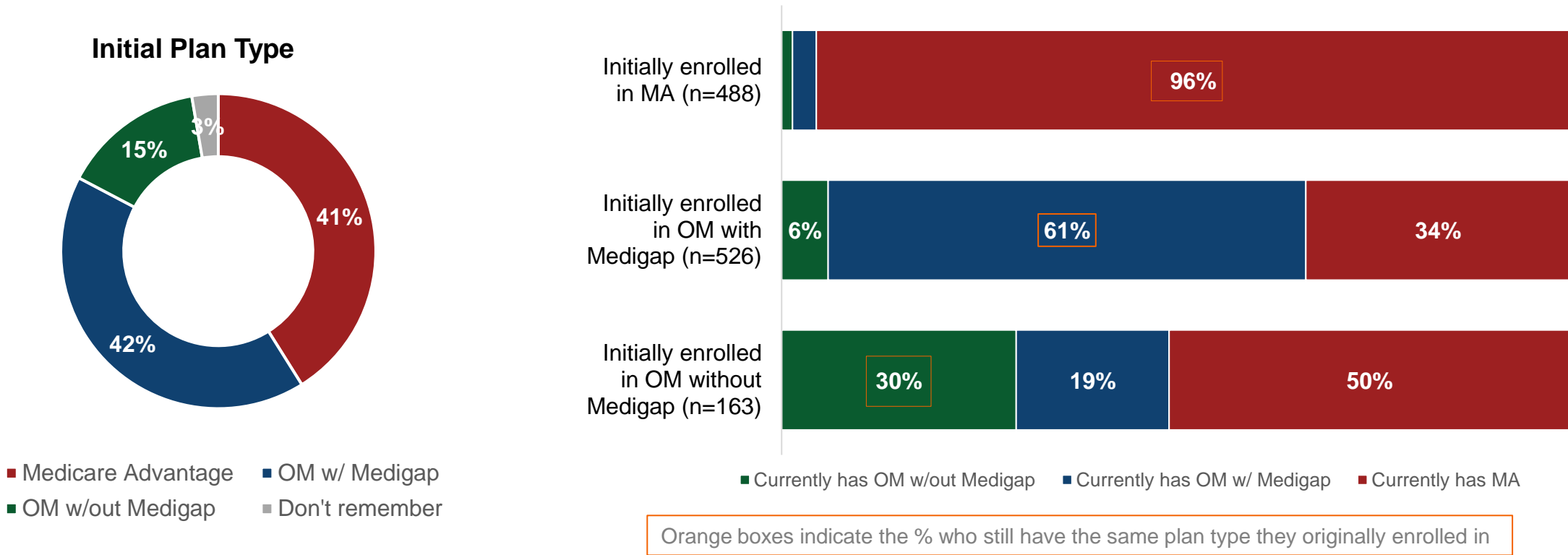
Three-quarters of current beneficiaries (or more) are very satisfied with their Original Medicare plan with Medigap or with their Medicare Advantage plan. Satisfaction is much lower among those who have Original Medicare without Medigap.



Q14. How satisfied are you with your current plan? Base: All beneficiaries (n=1,210)

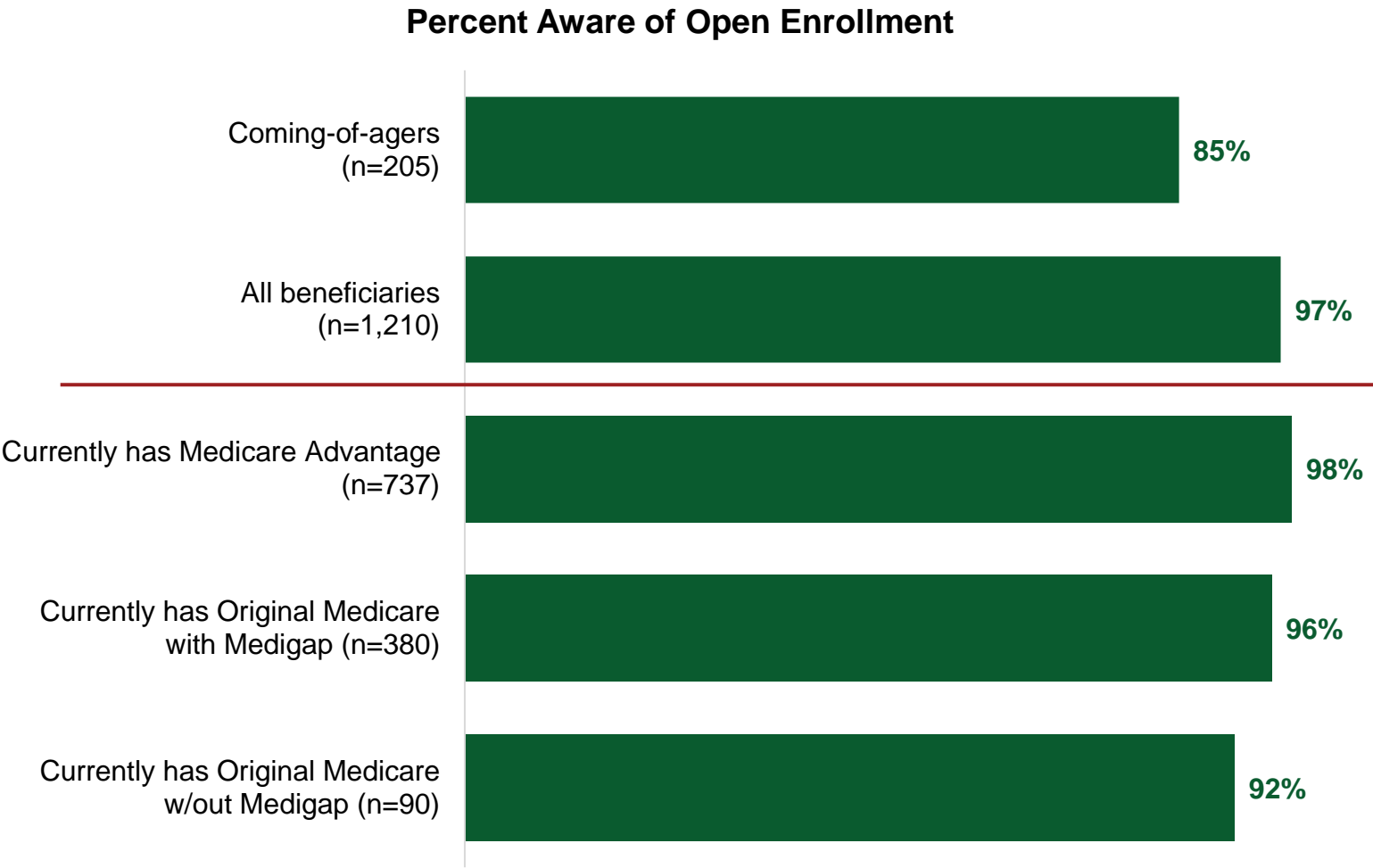
Switching from Original Medicare to Medicare Advantage is common.

One-third of those who originally enrolled in Original Medicare with a Medigap supplement have switched to a Medicare Advantage plan, and nearly all who originally enrolled in Medicare Advantage say they *still* have such a plan. Seven in ten who originally enrolled in Original Medicare without Medigap say they have switched to a different plan type.



Q9. Thinking back to when you first enrolled in Medicare, what type of plan did you decide to enroll in?
Base: All beneficiaries (n=1,210)

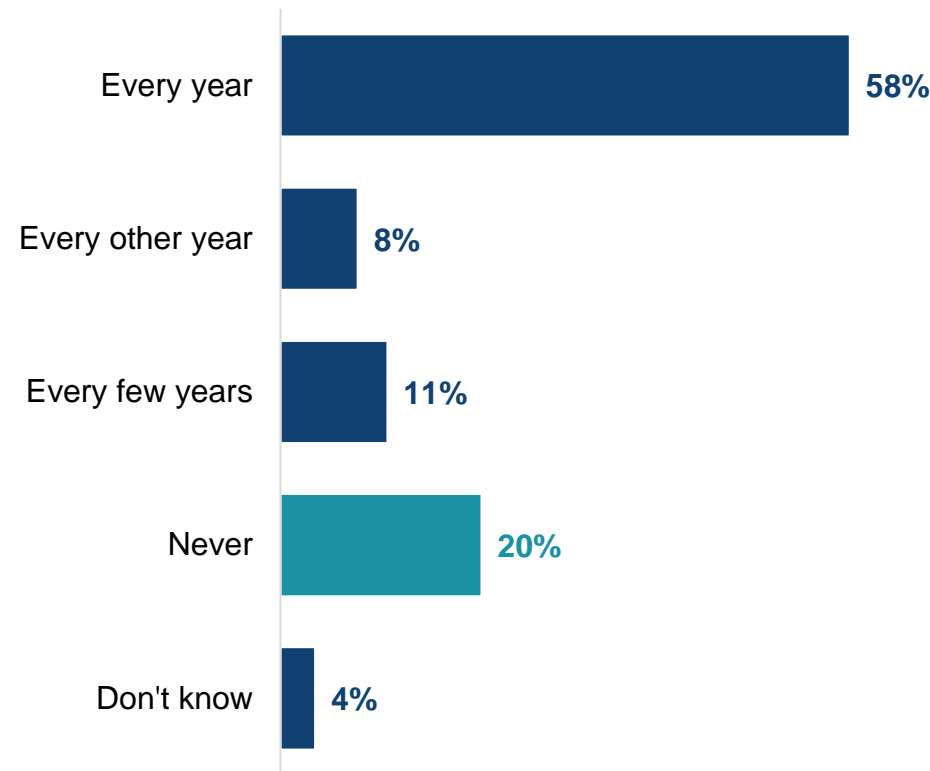
Awareness of the Open Enrollment period when beneficiaries can review and make changes to their Medicare plan is high among all groups.



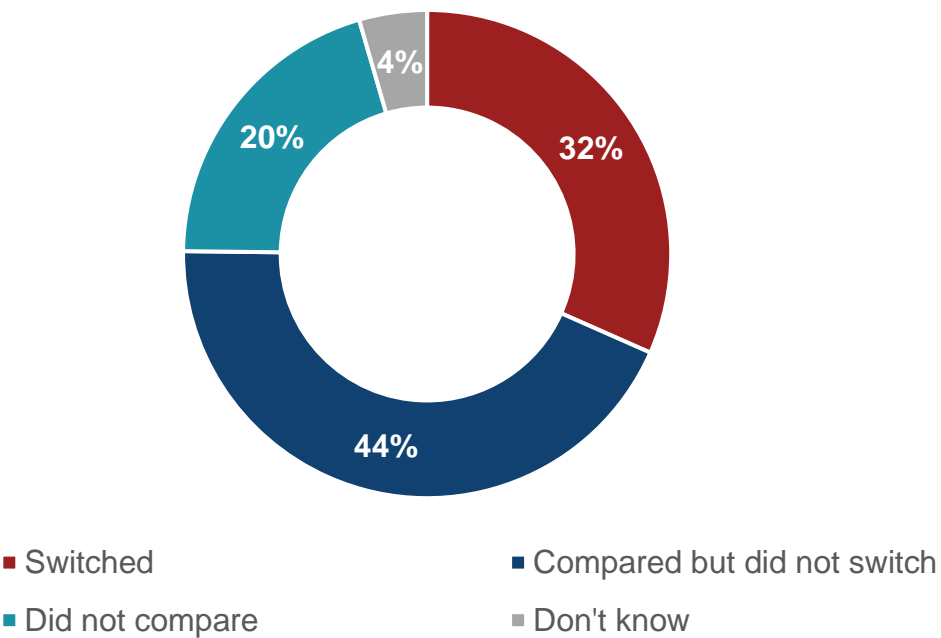
Q18. Every year, from October 15th to December 7th, there is a period called Open Enrollment when you can review and make changes to your Medicare plan. Before today, were you aware of Open Enrollment?
Base: All respondents (n=1,415)

Over half who have a Medicare Advantage plan say they compare costs and coverage every year during Open Enrollment; one-fifth never do.

Frequency of MA Plan Comparison

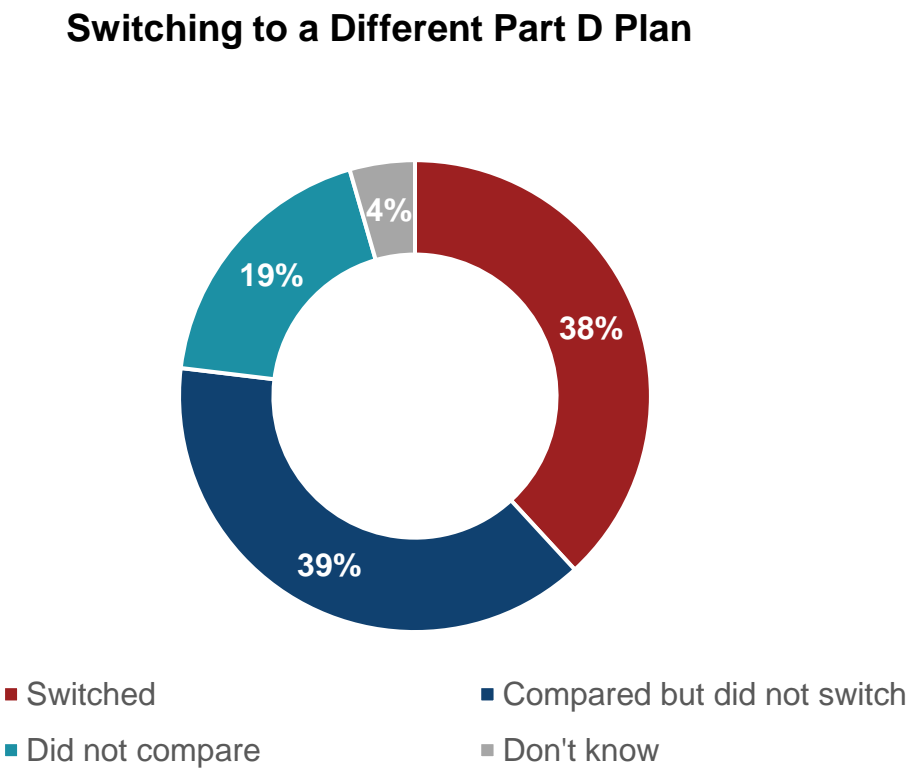
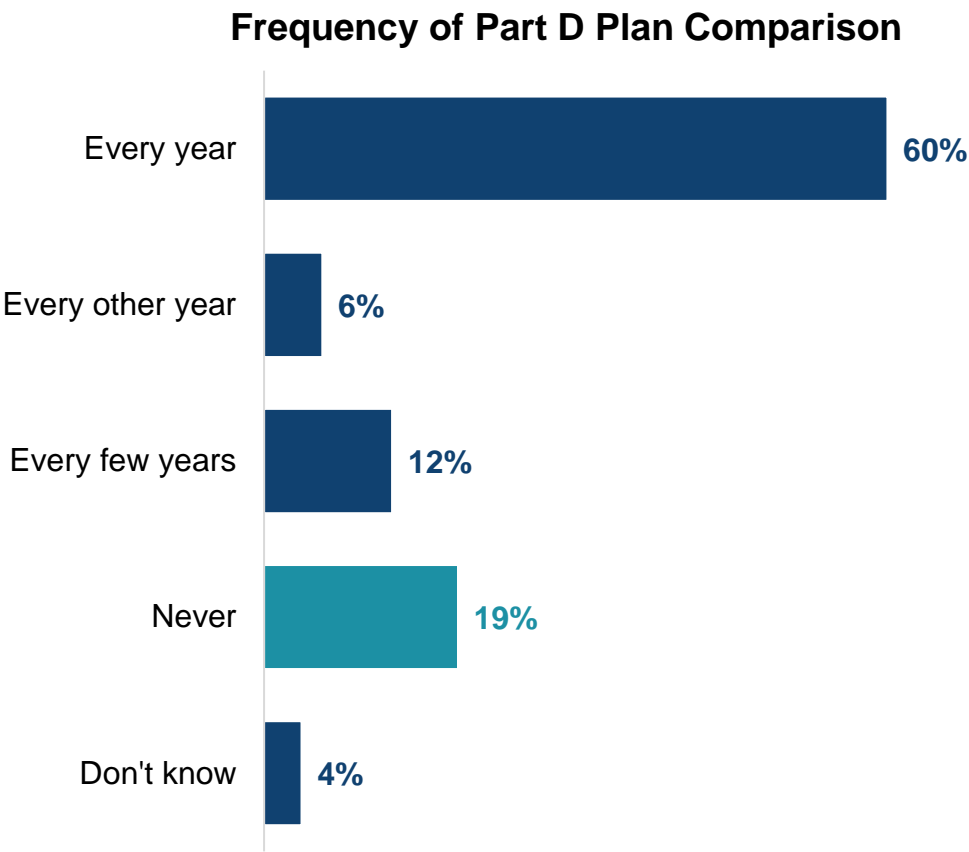


Switching to a Different MA Plan



Q19. Since joining Medicare, during Open Enrollment, how often do you compare the costs and coverage associated with your plan to other Medicare Advantage plans that are available?
Q20. Have you ever switched to a different Medicare Advantage plan? Base: Beneficiaries who currently have a Medicare Advantage plan and are age 66+ (n=701)

Six in 10 who have Original Medicare with Part D coverage say they compare costs and coverage every year during Open Enrollment.

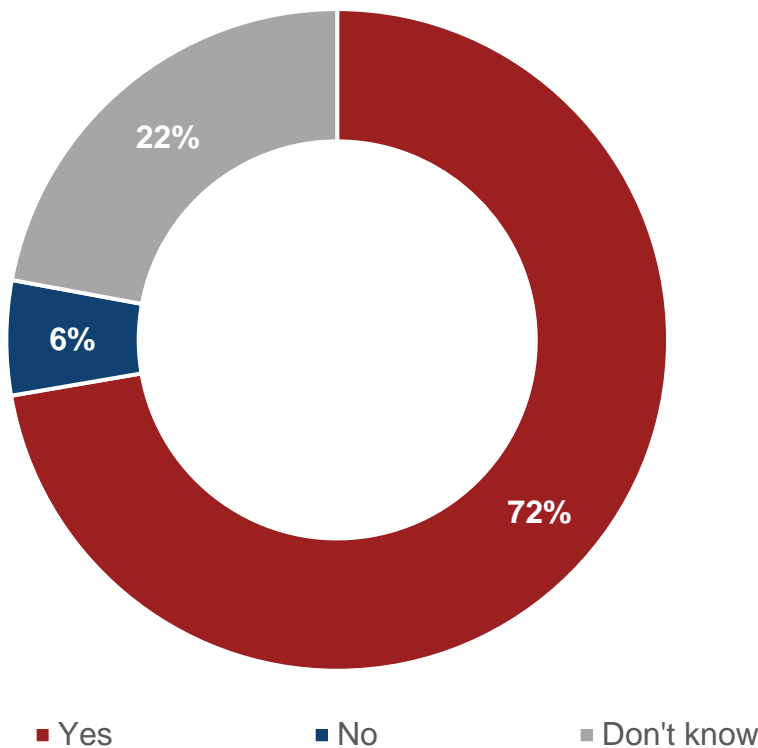


Q21. Since joining Medicare, during Open Enrollment, how often do you compare the costs and coverage associated with your Part D drug plan to other Part D plans that are available?

Q22. Have you ever switched to a different Part D drug plan? Base: Beneficiaries who currently have an Original Medicare plan with Part D and are age 66+ (n=356)

Most believe their Medicare Advantage plan will fit their needs as they age, but three in 10 are not sure or don't think so.

Believe Medicare Advantage Will Fit Future Needs?

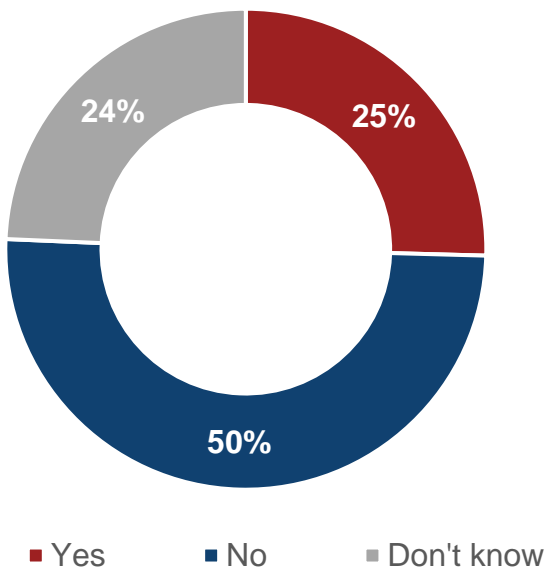


Q15. Do you think your Medicare Advantage plan will fit your needs well into the future as you age?
Base: Beneficiaries who currently have a Medicare Advantage plan (n=737)

Half of enrollees say they won't consider switching if their future needs change.

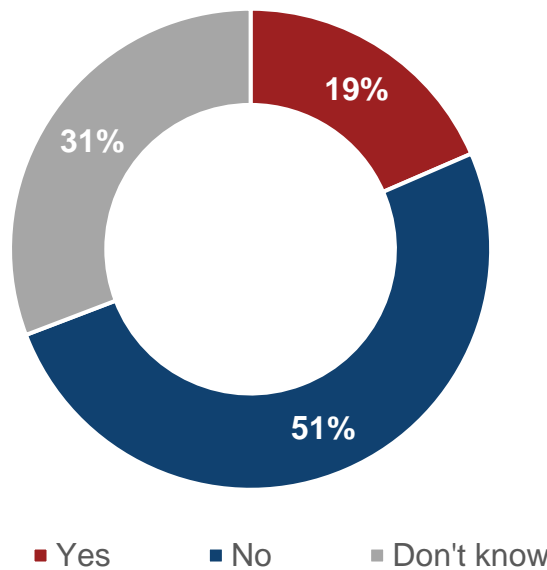
Among beneficiaries who never switched plan types, consideration of switching from Original Medicare to Medicare Advantage (left graph) is similar to consideration of switching from Medicare Advantage to Original Medicare (right graph).

Consideration of Switching from Original Medicare to Medicare Advantage



Q17b. In the future, would you consider switching from Original Medicare to a Medicare Advantage plan if your health insurance needs changed?
Base: Beneficiaries who are currently enrolled in and originally enrolled in an OM plan (n=441)

Consideration of Switching from Medicare Advantage to Original Medicare

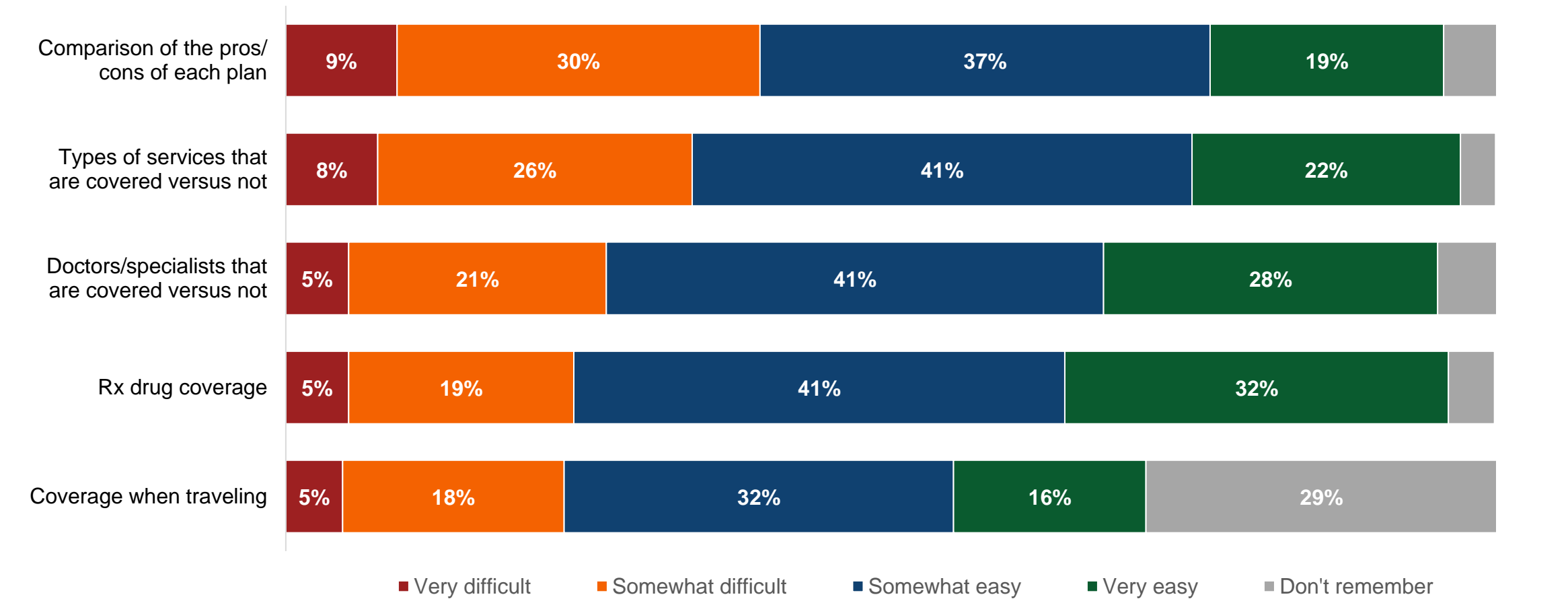


Q17a. In the future, would you consider switching from Medicare Advantage to an Original Medicare plan if your health insurance needs changed?
Base: Beneficiaries who are currently enrolled in and originally enrolled in a MA plan (n=467)



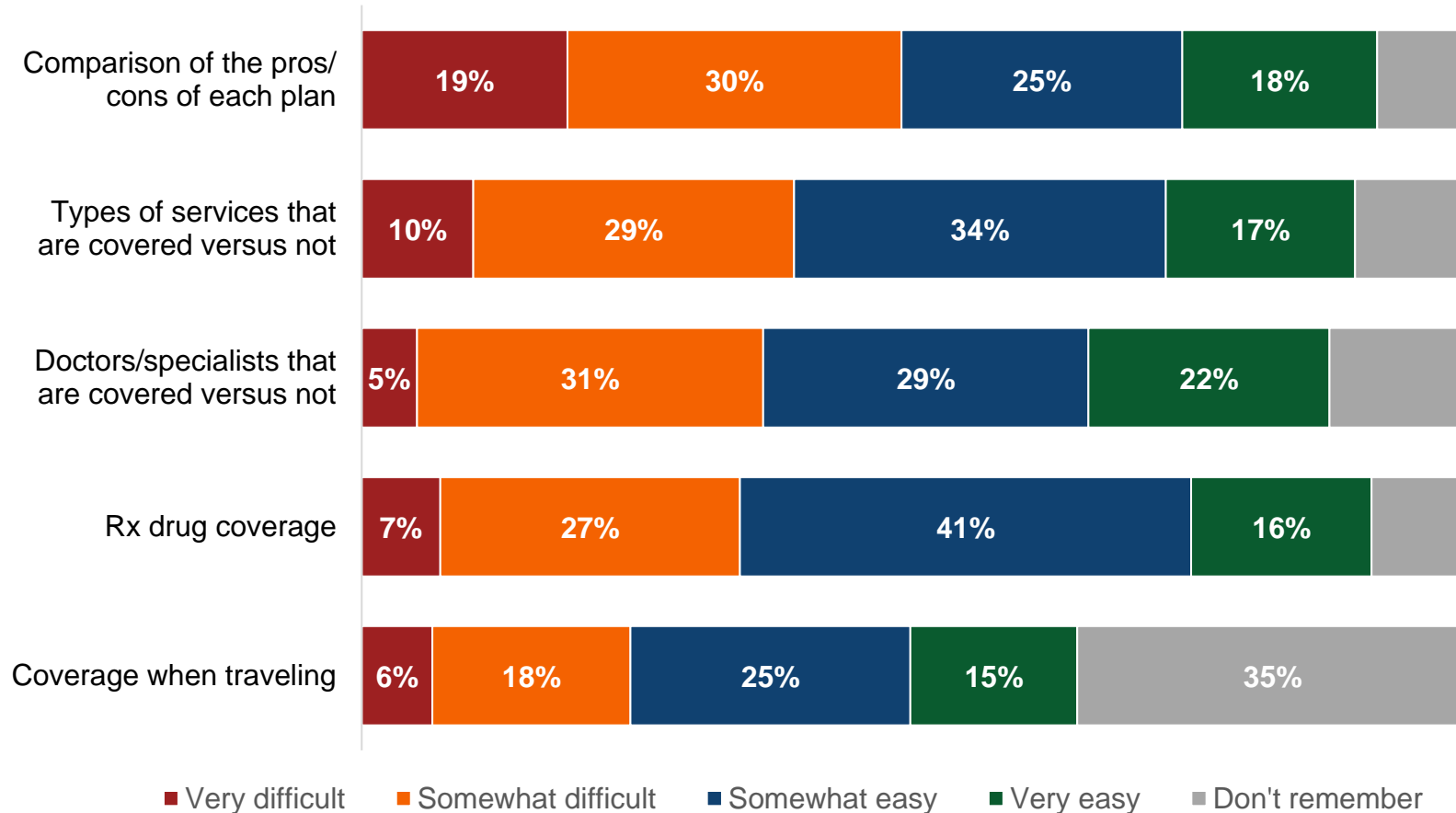
INFORMATION NEEDS AND RESOURCES

Current beneficiaries found several types of information difficult to find...



Q24. When you were considering various Medicare coverage options, would you say it was very difficult, somewhat difficult, somewhat easy, or very easy to find helpful information on...?
Base: Beneficiaries who expended at least a little effort to learn about coverage options (n=999)

...and Coming-of-agers had similar difficulties finding Medicare information.

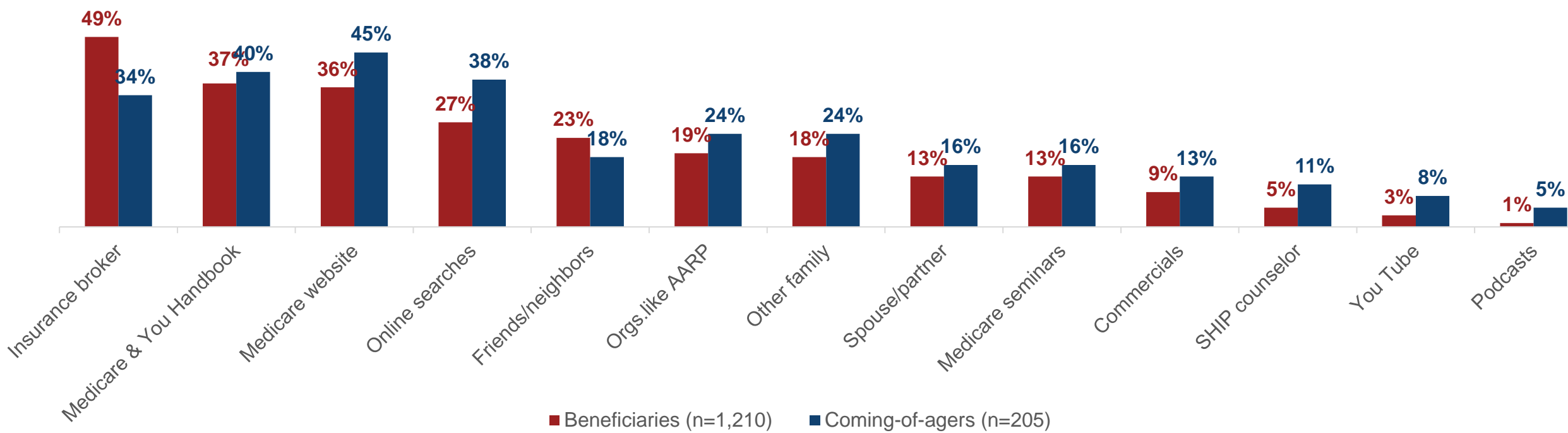


Q24. When you were considering various Medicare coverage options, would you say it was very difficult, somewhat difficult, somewhat easy, or very easy to find helpful information on...?

Base: COAs who expended at least a little effort to learn about coverage options (n=102)

Coming-of-agers may underestimate the task of choosing coverage and should consider broadening their list of information resources.

They are more likely to say they will use the Medicare website and online searches than beneficiaries, while beneficiaries are more likely to say they actually used an insurance broker or agent.



Q23. What resources [do you plan to use when you are/did you use when you were] considering Medicare coverage options? Base: All respondents (n=1,415)



IMPLICATIONS

Implications

Strategize ways to **encourage “coming-of-agers” to start thinking about – and researching - Medicare well in advance of turning 65.** Real-life examples of situations in which beneficiaries needed “extra help” from professional resources may be beneficial.

Continue providing **helpful information that is easy to understand** from both the coming-of-agers and the experienced Medicare beneficiary perspectives on topics like the pros and cons of each plan type. (While coming-of-agers need to make their initial enrollment decision, those who are already enrolled may benefit from switching to a plan that better suits their needs.)

Communicate to beneficiaries about **the need for reviewing their plan every year** during Open Enrollment. Similarly, encourage those with Medicare Advantage plans to consider their personal health situation and whether their current plan remains the best option for them.





METHODOLOGY

Methodology

- **Objectives:** To understand how beneficiaries and “coming of agers” (COAs) approach the decision-making process for Medicare
- **Methodology:** Landline, cell phone, and online sampling (including text-to-web) with telephone sample from a list of U.S. adults ages 64-80, purchased from Aristotle; online sample provided by Pure Spectrum with sample targeting those age 64-80
- **Qualifications:** Age 64-80 or older and healthcare decision-maker; refer to questionnaire for full screening criteria
- **Sample:** Base: n=1,210 beneficiaries (age 65-80) and n=205 COAs (age 64)
Languages: English and Spanish
- **Interviewing Dates:** February 23-March 16, 2023
- **Weighting:** The COA and base beneficiary samples have each been weighted separately by age (beneficiaries only), gender, race/ethnicity, education, and region according to Census Bureau 2021 5-year ACS statistics.
- **Questionnaire Length:** 18.4 minutes by phone; 14.3 minutes online
- **Confidence Interval:** Beneficiary sample: $\pm 2.8\%$; COA sample: $\pm 6.8\%$ (use caution as the online portion of the sample is not probability-based.)



About AARP

AARP is the nation's largest nonprofit, nonpartisan organization dedicated to empowering people 50 and older to choose how they live as they age. With a nationwide presence, AARP strengthens communities and advocates for what matters most to the more than 100 million Americans 50-plus and their families: health security, financial stability and personal fulfillment. AARP also produces the nation's largest circulation publications: AARP The Magazine and AARP Bulletin. To learn more, visit www.aarp.org/about-aarp/, www.aarp.org/español or follow [@AARP](https://twitter.com/AARP), [@AARPenEspañol](https://twitter.com/AARPenEspañol) and [@AARPadvocates](https://twitter.com/AARPadvocates) on social media.

About ANR Market Research Consultants

ANR is a full-service market research firm founded in 1978. It has a full-time staff of fifteen people. As a Virginia SWaM-certified small business, ANR is managed by executives age 50-plus and also employs multiple professional staff age 50-plus. Its corporate offices, located in Richmond, Virginia, include a state-of-the-art focus group facility. ANR specializes in business and consumer research to determine attitudes and opinions, advertising effectiveness, organization image and awareness, market positioning and new product development. Its clients span a variety of industries, including state and federal government, health care, communications, finance, manufacturing, retail, travel, tourism, real estate development, and education. For more information, visit www.anr.com.



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