

READY — OR NOT?



**PLANS MUST
CHANGE MEDICARE
MARKETING, OR
RISK MILLIONS**

Current approaches to Medicare marketing are obsolete, and two fundamental shifts make it so.

Americans are retiring later and close to half (48 percent) say they will delay Medicare enrollment beyond age 65—and this group is more digital-dependent than many insurers give them credit for. In fact, more than half (53 percent) will go online to shop for Medicare when they near eligibility.¹ Health plans facing this one-two punch of changes must fundamentally rethink how they market to Medicare consumers, or they will miss a major opportunity to tap a market that is not only stable, it's growing.

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¹Deft Research, 2017 Medicare Age-In Study, Accessed August 10, 2017

An average of 10,000 people turn 65 and become newly Medicare-eligible per day.² And there's more to come. The total number of people eligible for Medicare is projected to grow to 80 million by 2030.³ In a competitive environment where each new Medicare Advantage member is worth close to \$11,000 in government premium reimbursement per year, improved marketing performance can mean hundreds of millions in revenue increases for health plans over time. For example, for a plan that has 100,000 annual age-ins in its service area, improving conversion rates by capturing late enrollees over 66 years old and providing a more relevant experience could mean \$85 million in additional revenue in a year. (See Figure 1)

However, according to Accenture analysis, health plans are missing this opportunity by not delivering tools and experiences that address the social realities and digital intensity of consumers aging into Medicare eligibility.

Figure 1:
Potential revenue impact of improving conversion rates among those age 66+

IDENTIFYING POTENTIAL IMPACT	(A) TODAY'S WORLD	(B) IMPACT OF CAPTURING LATE ENROLLEES	(C) IMPACT ON SALES CONVERSION RATE W/ IMPROVED RELEVANCE & EXPERIENCE
Avg Annual Medicare Age-ins	100,000	100,000	100,000
+ Late Enrollees	—	11,000	11,000
Total Annual Prospects	100,000	111,000	111,000
Sales Rate	20%	20%	25%
Sales	20,000	22,200	27,750
PMPY	\$ 11,000	\$ 11,000	\$ 11,000
Revenue	\$ 220,000,000	\$ 244,200,000	\$ 305,250,000
Potential Year 1 Improvement	N/A	\$ 24,200,000	\$ 85,250,000

Source: Accenture analysis

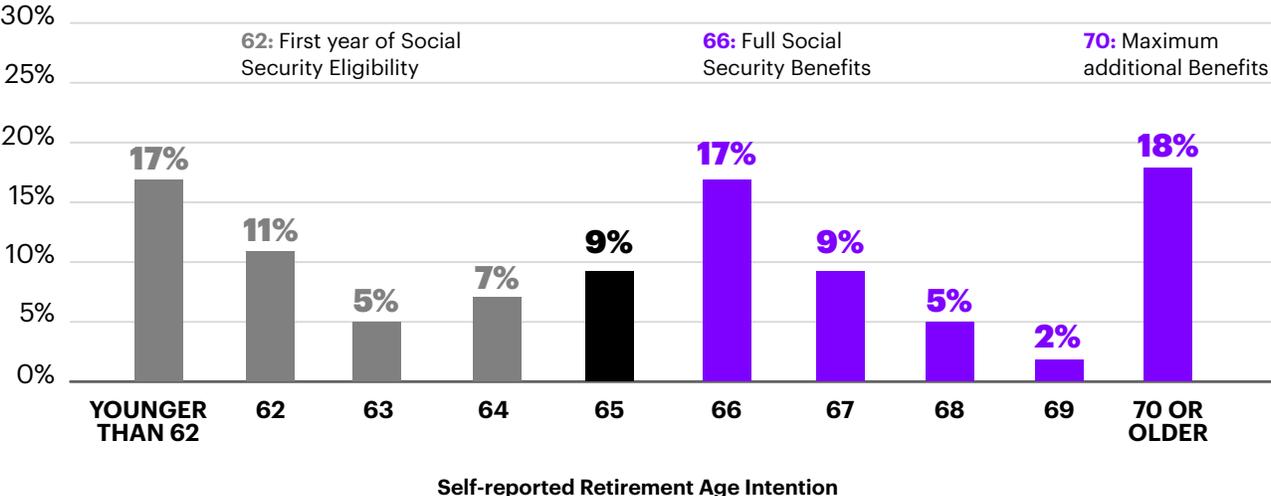
²Pew Research Center, "Baby Boomers Retire." 2010, <http://www.pewresearch.org/fact-tank/2010/12/29/baby-boomers-retire/>

³Kaiser Family Foundation, "Projected Change in Medicare Enrollment, 2010-2050," <https://www.kff.org/medicare/slide/projected-change-in-medicare-enrollment-2000-2050/>

REACHING THE READY OR NOT

Medicare acquisition marketing to age-ins is traditionally done via linear channels, and outreach efforts come to a halt if consumers don't opt in by their 65th birthday. With this approach, plans are missing the chance to reach the 20 to 40 percent of buyers who are "not ready." (See Figure 2) Instead, health plans should focus on addressing the unique needs and circumstances of all new-to-Medicare individuals.

Figure 2:
Late retirees are a ripe potential market for health plans



Source: Deft Research, 2017 Medicare Age-In Study

People are delaying retirement and sticking with their group insurance for a variety of reasons. The Social Security "full retirement age" (with maximum benefit) is 66 and two months, inciting people to work beyond age 65. Some receiving medical coverage through their employer might keep it to cover a spouse who is not yet eligible for Medicare. Others may simply want to work longer to add to their nest egg. Insurers shouldn't lose sight of these individual realities among customers. Furthermore, health plans should engage all consumers prior to age 65 and allow them to indicate their retirement plans. Knowing this will inform outreach efforts.

MEET YOUR CUSTOMERS	MEET THEIR NEEDS THROUGH TARGETED STRATEGIES
<p>READY NOW TOM:</p>  <ul style="list-style-type: none"> ■ Turns 65 in October ■ Laid off in 2011, struggles to find a job ■ Applied for Social Security at 62 (first opportunity) ■ Enrolled in an ACA Individual plan 	<ul style="list-style-type: none"> ■ Offer information about plans, benefits and cost of ownership ■ Promote quality of plan ■ Have a complete, accurate, easy-to-use provider directory front and center ■ Explain how to enroll
<p>READY LATER EMILY:</p>  <ul style="list-style-type: none"> ■ Turns 65 in November Loves working and isn't stopping ■ Home and investments lost value in the recession and have not grown beyond pre-recession worth ■ Receives medical coverage through her employer, which also covers her spouse ■ Spouse will not turn 65 for another two years 	<ul style="list-style-type: none"> ■ After Emily indicates she is delaying retirement, use data to personalize her journey ■ Send periodic content (through her channel of choice) about Medicare guidelines, stories of others and information on how to buy when ready ■ Always give her the option to become "ready now" ■ Stay engaged and give her the confidence that once she is ready, she has a partner

Insurers should also aim to deliver the digital experiences that consumers today want and expect. Digital is the channel through which people of all ages learn, shop and buy. Nearly two-thirds (64 percent) of internet users 55-64 years old made at least one digital purchase in the past year.⁴ And 70 percent of people nearing Medicare age report going online to perform at least one health activity in the last year.⁵ Many are comfortable sharing significant health and lifestyle-related information. For instance, 62 percent of people nearing Medicare age say they would be willing to share key health information from mobile devices (including wearables) with their health insurer.⁶

⁴eMarketer, Data: US Digital Buyer Penetration, by Age, 2017 (% of population), January 1, 2017, <http://totalaccess.emarketer.com/chart.aspx?r=204432>

⁵Accenture 2018 Consumer Survey on Digital Health

⁶ibid

When healthcare consumers are willing to share information, health plans can use the data to build a “genome” about individuals based on their retirement intentions and other information.

This data arms health plans to deliver digital experiences that are increasingly personalized because the experience and messaging adapt to the data imprint and intent of the user. Insurers can explore this approach by testing a personalized experience that accounts for retirement intention and measuring the engagement metrics of a test group against a control.

ADDED PERKS OF NEW APPROACHES

Health plans that make this shift to market differently to individuals can capture the ready-later Medicare segment while also achieving substantial improvements in conversion from commercial group plans to Medicare Advantage.

Successfully wooing digital new-to-Medicare consumers has a bonus: They may be a healthier customer set. Accenture research shows that among new-to-Medicare consumers and already-65 consumers, those who place importance on technology in managing their health are more likely to do things that help keep them healthy, such as track physical activity, monitor blood pressure and monitor cholesterol.⁷ These self-managing customers are just the type that a health plan wants in the new value-driven payment world.⁸

⁶Accenture 2018 Consumer Survey on Digital Health

⁷Accenture 2016 Consumer Survey on Patient Engagement

⁸Of course, in rolling out any new programs or initiatives to market to these consumers or generally, health plans should make sure the programs and initiatives are compliant with the applicable laws, regulations and policies.

ACTING ON THE OPPORTUNITY

There is a new reality in Medicare. Consumers are retiring later, and they are more digital than ever. First movers that capture this fast-growing audience have a substantial revenue opportunity at their fingertips.

HEALTH PLANS SHOULD MOVE QUICKLY TO:



RESET THEIR APPROACH TO “READY NOW/READY LATER.”

Rather than linearly going after those about to turn 65, health plans must address the existence and value of later buyers with equal vigor. Those who adapt quickly will gain a first-mover advantage.



PUT DIGITAL AT THE CENTER OF ENGAGEMENT.

New-to-Medicare consumers are using digital in health more than ever, and adoption will continue to grow. Connect with them through their preferred channel.



PERSONALIZE THE DIGITAL JOURNEYS.

The life situations of individuals reaching Medicare age are all different. Use data to deliver relevant content and become a valued and respected resource.

This audience is here to stay. It is only set to grow. Health plans can take advantage by taking the right approach to connecting with this important and growing segment.

FOR MORE INFORMATION



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ABOUT THE ACCENTURE 2018 CONSUMER SURVEY ON DIGITAL HEALTH

Accenture commissioned a seven-country survey of 7,881 consumers aged 18+ to assess their attitudes toward healthcare technology, modernization and service innovation.

It is the latest in a series of annual health technology surveys tracking the perspectives of consumers across themes ranging from electronic health records and health management to virtual health and cybersecurity.

The online survey included 2,301 consumers in the US (2,301), and was conducted by Longitude on behalf of Accenture between October 2017 and January 2018. Where relevant, the survey uses select findings from the Accenture 2014 and 2016 Consumer Surveys on Patient Engagement and the Accenture 2017 Consumer Survey on Virtual Health.

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