

**BABY
BOOMERS
DEMAND
DIGITAL
MEDICARE
NOW**



Among health technology users, Americans age 65 and over are now the most likely to have used electronic health records in the last year. They are also very enthusiastic about the latest in digital health such as virtual health and artificial intelligence, reveals Accenture research. So why do so many health payers still act as though digital is only for the young?

A new wave is here

Anyone who is surprised about seniors' desire for digital health has not been paying attention. **Silver surfers—people age 65 and over who use digital in their everyday lives—have been a force to be reckoned with for several years.**¹ Payers that have not embraced them as digital health consumers are lagging the competition. A major shift in this consumer segment is pushing these payers even further behind.

Baby boomers aging into Medicare eligibility bring a new level of digital intensity and a different mindset about aging. As these “digital boomers” flood the Medicare population, payers must turn traditional digital investment thinking on its head to compete by putting Medicare first. By changing how they view and market to seniors—and using the Medicare business to pilot and scale digital capabilities—payers can drive significant new enterprise growth.

Not “silver,” not “surfing,” still booming

When Accenture first began assessing data on seniors' use of digital health five years ago, many were taken aback by just how digitally-savvy seniors were both in their daily lives and in their desire for digital health tools.² Referred to at the time as “silver surfers,” they were picking up tablets and laptops for the first time, shattering stereotypes of seniors as being digitally illiterate.

¹ Accenture, “Silver Surfers Continue to Make Waves in eHealth,” <https://www.accenture.com/us-en/insight-silver-surfers-continue-make-waves-ehealth>

² Accenture, “Silver Surfers are Catching the eHealth Wave,” 2013

Today, the fact that seniors are digital is old news—less a trend, and more a reality. Even so, many industry players have essentially ignored this reality. Only some traditional payers and new market entrants have acted in recent years to meet seniors’ digital health needs. This demographic remains a key area for investment, and payers that are just getting started are already behind. And they may never catch up.

The use of digital among older Americans continues to grow today. **More than two thirds of seniors say they go online—a statistic that has been over 50 percent and growing for more than five years. In addition, nearly 60 percent of people between the ages of 65 and 69 have a smartphone.**³ What’s different is that the explosive growth of senior digital first-timers has slowed, and future growth is coming from a different source.

Digital boomers are now driving digital growth among seniors. These are baby boomers who have aged into Medicare. Unlike older seniors, they are not becoming digital. They are already digital.

They are bringing their digital lifestyle with them to Medicare. **Not only are digital boomers more likely to already be using smartphones and wearables, they use digital channels in how they engage, shop and enroll.**⁴ Working longer and living healthier lifestyles, digital boomers reject being called old. A recent study found that baby boomers think “old age” starts not at 65 but instead **begins at 73.**⁵ In a **2016 Marist Poll**, 55 percent of Americans said 65 year olds are “middle-aged.”⁶ Many seniors see themselves as anything but silver.

For the next several years, waves of digital boomers will age into Medicare. **With an average of 10,000 people turning 65 and becoming Medicare-eligible every day**⁷, digital boomers will not only further the senior population’s digital growth, their attitudes and behaviors will rapidly reshape the entire segment.

³ Pew Research Center, “Tech Adoption Climbs Among Older Adults,” May 17, 2017, <http://www.pewinternet.org/2017/05/17/tech-adoption-climbs-among-older-adults/>

⁴ Accenture, “Ready—or Not? Plans Must Change Medicare Marketing, or Risk Millions,” <https://www.accenture.com/us-en/insights/health/health-plans-must-change-medicare-marketing>

⁵ Money “This is the Age When You Become ‘Old,’ According to Four Different Generations,” June 13, 2017, <http://time.com/money/4812751/this-is-the-age-when-you-become-old-according-to-four-different-generations/>

⁶ Marist Poll, “5/3: 65 Stands Strong As ‘Middle-Aged,’” May 3, 2016, <http://maristpoll.marist.edu/53-65-stands-strong-as-middle-aged/>

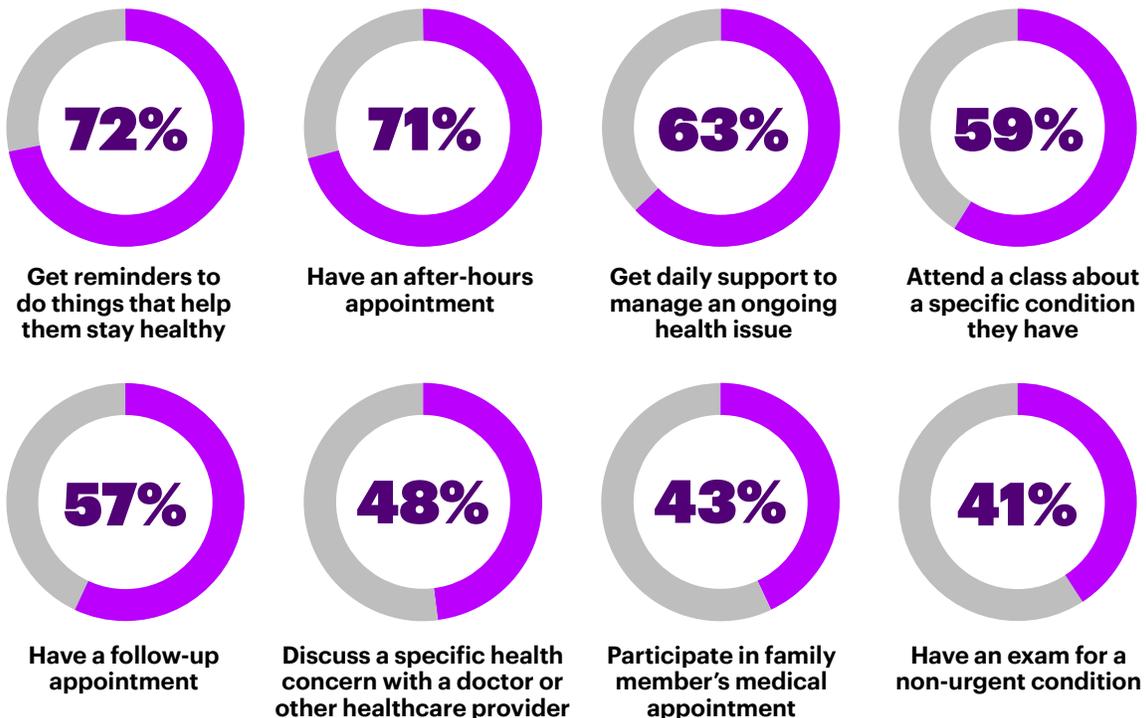
⁷ Pew Research Center, “Baby Boomers Retire,” December 29, 2010, <http://www.pewresearch.org/fact-tank/2010/12/29/baby-boomers-retire/>

Strong demand, short supply

Digital boomers don't just want digital health. They often want it more than other consumers do. Among health technology users, Americans age 65 and over are now the most likely to have used electronic health records in the last year. They are the most active in managing their health—96 percent are somewhat or very active, up from 92 percent in 2016. More seniors are willing to share data from wearables and apps. Sixty-two percent would share this data with payers, compared to just 55 percent two years ago.

Like they did in the past, seniors continue to be enthusiastic about the latest in digital health. Consider their attitudes about virtual health. Over half would use it for reminders, after-hours visits, daily support, classes and follow-up appointments (Figure 1). They see the ability to accommodate schedules and lower costs as the two most important advantages to virtual health. Even so, most seniors would not yet use it for more “hands-on” interactions like their annual physical (89 percent) or for an exam by a specialist (86 percent).

FIGURE 1. Percentage of seniors interested in using virtual health for various interactions

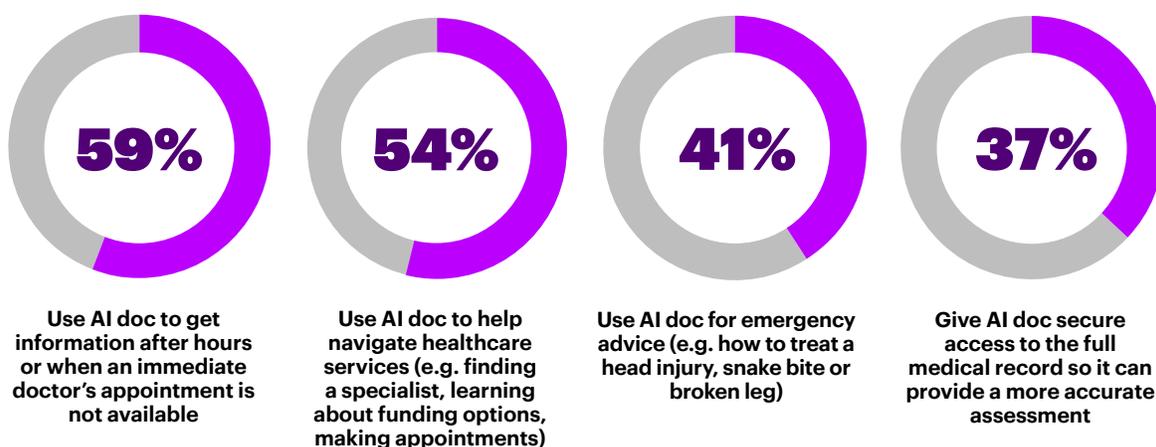


Source: Accenture 2018 Consumer Survey on Digital Health

Older Americans are also open to using an artificial intelligence doctor (AI doc) for some health interactions (Figure 2). AI docs ask questions, engage in conversation, provide detailed medical advice and help people navigate healthcare services. When asked why they would use an AI doc, seniors most commonly cite factors related to convenience, such as anytime availability (63 percent) and avoiding a trip to the doctor (36 percent). These preferences align with those of younger consumers. This similarity may surprise those who assume that people at or nearing retirement are not as aware of or interested in newer, digital tools and experiences.

Unfortunately, Medicare-aged consumers' demand for these new digital health technologies is unmet. Despite their willingness to use virtual health and an AI doc, most seniors have not had the opportunity to do so. Less than 1 percent has interacted with AI in health. This supply-demand gap is a huge risk for payers. Many missed the first wave of digital seniors. As the Medicare population gets more digital by the day—and as technology advances rapidly—payers that do not innovate and invest will see the cycle repeat itself. In another five years, they will be left behind once again by the newest digital wave led by digital boomers. And likely disintermediated by startups that fill this gap.

FIGURE 2. Percentage of seniors interested in different types of AI doc interactions



Source: Accenture 2018 Consumer Survey on Digital Health

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Give them what they want

How can payers avoid this fate? They must abandon the orthodoxy surrounding digital investments that says the commercial business is the right place to start building digital capabilities. Too many payers relegate the Medicare business to a “phase two” digital implementation at best. In many cases, when payers finally focus on this business, they either fall short of initial Medicare experience visions, are limited by resource constraints, or simply change direction. Medicare members’ expectations go unmet again.

Medicare is the best place for payers to start their digital investments. The business case is crystal clear. The Medicare population is growing. **The Medicare Advantage market is projected to reach 20.4 million this year—a nine percent increase over last year.**⁸ The Medicare business is consistently profitable. **The average Medicare Advantage plan retains a surplus.**⁹ Payments in 2018 increased, and with **guidance for 2019 payments calling for another increase**¹⁰, surplus opportunities continue. And seniors 65 and older are clamoring for digital health.

This trifecta of growth, profitability and consumer demand make it a no-brainer for payers to transform the Medicare experience.

Why wouldn’t payers want to provide these highly profitable customers with more relevant experiences? This is textbook business-to-consumer engagement strategy. The value potential for introducing digital health tools and experiences to seniors is significant. Case in point: Accenture analysis reveals that a health payer with 100,000 Medicare Advantage members can save as much as \$2.5 million in total medical cost for every 1 percent of ambulatory office visits that are transitioned to virtual care.¹¹

⁸ Centers for Medicare & Medicaid Services, “Medicare Offers More Health Coverage Choices and Decreased Premiums in 2018,” September 29, 2017, <https://www.cms.gov/Newsroom/MediaReleaseDatabase/Press-releases/2017-Press-releases-items/2017-09-29.html>

⁹ The Commonwealth Fund, “Do Medicare Advantage Plans Respond to Payment Changes? A Look at the Data from 2009 to 2014,” March 14, 2018, <http://www.commonwealthfund.org/publications/issue-briefs/2018/mar/do-medicare-advantage-plans-respond-payment-changes-look-data>

¹⁰ Centers for Medicare & Medicaid Services, “2019 Medicare Advantage and Part D Rate Announcement and Call Letter,” April 2, 2018, <https://www.cms.gov/newsroom/fact-sheets/2019-medicare-advantage-and-part-d-rate-announcement-and-call-letter>

¹¹ Analysis comparing primary care and virtual visit costs. Utilizes [CDC data](#) to identify ambulatory office visits per 100 people over 65, and an [Intermountain Health](#) study of total expected cost (out-of-pocket plus claims cost) of different visit types, including virtual visits.

By flipping traditional thinking on its head and building digital capabilities starting with Medicare, health payers do more than benefit this line of business. They can multiply new value across the enterprise by creating a tested template to engage consumers in other segments. It's about developing a proven digital platform and "playbook" with this highly profitable and growing consumer segment and then rolling out and tailoring what works best to the individual and commercial business lines.

Stop denying, start competing

Years of Accenture research chronicles the demand for digital among Medicare beneficiaries. Opportunity awaits payers that forget the myths and misperceptions and make the Medicare business their digital health priority. Here's how to get started:

1.

Break down the silos. Make Medicare market innovation an enterprise-level conversation. Bust through government- or senior-focused organizational structures and mindsets and engage leaders across the enterprise. This can go a long way in erasing wrong and antiquated thinking that isolates the Medicare business from other business lines.

2.

Start fast, scale right. Use the Medicare business as a platform to pilot and innovate solutions. With multiple value levers, including sales capture, experience, quality and outcomes, the Medicare market is ideally suited for getting started with the latest tools and focusing on easy and convenient digital experiences. Forget the backlog of point solutions. Go straight to human-centered experience design to understand where to apply new approaches and tools.

3.

Don't go it alone. Seek out technology partners with a high ceiling for innovation and flexibility to scale across multiple business segments. Partners must pivot fast and innovate with plans as needs change. Meeting demand for new technology will require more than a simple vendor contract for existing tools. Partnerships must be formed with an eye on the future, and they should be architected to expand from the senior market to other segments.

Seniors are not clinging to an analog world. They are prime market movers in digital health and will become more so as digital boomers age into Medicare. Payers ignore them at their own risk.

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ABOUT THE ACCENTURE 2018 CONSUMER SURVEY ON DIGITAL HEALTH

Accenture commissioned a seven-country survey of 7,905 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 consumers across seven countries: Australia, England, Finland, Norway, Singapore, Spain, and the United States, including a total of 2,301 US consumers, of which 430 were seniors, ages 65+. About 82 percent of these US seniors were receiving Medicare benefits. The survey was conducted by Longitude on behalf of Accenture between October 2017 and January 2018. Where relevant, the survey uses selected findings from the [Accenture 2016 Consumer Survey on Patient Engagement](#) and the [Accenture 2017 Consumer Survey on Virtual Health](#).

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