



Medicare Market Momentum Alive and Well

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by LuAnne Farrah

The Medicare market with baby boomers "aging in" is one of the biggest marketing opportunities in the industry today. Starting in 2012, more than 3 million people will turn 65 every year and this figure will approach 4 million by the year 2020 according to available U.S. Census statistics. Health plans and vendor stakeholders are investing considerable resources to implement "senior market" business strategies. Companies are rolling out creative marketing programs uniquely designed to attract and enroll new Medicare members in Medicare Advantage, Medicare Supplement and Part D plans. Despite the uncertain economic and political healthcare climate, companies are not sitting on their laurels where Medicare is concerned. They are banking on the power of the growing voice of senior citizens whom they believe will lobby and fight to keep Medicare benefits. These attitudes generally sum up the viewpoints of industry experts that convened at the 2nd annual Medicare Market Innovations conference on July 18th and 19th. This brief presents insights about marketing and Medicare's future from industry thought leaders attending Medicare Market Innovations (<http://www.medicaremarketinnovations.com/>) this year.

Medicare Market

There are currently 47.296 million Medicare eligibles and this number will increase rapidly in the coming years as baby boomers begin to "age in" to Medicare. Though managed care products have gained considerable momentum in recent years, there is lots of room for product growth in this vast and growing segment. The latest market penetration statistics show that 26% of eligibles are enrolled in a Medicare Advantage plan; 39% are in Stand-alone PDPs; and 20% purchase a Medicare Supplement policy. Plans are strategizing to attract more of those enrolled in Fee-For-Service, original Medicare. They are also implementing marketing campaigns to reach out and touch baby boomers aging into Medicare.

Medicare Product Penetration					
	2011 Medicare Eligibles	2011 FFS Only or Not Enrolled	Medicare Advantage July 2011	Stand-alone PDP July 2011	Med Supp Dec 2010
Enrolled	47,296,335	34,918,474	12,377,861	18,656,587	9,703,769
Penetration		74%	26%	39%	20%
Source: MFA's Health Coverage Portal™ data from the NAIC & CMS					

Marketing Insights

Plans are putting considerable thought into Medicare marketing programs and they are implementing some very interesting strategies. Some are building "shopper profiles" to identify the value proposition based on customer needs, expectations and risk tolerance. Market research about how seniors shop for Medicare products and what motivates them to switch from one product to another is being applied to marketing strategy. Plans are also using health status and lifestyle data to build better Medicare products and more effectively market them to targeted

segments of the diverse senior population. Market segmentation has come to the forefront of Medicare business strategy. Top-notch marketing companies that specialize in Medicare are working with plans to help them understand unique buyer types.

The Web, social media and digital media are becoming more important to Medicare marketers in anticipation of the baby boomers. Plans are upgrading applications on their own websites to make the user experience pleasant, easy and informative. Companies are building capabilities for plan members to access personal health records, check lab results, email doctors and make appointments online, even refill prescriptions online. In order to market more effectively to the Medicare population, plans are using social media and digital phone apps to reach technology savvy seniors. Today, companies are leveraging data to optimize opportunity, differentiate brand and ultimately build and retain business.

Medicare Star Ratings are now a key consideration with respect to product development and marketing as CMS will soon be paying for performance. Plans are analyzing Star Ratings to figure out how to improve their rankings and some plans are beginning to promote their favorable position.

State	Drug Plan Quality	Customer Svc	Complaints	Experience	Pricing
AL	3.5	3.0	3.0	4.0	3.0
AR	3.5	3.0	3.0	4.0	3.0
AZ	3.5	3.0	3.0	4.0	3.0

CMS expects to release 2012 Medicare Advantage and PDP Star Ratings on October 6th while the Plan Finder benefits are expected to be online on October 1st. Check out MFA's [Medicare Benefits Analyzer](/products/medicare-benefits-analyzer.aspx) (</products/medicare-benefits-analyzer.aspx>) if you need to analyze your competitive position, county-by-county. This easy-to-use database will give you access to Medicare benefit comparisons with co-pays and pricing and also detailed Star Ratings data.

Future of Medicare

There was a lot of discussion throughout the conference about healthcare reform. For the most part, the crowd was enthusiastic and optimistic as they shared thoughts about how to turn reform into opportunity, how to innovate in the face of change.

One of the closing sessions addressed these thought-provoking questions for consideration. Give some thought to these questions as they may help you build your own Medicare strategy.

- How will Presidential elections alter the landscape?
- How will Congressional elections change the tone and outcome of Medicare reform?
- Can a "private market competition" model survive?
- Will the emerging trend of health plans purchasing components of the healthcare delivery channel continue (and be successful)?
- How will smaller health plans survive in an increasingly complex environment?

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