



# HIDDEN CRISIS

## The Medicare Enrollment Maze

Survey of 1,142 Medicare-eligible individuals indicates widespread confusion and misinformation that jeopardizes health outcomes and increases health spending

## OVERVIEW

Enrolling in Medicare is a pivotal time for millions of individuals ages 65 and older in the United States. In addition to impacting their healthcare decisions, the choices they make will affect their financial well-being and overall health for years to come.

Yet an independent, national survey of 1,142 individuals ages 64 and older reveals that the initial Medicare plan enrollment process, as well as enrollment in subsequent years, is fraught with challenges that prevent many seniors from making optimal decisions. From widespread confusion regarding Medicare's basic components to an overwhelming barrage of marketing material and sales calls, the list of enrollment challenges is long and varied. The survey also found that after initial enrollment, most seniors fail to review their Medicare plan options on an annual basis, if ever. As a result, seniors are increasingly re-enrolling in plans that fail to reflect and support their evolving healthcare needs.

This report summarizes the key findings from the survey and describes the profound impact that these issues could have on older Americans as well as the U.S. healthcare system and government. **As of 2021, nearly 64 million U.S. residents were enrolled in Medicare and** the U.S. Census Bureau projects that number will swell to over 73 million by 2030.

If many enrollees select sub-optimal options with large out-of-pocket expenses, they may put off necessary care or prescriptions due to financial concerns. That, in turn, can translate to worse outcomes and more healthcare spending due to unnecessary emergent visits, hospital admissions, readmissions, and long-term care.

### Key Findings

**20%**

Only 20% of Medicare-eligible individuals have a good understanding of Original Medicare; only 31% have a good understanding of Medicare Advantage.

**63%**

63% are overwhelmed by Medicare advertising; only 31% "strongly agree" that they can make effective selection decisions.

**58%**

More than half (58%) stay in their current Medicare plan each year rather than reviewing their plan options and enrolling in the best plan for their evolving needs.

**33%**

One-third (33%) have a financial advisor, but only 2% use that advisor to help with plan selection.

## KEY TAKEAWAYS

### 1. Medicare Consumers' Knowledge Gap: Perception Vs. Reality

Only 20% of Medicare-eligible individuals have a good understanding of Original Medicare and only 31% have a good understanding of Medicare Advantage.

Most seniors think they can make smart choices when it comes to Medicare enrollment, but the survey indicates most have significant knowledge gaps that could jeopardize their ability to make the best decision for their unique needs.

While three-quarters of respondents (75%) feel they could choose the right Medicare plan for them, **four out of five gave incorrect answers when asked to identify components of an Original Medicare plan.** Similarly, nearly two out of three incorrectly identified Medicare Advantage plan components.

The youngest respondents (64-year-olds) scored the lowest among all age groups when asked about the components of Original Medicare and Medicare Advantage, indicating how crucial it is to provide those aging into Medicare with better information regarding Medicare components.

▶ **75%**

The percentage of respondents who strongly or somewhat agree that they feel confident they could choose the right plan for their unique needs.

▶ **80%**

The percentage of respondents who incorrectly identified Original Medicare components.

▶ **69%**

The percentage of respondents who incorrectly identified Medicare Advantage components.

### The Cost of Bad Decisions

Net Medicare outlays are projected to increase from \$689 billion in 2021 to nearly \$1.6 trillion in 2032, due to growth in the Medicare population and increases in health care costs, according to the Kaiser Family Foundation. It's critical to help Medicare-eligible individuals select optimal plans to reduce the likelihood that lack of coverage would prevent smart healthcare utilization choices—not only for their health outcomes, but also to help keep healthcare spending in check.

## 2. The Shopping Experience: Intimidating and Unfulfilling

**Nearly two-thirds of Medicare-eligible respondents (63%) are overwhelmed by Medicare advertising** and less than one-third of respondents strongly agree that they can keep up with plan option updates and easily calculate out-of-pocket costs for their plan.

While lack of knowledge regarding Medicare components may hinder smart plan selection, so may the enrollment experience itself. The survey indicates that the plan selection process is intimidating and confusing for most enrollees.

- **Nearly two-thirds (63%)** of respondents strongly or somewhat agree that they are overwhelmed by Medicare advertising.
- **Only about one-third (30%)** strongly agree that they can easily find the information needed to make effective plan decisions.
- **Less than one-third** strongly agree that they can keep up with plan option updates and easily calculate out-of-pocket costs for their plan.

### Top Plan Selection Drivers

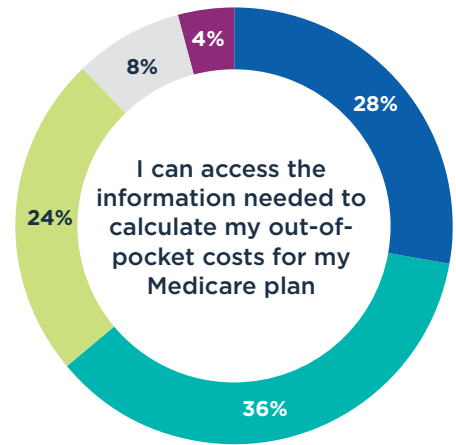
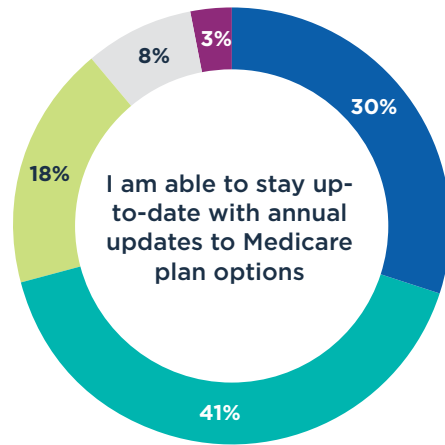
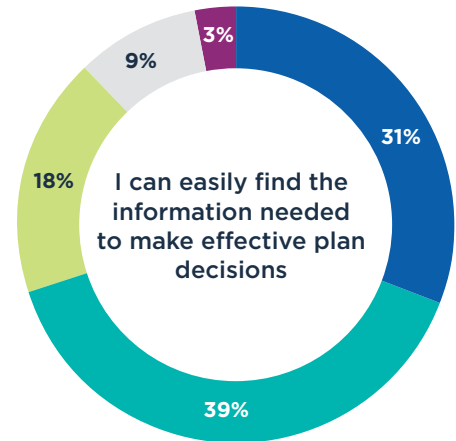
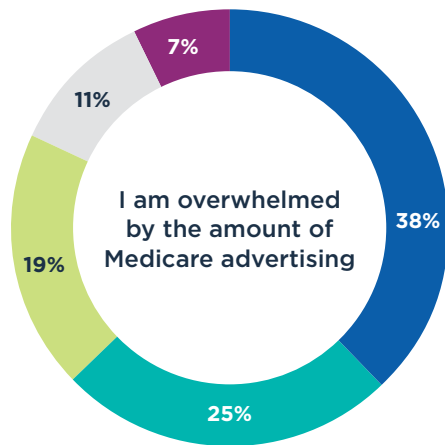
Interestingly, finding the lowest premium is not the main driver most respondents have for searching for plans independently. The highest priorities are:

**1. Making sure prescription drugs are covered (83% said this was a key factor)**

**2. Making sure doctors are in network (81%)**

**3. Making sure pharmacy is covered (74%)**

Only 65% focus on seeing if they can get a lower premium.



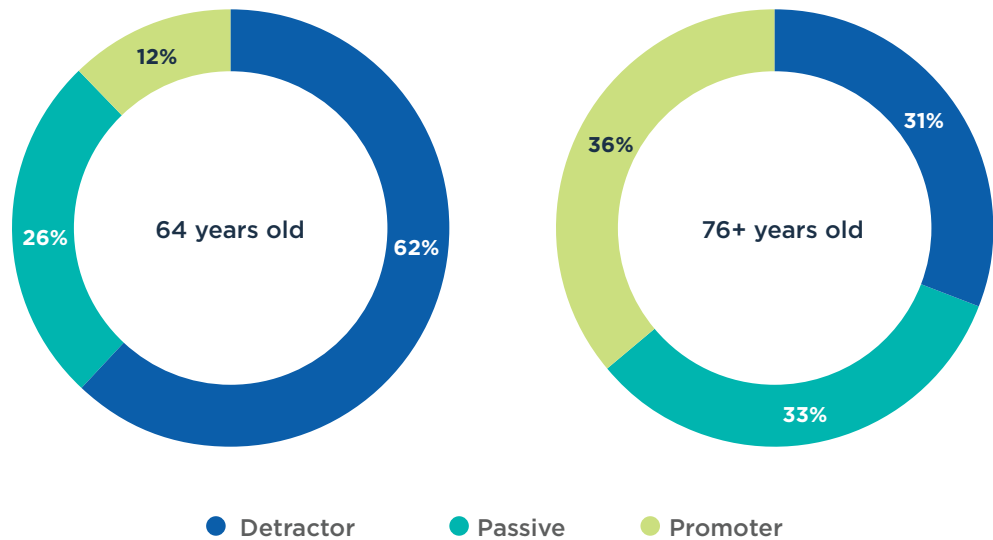
- Strongly agree      ● Somewhat agree      ● Neither agree nor disagree
- Somewhat disagree      ● Strongly disagree

When asked to give a Net Promoter Score (NPS), a score that measures the loyalty of customers to an organization, most respondents rate their experience with Medicare as poor to terrible.

Respondents who were newly eligible for Medicare (those aged 64) give their experience the lowest possible score (-50). The only age group to give it a positive score were those aged 76 and older. By comparison, cable TV providers, notorious for low customer approval, have an average NPS score of +2.

### Those Most in Need Struggle The Most

People who need Medicare the most feel the worst about their options. Respondents who describe their health as “terrible” give their Medicare shopping experience a “-50” NPS score. That means 50% were detractors and 50% were passive. None were promoters. This compares to a score of “+3” from those in “excellent” health.



**Note:** NPS is determined by asking respondents to say how likely they are to recommend a product or company to a friend or colleague on a scale from 0 to 10. Those rating their experience 6 or lower are called detractors, those rating it a 7 or 8 are considered passive, and those rating it a 9 or 10 are called promoters.

### 3. Re-enrollment: Underprioritized and Underutilized

More than half of Medicare-eligible individuals (58%) stay in their current Medicare plan rather than reviewing their plan options and re-enrolling annually.

Given the poor shopping experience, it’s not surprising that many Medicare users simply remain in their current plan each year. However, it’s extremely troubling, since their healthcare needs—and costs—are likely to intensify as they age.

If Medicare-eligible individuals aren’t exploring how plans match up to their needs, they may be missing out on opportunities to improve their benefits structure. Unfortunately, the survey suggests this happens far too often.

**Only 39% of survey respondents say they review their plan options annually;** about half rarely, if ever, shop for new plans.

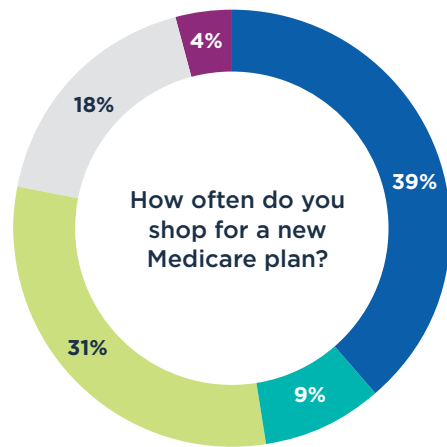
When asked to identify why they don’t shop for new plans, many respondents cite significant frustration with the process and options. One respondent stated, “I don’t understand any of my options for Medicare and have no one to discuss it with.” Another said, “I don’t understand any of this and it seems everyone is trying to screw me.”

## Why An Annual Evaluation is Necessary

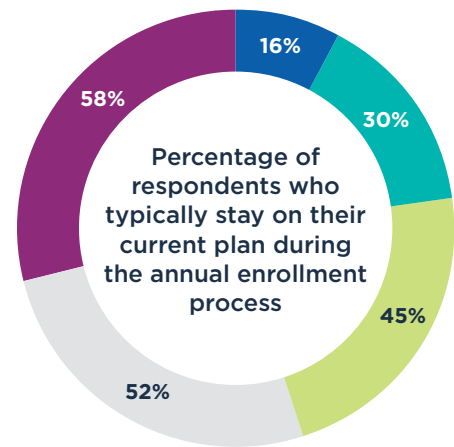
Sixty-three percent of adults aged 45-64 have been diagnosed with one or more chronic conditions (such as arthritis, cancer, or COPD), according to the CDC. That percentage jumps to 87% among individuals over 65, and 64% percent of those individuals have two or more chronic conditions.

Healthcare spending also increases with age. According to the Bureau of Labor Statistics, in 2020, healthcare costs represented 14% of annual expenditures for people aged 65-74, while representing 16% of annual expenditures for those aged 75 or older.

The survey also indicates that older individuals are more likely to stay with the same plan than younger respondents.



- Annually
- Every few years
- Never
- Infrequently
- Other



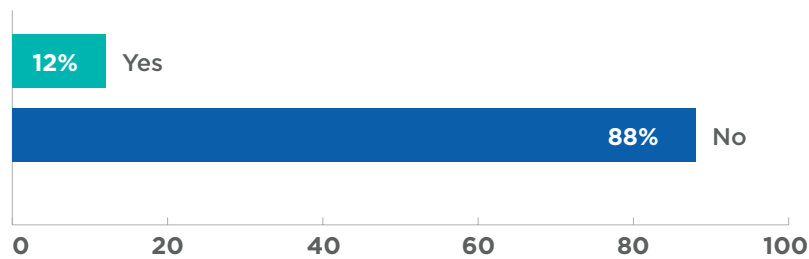
- Age 64
- Ages 65-66
- Ages 67-69
- Ages 70-75
- Ages 76 and older

## 4. Enrollment and Re-Enrollment Resources: Unrecognized and Underutilized

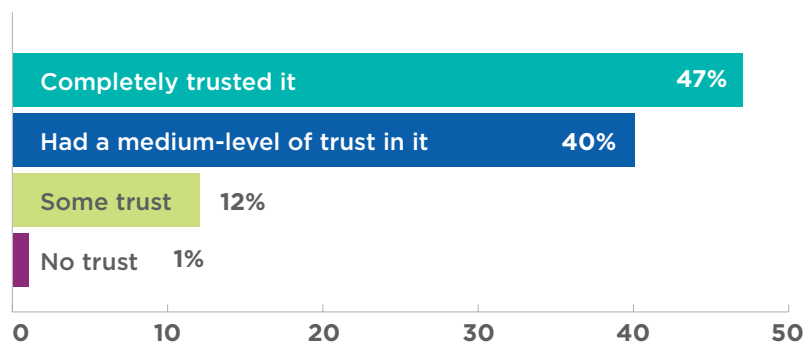
While 33% of Medicare-eligible individuals have a financial advisor, only 2% use them to help with plan selection.

The survey indicates that many Medicare-eligible individuals don't use helplines that assist with Medicare plan selection, and that when they do, they often don't find them helpful. For example, **only 12% of respondents used a helpline** during the last open enrollment period and of those, 13% had little or no trust in the advice they were given.

### During your last open enrollment period, did you call a helpline for assistance?



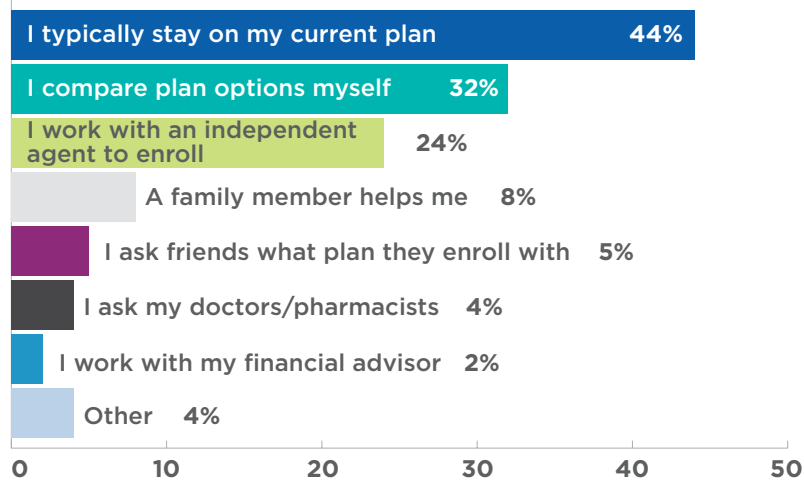
### Did you trust the advice you were provided?



The survey also indicates that many Medicare enrollees are unaware that independent resources can help with the enrollment process. Only 24% say they work with an independent insurance agent to assist with plan selection and only 2% work with a financial advisor.



**How do you try to find the best plan for you during your open enrollment process?**



The survey indicates that a financial advisor is a significantly underutilized resource. While 33% of respondents have an existing relationship with an advisor, only 2% use him or her to assist their selection.

**Financial Advisors Can Play a Key Role**

Financial advisors that are also licensed as a sales agent may be a valuable but underutilized resource for Medicare enrollees. Among respondents who use one for plan selection:

- **92%** trust the advisor to help them find the right Medicare plan for their needs
- **83%** of respondents would trust the recommendation of an online tool to compare Medicare plans (if their financial advisor recommended it)
- **61%** of respondents would be very or extremely comfortable using an online tool (if their advisor recommended it) comfortable

## CONCLUSION

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### A Crisis in the Making That Needs Immediate Attention

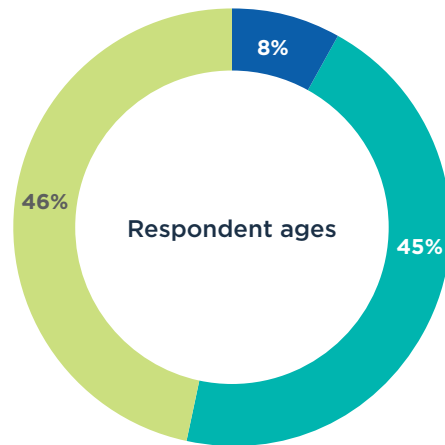
The confusion and misinformation surrounding Medicare enrollment creates a huge, unresolved crisis in this country. This survey revealed that most Medicare enrollees don't understand the various coverage components, nor do they feel they have the support they need to easily select the right option for them. Many find the enrollment process intimidating and not user friendly, and don't tend to know about or seek out independent resources that could provide support. And many beneficiaries have been burnt by poor experiences with sales agents, leaving them even more hesitant to look at their plan options. As a result, they tend to stick with the same plan year in and year out, even though the plans — and sometimes the pricing — change each year. This puts millions at risk of being in a plan that is no longer a good fit for their current financial or health needs.

As the senior population expands, this crisis will only be magnified. **The Census Bureau projects that, by 2030, there will be more than 73 million Americans 65 or older and more than 9 million aged 85 or older.** That means the problem could get worse unless plan options become less confusing or more enrollees have a trusted insurance or financial advisor and the right tools to help them navigate the Medicare maze each year to a plan that is right for them.

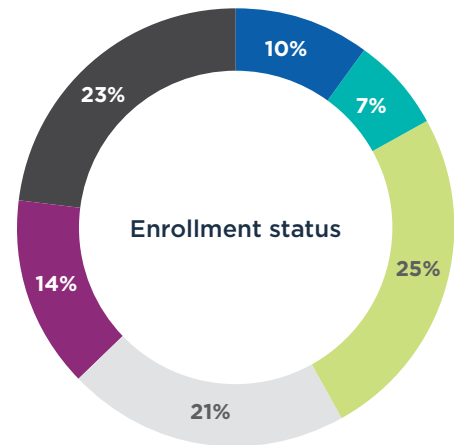


## METHODOLOGY

Healthpilot commissioned Sage Growth Partners to conduct this independent survey of 1,142 Medicare-enrollment eligible seniors (individuals aged 64 and older) in April 2022. More than 80% of survey participants had coverage through Medicare or Medicare Advantage.



● 64 ● 65-69 ● 70 and above



● First-time enrollees  
● Enrolled for less than one year  
● Enrolled for 1-3 years  
● Enrolled for 4-6 years  
● Enrolled for 7-9 years  
● Enrolled for 10 years or more



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**Healthpilot** has transformed the Medicare insurance enrollment experience. Healthpilot's personalized, easy-to-use digital platform allows a consumer to find and enroll in a Medicare plan that matches the consumer's needs and to stay optimally insured for the rest of the individual's life. Healthpilot's proprietary AI-platform and simple to navigate online process allow consumers in all fifty states to enroll in their Medicare plan easily and confidently. Healthpilot makes Medicare easy. To learn more about Healthpilot, visit [www.healthpilot.com](http://www.healthpilot.com).