



# What's Important to Seniors in Choosing Their Medicare Coverage

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## What's Important to Seniors in Choosing Their Medicare Coverage

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The following insights are based on research conducted by the DMN3 Institute on topics of interest to Medicare insurance providers. DMN3 compiled the data from an online survey of a national panel of 655 people between the ages of 64 - 69. DMN3 conducted the survey from April 27 to May 2, 2012. Survey methodology is available from the DMN3 Institute.

Additional information came from a telephone survey sponsored by eHealthInsurance. This survey was conducted in August 2011 by Opinion Research.

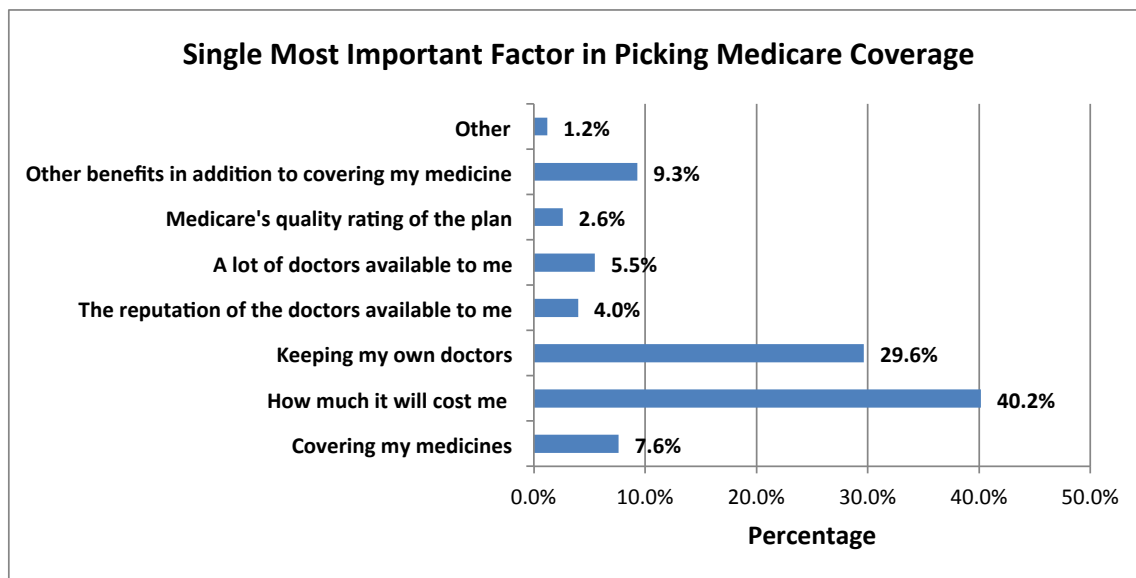
**Seniors Balance Costs and Their Existing Doctor Relationships:** A number of studies have identified “total out-of-pocket costs” as the single most important issue to seniors when choosing insurance coverage. “Choice of doctors” ranks second.<sup>1</sup> The recent survey conducted by DMN3 reinforces previous research results on the importance of “cost” and “keeping existing doctors” to seniors when choosing Medicare insurance coverage.

### DMN3 Institute Research

When the DMN3 survey asked seniors (64 to 69 years of age):

**What is the single most important reason for selecting your Medicare Coverage?**

The responses of the 655 were as follows:



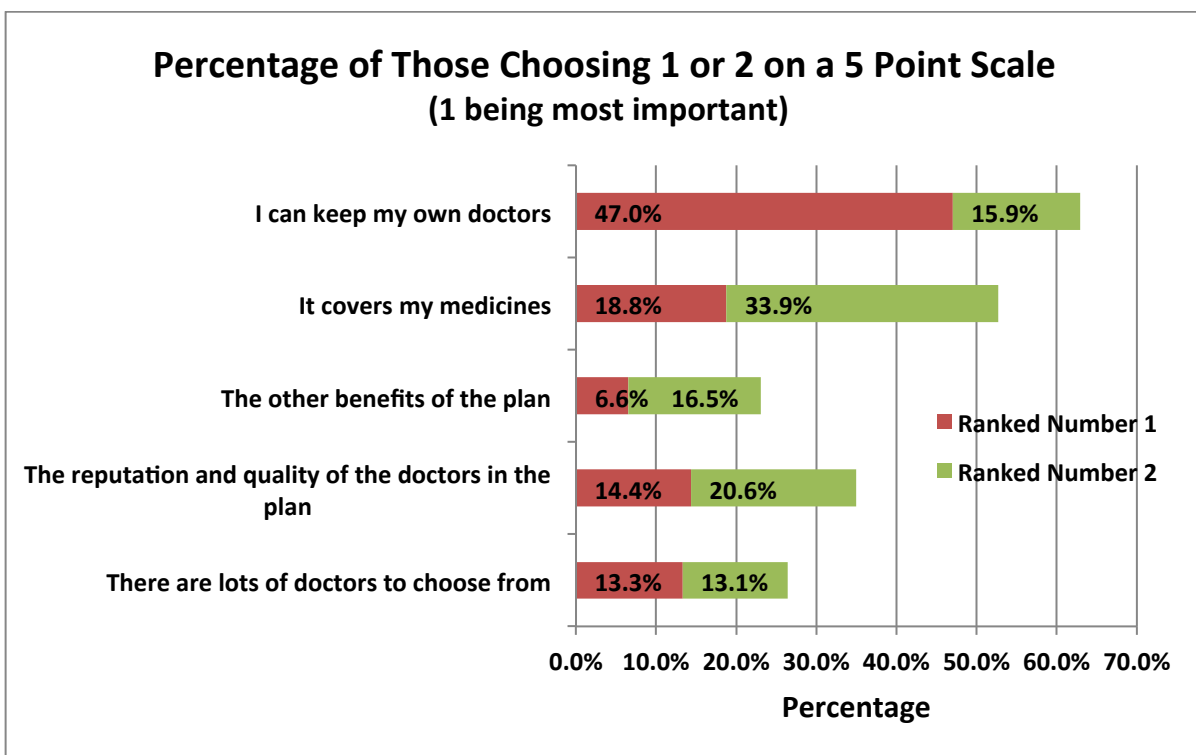
<sup>1</sup> Medicare + Choice HMO Extra Benefits: Beneficiary Perspective; Department of Health & Human Services, Office of Inspector General, February 2000.

Medicare HealthPulse Poll; Suffolk University in Association with Silverlink Communications; August, 2009

Based on the responses of the 655 people in the DMN3 Institute survey, “cost” and “keeping their own doctors” stood out as the two major factors of consideration. Other factors, including “other benefits” and “covering my medicines”, were much less important to potential beneficiaries. Medicare’s quality rating of Medicare Advantage plans was the least important factor in their decision process.

The DMN3 Institute Survey then asked respondents to rank the order of importance of certain other factors in the selection process. For this question, “cost” was removed as a factor. The question was worded as follows:

*Using numbers, with 1 being the most important and 5 being the least important, please rank the importance of the following factors in helping you decide on the best Medicare coverage option for you. Place 1 in the box for the factor with greatest importance; 2 for the second most important factor, 3 for the third most important factor; 4 for the fourth most important; and 5 for the least important.*



With “cost” removed from consideration, the most important factor was “I can keep my own doctors.” Forty-seven percent (47%) of the respondents ranked it as number 1 in importance. Another 16 percent ranked it number two. “Covers my medicines” ranked as the second most important reason (when cost was removed as a factor) with almost 19 percent of the respondents ranking it as the most important. Another 34 percent ranked it as the second most important factor.

## eHealthInsurance Sponsored Study<sup>2</sup>

This telephone survey, sponsored by eHealthInsurance, was conducted by Opinion Research Corporation. The study involved a random national sample of 1,014 adults living in private households in the continental United States. It was conducted during the period from August 22 to August 29, 2011.

One of the questions interviewers asked was:

***How important is it to be able to see your current doctor when selecting an insurance plan?***

The survey found that among the Medicare-eligible population (those age 65 and over) being able to choose a plan with their existing physician was more important than it was to those under the age of 65. Nearly four-in-five (77%) of the respondents age 65 and older said that being able to choose a plan with their doctor was very important (55%), or the most important factor (22%) they used to select a health insurance plan.

Another question interviewers asked was:

***Would you change your primary care doctor if it enabled you to save up to \$100 per month?***

The survey results found that 79% of seniors said that they would not give up their primary care doctors to save \$100 per month. Only 21% would change to save up to \$100 per month.

When asked if they would change plans (including their doctors) in order to save more than \$100 per month, seniors were more willing to change. Thirty-seven percent (37%) of seniors said they would change plans (including doctors) to save over \$100 per month.

## Reconciling These Studies

On the surface the results of these two different studies appear to conflict with each other. Further analysis can explain the difference.

For beneficiaries in employer-sponsored Medicare group plans and for those who can readily afford Medicare Medigap individual plans, keeping their own doctors is not an issue (unless their doctors refuse Medicare insurance). For other beneficiaries, their Medicare coverage selection is often a choice of balancing “costs” versus “keeping their own doctors”.

“Keeping a current doctor” and finding affordable Medicare coverage can be difficult. Some reasons include:

- The beneficiary’s doctor may not accept traditional Medicare or other Medicare coverage insurance plans.
- Many employers are putting retirees in Medicare Advantage plans to contain costs. Most Medicare Advantage plans are HMOs with a network of providers that may not include the beneficiary’s doctors. Some plans allow beneficiaries to go out of network, but require increased premiums and out-of-pocket costs.
- Many beneficiaries cannot afford coverage that allows them the freedom to visit their choice of doctors. Medicare plans that allow beneficiaries to see their own physicians usually cost more than plans that limit the choice of doctors. The average unweighted premium (premiums across all plans

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<sup>2</sup> Majority of Americans Would Not Change Health Insurance Plans To Save \$100 Per Month If It Meant Losing Their Doctor: eHealth Survey Finds; November 8, 2011; eHealthinsurance.com press release.

offered nationwide) was estimated at \$51 per month in 2011. Average unweighted premiums were lower for HMOs at \$36 per month.<sup>3</sup>

Lower income and minority beneficiaries are more likely to enroll in Medicare Advantage plans that restrict doctor choice than higher income and white beneficiaries who are more likely to have employer-sponsored coverage.<sup>4</sup>

The issue of “cost” versus “keeping their own doctors” may be an easy choice for both of these groups. But for the lower income group, their socio-economic status makes the cost associated with Medicare coverage more important than to other beneficiaries. The lower income group was less likely to have been insured before, and therefore less likely to have developed strong doctor relationships before enrolling in Medicare.

In 2010, 26 percent of Medicare beneficiaries were enrolled in Medicare Advantage plans<sup>5</sup> and about two-thirds of those were enrolled in an HMO plan with a limited network. Given these statistics, the findings in the two studies discussed in this document, are not inconsistent.

Keeping their doctors is important to Medicare beneficiaries. In most cases, it means choosing a Medicare insurance plan with higher out-of-pocket costs. The ability to pay the higher costs associated with such coverage is the biggest factor for beneficiaries in keeping their current doctors.

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<sup>3</sup> Medicare Advantage 2011 Data Spotlight; Kaiser Family Foundation; October, 2010.

<sup>4</sup> Low-Income & Minority Beneficiaries in Medicare Advantage Plans; 2010; American Health Insurance Plan, Center for Policy and Research; May, 2012

<sup>5</sup> Low-Income & Minority Beneficiaries in Medicare Advantage Plans; 2010; American Health Insurance Plan, Center for Policy and Research; May, 2012



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