

Medicare Part D Research

Focus on Low-Income Outreach

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American Society on Aging/National Council on Aging
Joint Conference
March 9,2007

What we heard in early 2005

- Scare tactics won't work
- Keep it simple
- This is the Medicare you've always trusted

What we heard in late 2005

- Focus on building confidence
- Focus on cost savings
- Break the decision into smaller pieces
- Use a friendly face to deliver the message
- Don't panic...there is still time to decide...and even once you decide...if your plan isn't right for you, you can change during the next enrollment period

Background for Low-Income Outreach

- Medicare Part D has a special component to assist those with low incomes to pay for their prescription drugs. But, in order to take advantage of this special component, most individuals (except those already participating in Medicaid, SSI, or a Medicare Savings Program) needed to apply to SSA for these benefits.
- Of the approximate 4-6 million Americans that were eligible to apply for this “Extra Help”, less than 25% had done so at the point we began this research.
- At the time of the research, the enrollment deadline was May 15, 2006. The deadline was later extended for people who qualified for the “Extra Help.”

Background for Low-Income Outreach

- AARP was focused on making sure that its low-income members took advantage of this “Extra Help” benefit.
- The organization wanted to understand the best way to inform members of the benefit, and move them to apply and enroll in a plan.

Objectives of Research

- To learn more about the awareness and perceptions of Medicare Part D, “Extra Help” and the process involved among individuals with low incomes
- To define the unmet needs, motives, barriers, and benefits relative to applying for the “Extra Help” benefit
- To identify the most effective channels and messages to drive low-income AARP members to successfully apply for “Extra Help”

Methodology

- In-depth, one-on-one interviews with AARP members in Baltimore, Maryland on March 29, 2006
- Group 1: Those that have not started the process of filling out an “Extra Help” application
- Group 2: Those that have begun the process of filling out an “Extra Help” application but have not completed the application or submitted it to SSA

Context for Extra Help

Increasing prescription drug costs force difficult decisions

- This low-income segment of seniors is painfully aware of the rising cost of prescription drugs—based on their experience with the increasing co-payments, and out of pocket costs.
- These increasing costs force them to make difficult decisions, or to be fearful of a time when they have to make those difficult choices.

"Then you have to decide am I going to pay my rent, am I going to buy dog food, or am I going to skimp on my medicines?"

"When you are living on a fixed income like we are, that becomes awfully important."

Confusion reigns

"I don't think there is anything more mind boggling than this (Medicare Part D) prescription drug plan."

- **Medicare**: There is so much discussion about the pros and cons of Medicare's drug prescription plan among law makers and in the media, with no apparent resolution, individuals are left confused, overwhelmed, and not knowing where to turn or what to do next.

"I just heard it as far as Congress and the government and everybody talking about it. The president signed for senior citizens to get this. I heard all that and how they could not get it together."

- **Individual insurance companies**: Individuals are being inundated with "mountains" of plan information from insurance companies, and asked to choose among thousands of plans.
- **Pharmaceuticals**: Some pharmaceutical companies are offering help to those with lower incomes.

"People are having a hard time understanding it all."

These individuals are used to being independent

- Some individuals in this segment, particularly those in their 60s and early 70s, are used to being independent. They have worked all their lives, have been financially independent, been able to support their families, and maintain their home and lifestyle.
- Now, they find themselves in unfamiliar territory — where they are living on a fixed income, and having difficulty paying the increasing taxes and utilities on their home. They do not want to be a burden on their children, but are confronted with the decision of having to sell their home, and the fear of not knowing where to go or what to do next.

“Somebody likes me who has worked since they were 14 (now 67), hates to apply for something like this. I have always been very independent. Not be able to afford is very upsetting to me.”

Motives, Decision Making Process

Motives to apply

- Need to physically survive and not have to make difficult choices
- Need to reduce prescription drug expenses
- Need to make the right decision, to feel that they are making a smart decision, need information that is truthful and that they can trust
- Need to know that their life is on the right track, that they are doing the right thing as they age
- Need to retain some of their independence
- Need to know that they have an option for the future
- Need to know that they are not being taken advantage of; reassurance that they are doing the right thing; need compassion and understanding

The decision making process is characterized by fear...

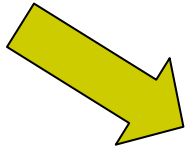
- Fear of losing what they have. Those that have medical coverage don't want to do anything that will impact their current coverage, and are concerned that by applying for Extra Help, they will risk losing their current coverage. They won't change plans until they are assured that Extra Help will be less expensive and provide the benefits they need.
- Fear of making a bad decision. Medical coverage is clearly one of the most important issues in the life of these individuals. Many view this as a life or death decision, and want to be smart and thorough in their decision making. They are fearful of the unknown—not having specific information about costs and benefits.
- Fear of sharing personal information. By sharing the personal information requested on the Extra Help application, some individuals are concerned that “the government” will review the information and make a change their monthly SSA check. Those that expressed this concern do not understand why the information is being requested and how it will be used, and are therefore reluctant to share the information.
- Fear of missing an opportunity to reduce expenses. Yet, despite these fears, they know that they need help—they know the cost of their prescription drugs is sky rocketing beyond their reach, and want to take advantage of any help that may be available to them.

...and confusion

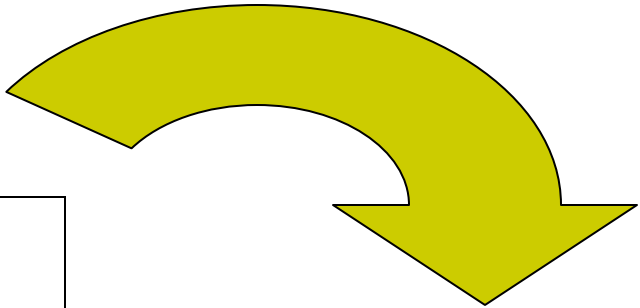
- Confused by the number of plans, by too much information and not enough. There are so many Medicare plans from which to choose, which adds confusion to a critical process. And, with Extra Help, they have more questions than information, which are causing them to hesitate.
“That program through Medicare seemed so complicated. Every time I heard it on TV or read it in the paper, it was so complicated. And when Blue Cross sent me information letting me know that they were going to help me, I didn’t fool with Medicare. I didn’t fool with it.”
- Confused by the debate. There is a belief by some, based on past experience, that the Medicare Drug Prescription plan will change in the future, particularly if few people are signing up for it, so why sign up for it now, since it will only change again in the future.
- Confused by conflicting advice. Everyone has a different opinion on whether individuals would qualify or not, or whether the plan would benefit them or not.

Decision Process

Those who have started the process

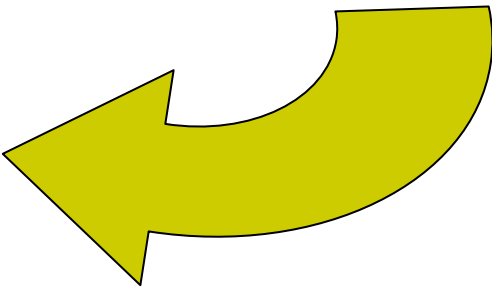
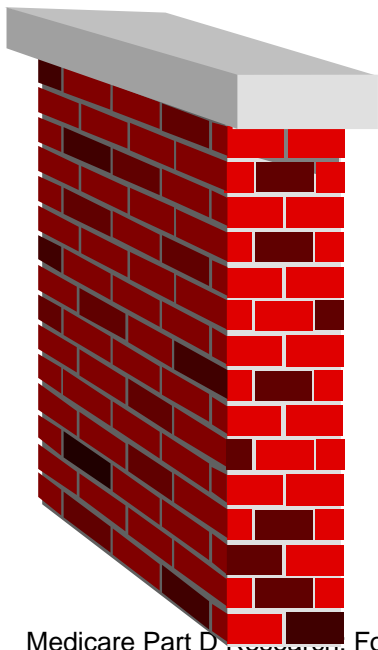


Aware;
Receive
application

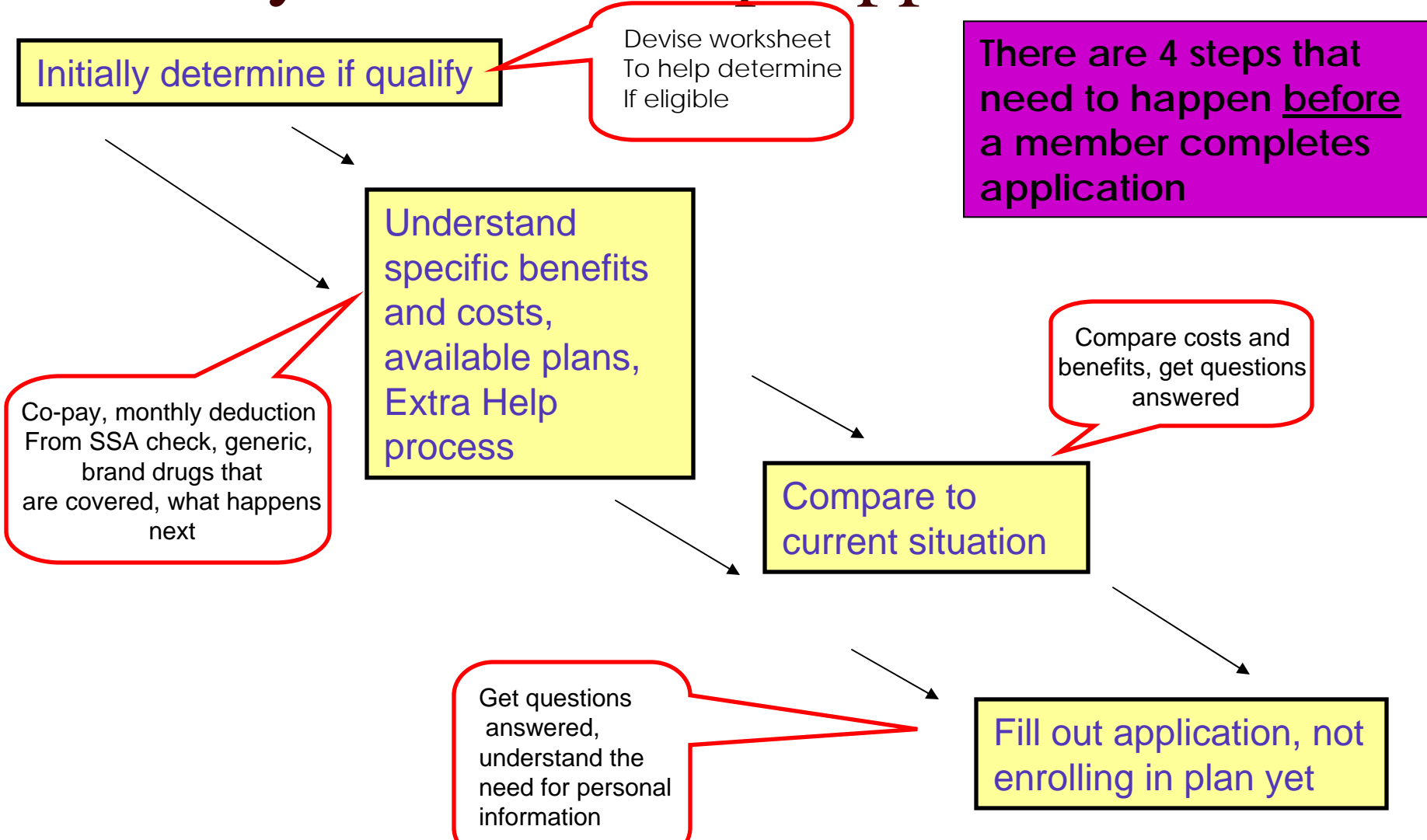


Start to
complete

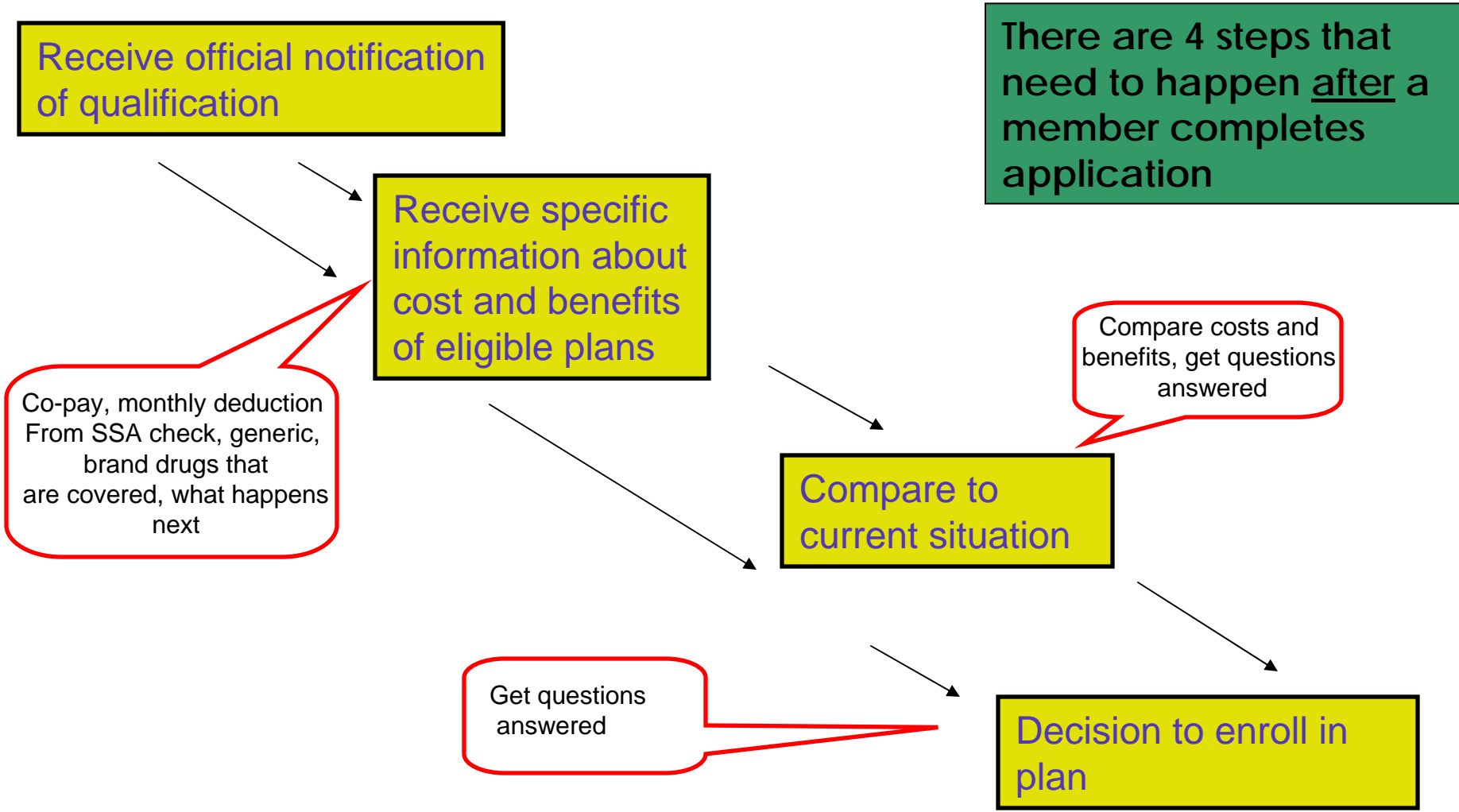
- Heard not eligible
- Don't know benefits, costs
- Too much to read
- Hassle factor of calling SSA
- Waiting for someone to review
- Fear of generics



Journey to Extra Help Application



Journey to Extra Help Enrollment



Key Findings

Key Findings

- Members approach Medicare's Prescription Drug plan with confusion and fear:
 - Members feeling unsure of the plan's future and hesitant to act.
 - The mountains of information, plans, and advice about available plans is overwhelming and paralyzing.
 - The rising cost of prescription medicine creates fear among members, who are used to being independent, that they will need to make difficult choices between life's necessities. They are also fearful of change—of losing what they have--and of making a bad decision that will negatively impact their lives.
- There is limited awareness of Medicare's Extra Help program. Those that have not started the process are not aware of the program, have not received information/application in the mail, and have not discussed the program in the community, or with friends/family.

Key Findings

- Perceptions of the program are positive, with benefits seen to outweigh the negatives.
 - The primary benefits include the reduced premiums and co-payments, which will help these members to forestall having to make choices between life's necessities.
 - The primary disadvantage is the concern about dealing with SSA, and with a government program that is subject to change.
- Members are primarily motivated to apply by their need to make smart/right decisions about their future.

Key Findings

- “Unknowns” stall the application process
- As a result, members need more specific information upfront as they decide whether it is beneficial for them to apply. The members’ decision process will also consider whether to share the level of personal information required on the application.
- While the application itself is not viewed difficult to complete, members take exception to and question the need for personal information and are concerned that sharing this information will somehow change their situation.

Key Findings

- **To break through the fear and confusion of the decision process, members need information that is:**
 - **Specific about the costs and benefits so they can make smart decisions**
 - **Simple, easy, clear to understand**
 - **Personalized (because it says they are cared for and not forgotten)**

Key Findings

- Urgency. Respondents either love or hate the approaching deadline of May 15. Respondents that have started the process find the deadline of May 15 motivating.
- Hope...help is on the way. Respondents that have not started the process find that knowing that help is available to be the most compelling. It makes them feel less helpless and provides the reassurance/hope they need to move forward.

Key Findings

- Free and Saving Money. The word “free” and the theme of saving money resonates with all respondents as their primary need is to reduce expenses.
- Personal and relevant. Members want to know they are cared for and not forgotten, so the communication must establish an emotional connection so respondents feel that it is directed to them.
- Specificity and simplicity. Members want specific information about the plan in order to make smart decisions, and want the information conveyed in simple, direct, clearly understandable way.