

F A S T Facts

How Salient Is Choice to Medicare Beneficiaries? by Marsha Gold and Natalie Justh

A key assumption behind Medicare+Choice is that beneficiaries will consider their choices of health coverage—for example, whether to buy Medigap coverage or join a health maintenance organization (HMO)—and decide which ones are best for them. Yet little is known about how many beneficiaries actively consider their choices (salience of choice), the kinds of people who do, the reasons some find choice more salient, and what this implies for helping beneficiaries consider their choices.

Salience of Choice

Only 14 percent of Medicare beneficiaries made a change in their health coverage or

seriously considered one over the period studied (see Figure 1). Well below half of these actually made changes: 1.3 percent were new Medicare beneficiaries who must choose, and 4.1 percent were switching either into or out of an HMO or between HMOs. Switching between HMOs is the most common, accounting for almost half of all switchers. Among switchers, 18 percent had no choice but to change because they were enrolled in a plan that stopped serving their area. Not surprising, choice is more likely to be considered when beneficiaries live in a county where Medicare+Choice options exist (see Figure 2).

Poor health, socioeconomic vulnerability, qualifying for Medicare under age 65

because of a disability, and having no supplemental coverage increase the likelihood that a beneficiary will consider choice (a major exception is those age 85 and older). However, beneficiaries for whom choice is more salient do not necessarily switch more. Actual change depends on whether they perceive other choices to be better and affordable and whether they are willing to risk the instability inherent in change.

Reasons for Low Salience

Two reasons seem to account for the relatively low share of beneficiaries who made a change or considered one in 2000, even in counties where Medicare+Choice is available (see Table 1).

Figure 1

Share of Beneficiaries for Whom Choice Was Salient, 2000

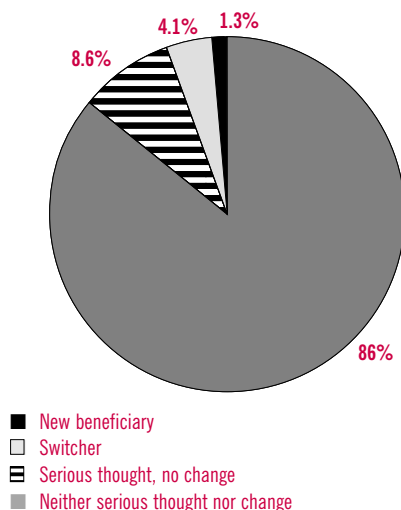
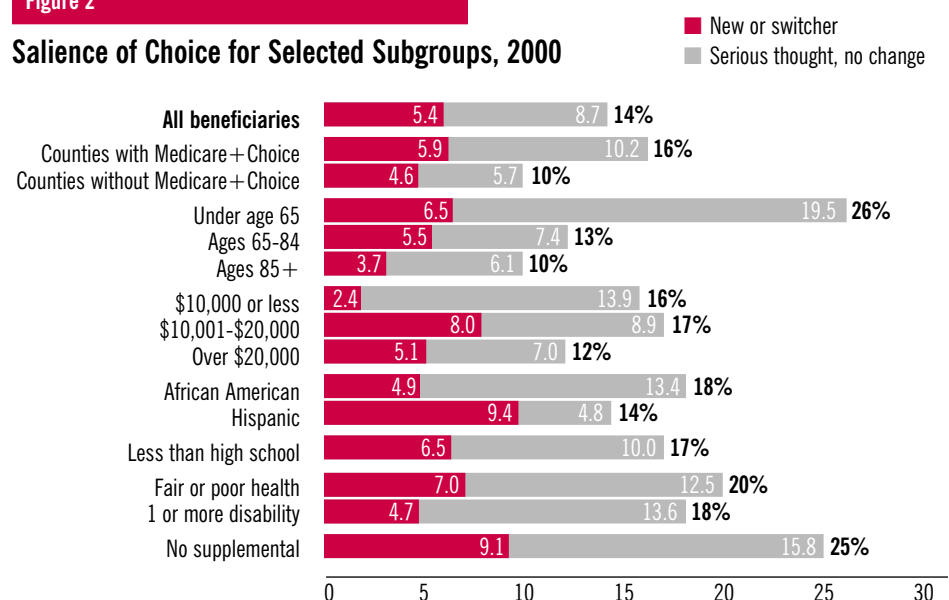


Figure 2

Salience of Choice for Selected Subgroups, 2000



Source: MPR Survey of Medicare Beneficiaries, 2000
Note: Numbers at end of the bar reflect rounding.

Source: MPR Survey of Medicare Beneficiaries, 2000

Table 1

Reason for Not Giving Serious Thought to Options, Beneficiaries in Counties with Medicare + Choice by Supplemental Insurance Coverage, 2000

	All	Supplemental Coverage		
		Employer	Other	None
Like what I have	65 %	78 %	61 %	40 %
Can only afford what I have	7	1	9	18
Don't need insurance	7	9	6	6
Too confusing, not aware of options, or had no information	5	0	9	7
Dislike/distrust HMOs	5	6	5	1
Never sick	4	5	2	12
Just didn't think about it, was too busy, or too sick	2	1	2	10
Other	5	1	7	7

Source: MPR Survey of Medicare Beneficiaries, 2000

First, most (65 percent) beneficiaries in counties where Medicare + Choice is offered are relatively happy with their current coverage. Among those with employer group coverage (about one-third of all beneficiaries), 78 percent said they liked what they have, and another 9 percent said they don't need other insurance. In contrast, only 40 percent of those with no supplemental coverage liked what they have. Of this group without supplemental coverage, 17 percent did not actively consider choice because they found it too confusing, were not aware of options or information about them, just did not think about it, or were too busy to do so.

Second, most beneficiaries do not think about their coverage annually, if at all. When asked the last time they thought seriously about their choices, 44 percent said they never did, and another 14 percent last thought of it when they first became eligible for Medicare. Serious consideration of choices does not even occur for many beneficiaries when they actually have to make a change. Only 30 percent of new beneficiaries and 52 percent of those forced to switch because of plan withdrawal thought very or somewhat seriously about their choices.

What Makes Choice Salient

Forty-nine percent of beneficiaries who switched plans say they did so because of benefits or costs (e.g., reaching a benefit limit, high out-of-pocket costs, high premiums, desire for prescription drug coverage). Twenty-three percent said they were forced to switch because of plan withdrawal or they moved, and the rest gave one of a variety of reasons or didn't know. Beneficiaries who are more dissatisfied with their current coverage are more likely to consider changing, and those who consider changing but do not are least satisfied with their current coverage.

What Beneficiaries Want

Most important to beneficiaries is having coverage that guarantees that if they are sick they can get health care (see Figure 3).

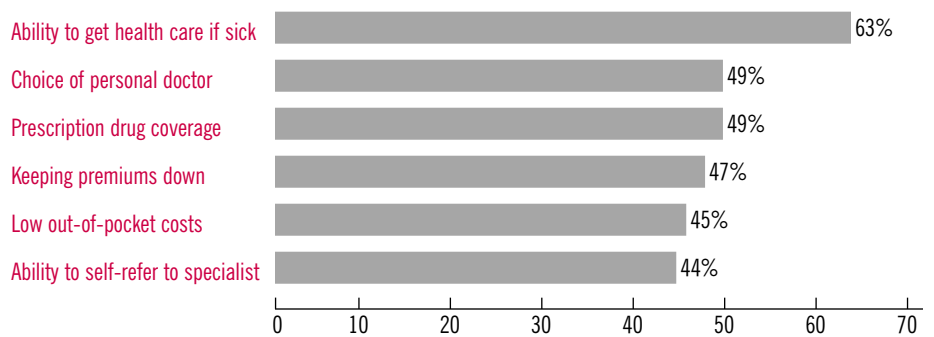
In addition, beneficiaries want their choice of doctor, prescription drug coverage, and to keep costs down. With 30 percent of beneficiaries reporting more worry over their ability to pay bills in 2000 than in 1999, choice may become salient to more people. The proportion reporting increased worry over costs is greatest for those who are in fair or poor health (46 percent), who are Hispanic (44 percent), have a functional limitation (41 percent), or have incomes under \$10,000 per year (39 percent).

Related MPR work has found limitations in targeting information to these subgroups. As choice becomes more salient, it is important to address these limitations. But beneficiaries also need to have easy-to-understand options that address their most important concerns.

About the MPR Survey and Data Definitions The data presented are from a national survey of Medicare beneficiaries age 18 and older receiving Part A and Part B benefits on December 28, 1999. It was conducted by MPR by telephone between March and June 2000. There were 6,620 respondents, representing a 64 percent response rate. Survey data are weighted to provide generalizable national estimates. The salience of choice was studied between September 15, 1999, and the date of the survey. Choice is considered to be salient when beneficiaries actually made a new selection or when they say they have seriously considered a change since September 15, 1999, and characterize this consideration as very or somewhat serious, even though no change ultimately was made.

Figure 3

Percent Saying This Would Be "Extremely Important" If They Were Choosing a Plan Today, 2000



Source: MPR Survey of Medicare Beneficiaries, 2000