

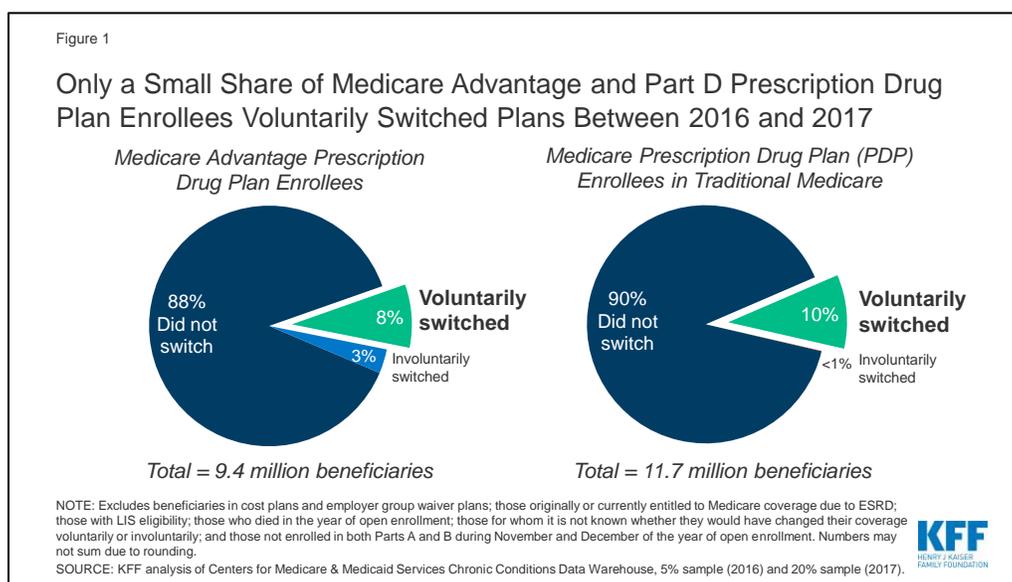
# No Itch to Switch: Few Medicare Beneficiaries Switch Plans During the Open Enrollment Period

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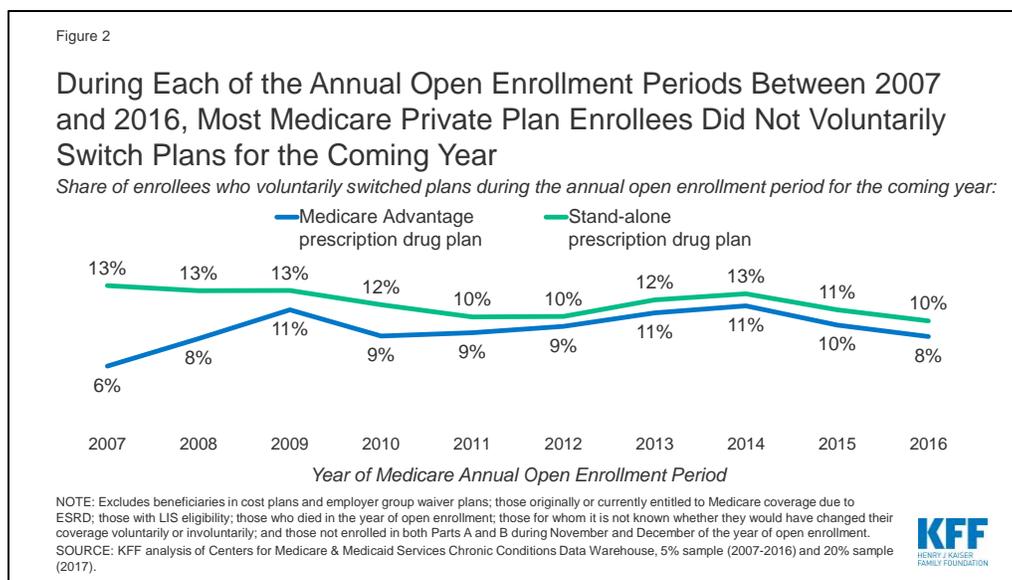
Each year, Medicare beneficiaries in private Medicare Advantage plans and Part D stand-alone prescription drug plans (PDPs) have the opportunity to change plans during the annual open enrollment period (October 15 to December 7). Medicare's private plans vary significantly from each other and can change from one year to the next, which can have a significant impact on enrollees' coverage and costs. The Centers for Medicaid & Medicare Services (CMS) [encourages](#) beneficiaries to shop for Medicare Advantage and prescription drug plans to potentially save money on prescriptions or get new benefits.

Understanding how Medicare private plan markets are working is increasingly important for both beneficiaries and the Medicare program overall. Many presidential candidates and policymakers have proposed establishing a public program, modeled on Medicare, to expand coverage, while others want to expand the role of private plans within Medicare itself. To inform these discussions, this analysis examines the share of people enrolled in Medicare Advantage prescription drug plans (MA-PDs) and PDPs who switched plans for the following year during the open enrollment periods between 2007 and 2016, the most current year available for analysis of Medicare private plan switching rates. This analysis excludes enrollees with low-income subsidies; more detailed methods are described below.

- Overall, a small share of MA-PD and PDP enrollees without low-income subsidies (8% and 10%, respectively) voluntarily switched to another plan during the 2016 annual open enrollment period for the 2017 plan year (Figure 1).



- Among 9.4 million MA-PD enrollees without low-income subsidies, 7.6 percent (710,000 beneficiaries) voluntarily switched to another MA-PD during the 2016 open enrollment period for 2017, and another 0.9 percent (90,000 beneficiaries) switched from an MA-PD to traditional Medicare (with a PDP). Among 11.7 million PDP enrollees without low-income subsidies, 8.3 percent (980,000 beneficiaries) switched to another PDP and another 1.7 percent (200,000 beneficiaries) switched to an MA-PD during the 2016 open enrollment period for 2017. (A very small share of Part D enrollees switch to MA-only plans or traditional Medicare without Part D coverage; they are excluded from this analysis.)
- A substantial majority of Medicare private plan enrollees have not voluntarily switched plans in any given year over the time period of this analysis. During the open enrollment periods between 2007 and 2016, the share of enrollees without low-income subsidies voluntarily switching plans for the coming year ranged between 6 and 11 percent for people in Medicare Advantage drug plans, and between 10 and 13 percent among those in stand-alone drug plans (Figure 2).



- Some share of people who did not switch in any given year are beneficiaries who were enrolled in plans that exited the market and were “crosswalked” (i.e., automatically enrolled) by their plan sponsor into a new plan the following year. This means their plan is different from the previous year, but they did not voluntarily choose a new plan. For the 2017 plan year (corresponding to the 2016 open enrollment period), this comprised roughly 8 percent of MA-PD enrollees and 3 percent of PDP enrollees. Another small share of enrollees involuntarily switched MA-PDs (3%) or PDPs (<1%) because their plan exited the market for 2017 and they were not automatically crosswalked into a new plan.
- Based on our analysis of the Medicare Current Beneficiary Survey, in 2017, more than one in three (35%) Medicare beneficiaries living in the community said it is very or somewhat difficult to compare Medicare options, and this share increased among beneficiaries in fair or poor self-reported health (44%) and with five or more chronic conditions (40%).

- In 2017, nearly half (45%) of people on Medicare living in the community said they rarely or never review or compare their Medicare options; the share was substantially higher among beneficiaries ages 85 and older (57%).

## Discussion

With an average of [28 Medicare Advantage plans](#) and [28 stand-alone Part D plans](#) available to beneficiaries in 2020, beneficiaries have dozens of plan options from which to choose. Relatively low rates of plan switching during the open enrollment period could indicate that beneficiaries are generally satisfied with their current plan and therefore have little motivation to compare and switch plans, or they may be actively choosing to remain in their plan after comparing other available options.

But, low switching rates could also indicate that many beneficiaries [find the process of comparing plans too challenging](#), are unaware of the open enrollment period, or have limited confidence in their ability to choose a better plan. Both Medicare Advantage and stand-alone drug plans can vary significantly in terms of premiums, deductibles, cost sharing, provider and/or pharmacy networks, and drugs covered, among other plan features. Comparing all of these factors simultaneously is the best way to maximize value and lower costs, but it is also time consuming and challenging, especially for beneficiaries with cognitive impairments or serious health needs.

Our finding that a majority of MA-PD and PDP enrollees stay in the same plan during the annual open enrollment period may not be a concern, but it raises a question as to whether “stickiness” leads to avoidable costs, or unrealized benefits, for a large share of the Medicare population. The finding that nearly half of all Medicare beneficiaries say they never or rarely compare plans suggests that many beneficiaries may be unaware of important differences across plans that could have a significant impact on their coverage, costs, and, in the case of Medicare Advantage plans, access to certain providers. This is not surprising given the sheer number of Medicare private plans now available and the many ways in which they differ. Given that some presidential candidates and policymakers are discussing proposals to build on Medicare and the marketplace model or to broaden the role of private plans in Medicare, understanding the barriers that people on Medicare experience will continue to be important for policy discussions.

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## Methods

This analysis examines the share of people enrolled in Medicare Advantage plans with prescription drug coverage (MA-PDs) and those in Part D stand-alone prescription drug plans (PDPs) who switched plans during the Medicare annual open enrollment period (October 15-December 7) from 2007 to 2016. The analysis is based on a five percent sample of beneficiaries for 2007 to 2016 and a twenty percent sample for 2017 from the Master Beneficiary Summary File of the Centers for Medicare & Medicaid Services (CMS) Chronic Conditions Data Warehouse. We estimate the share of enrollees who switched plans voluntarily and involuntarily and who did not switch plans between December of year 1 (for example, 2016) and January of year 2 (for example, 2017). An involuntary switch is considered to be an enrollee whose plan exits the market, who is not crosswalked into a different plan, and who has to sign up for a different plan. For this analysis, an enrollee whose plan exits the market but who is crosswalked into a different plan is counted in the “did not switch” category since this beneficiary did not take voluntary action to switch plans.

This analysis focuses only on enrollees who switch plans during the annual Medicare open enrollment period for the coming plan year and is therefore not directly comparable to some of our prior analyses examining switching rates that occurred over the course of the year, not limited to the annual open enrollment period. People on Medicare have other opportunities outside of the annual open enrollment period to change their plan or coverage. Examining switching rates during the open enrollment period produces somewhat lower estimates of the rate of switching than looking over the entire calendar year.

The analysis of switching rates excludes: (1) people with end-stage renal disease (ESRD) because they were generally not allowed to enroll in Medicare Advantage plans; (2) people in plans sponsored by unions or former employers because they typically cannot switch plans and maintain their retiree health benefits; (3) people who died in the year of the open enrollment period; (4) beneficiaries who switched into traditional Medicare without Part D or a Medicare Advantage plan that does not offer the Part D drug benefit (MA-only plans); (5) beneficiaries not enrolled in both Medicare Parts A and B as of November in the year of open enrollment; and (6) low-income subsidy enrollees, who face different enrollment decisions than non-LIS enrollees due to having a more limited set of PDP choices (i.e., premium-free “benchmark” plans) in order to avoid paying a premium, and because many in PDPs are auto-assigned to new plans every year by CMS; they were excluded from Medicare Advantage plans to conform with the PDP analysis.

Additionally, we conducted an analysis of the CMS Medicare Current Beneficiary Survey (MCBS) 2017 Survey File in order to address: 1) how easy or difficult it is for Medicare beneficiaries to review and compare Medicare options; and 2) how often do Medicare beneficiaries review or compare Medicare options. The MCBS analysis excludes Medicare beneficiaries who lived in long-term care facilities at any point during 2017.