

+ SENIOR MARKET INTELLIGENCE SERVICE

Age-In Study 2011



Deft Research: Managed Care Market Research

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- Deft Provides
 - Custom Research
 - Syndicated Research
 - Customer Data Analysis

Partners

- **Nielsen-Claritas**
Prizm® Lifestyle Segmentation System
- **Market Solutions Group**
 - Project management
 - Telephone and internet research
 - Focus Groups
 - One-on-one interviews



Deft Research: Managed Care Market Research

Our Clients

Since 2006, Deft Research has grown to become a leading market research provider for the health insurance industry. We are highly regarded as a valued resource providing reliable, timely, and actionable consumer insights to our clients*.

Regional/ National plans: 13

Local/ State plans: 42

Agency/ Manufacturer: 6

* Complete client list available upon request.

Senior Market Intelligence Service

Benefit Design & Market Dynamics Study, 2006-2011
National Senior Loyalty Study, 2006-2011
The Age-in Study, 2007-2011

Health Insurance Under 65 Series

Health Insurance Design, 2011
Shopping Pathways & the Internet, 2011
Small Business Managers' Outlook, 2011

Custom Healthcare Consumer Research

Shopping Behavior and Pathways
Consideration Sets – Competitive Assessment
Brand Awareness, Impression, Loyalty
Market Segmentation
Media Recall
Concept Testing
Conjoint: Product Preferences and Attribute Value
Price and Cost Sensitivity
Hispanic Preferences and Attitudes
Disenrollment
Drug Coverage Importance

Research Dates

June 20-29, 2011

Study Population

- Those who are potential customers in the individual market for Medicare related plans, including those who expect to be dual-eligible.
- Persons aged 63 and 64 years old who, at age 65, do not expect to receive health benefits from an employer/union group retiree program, or from a military program.
- A smaller sub-set of age 65-67 year olds was also included who, at age 65, are still working and not enrolled in Medicare. When they retire they do not expect to receive health benefits from an employer/union group retiree program.

Sampling Frame

- Sample was obtained jointly from Survey Sampling International and e-Rewards.
- More information about SSI can be found at surveysampling.com
- More information about e-Rewards can be found at www.erewards.com

Sample Size

- 3604 completed surveys
 - 3169 63-64 year olds
 - 435 65-67 year olds



Picture of Retirement



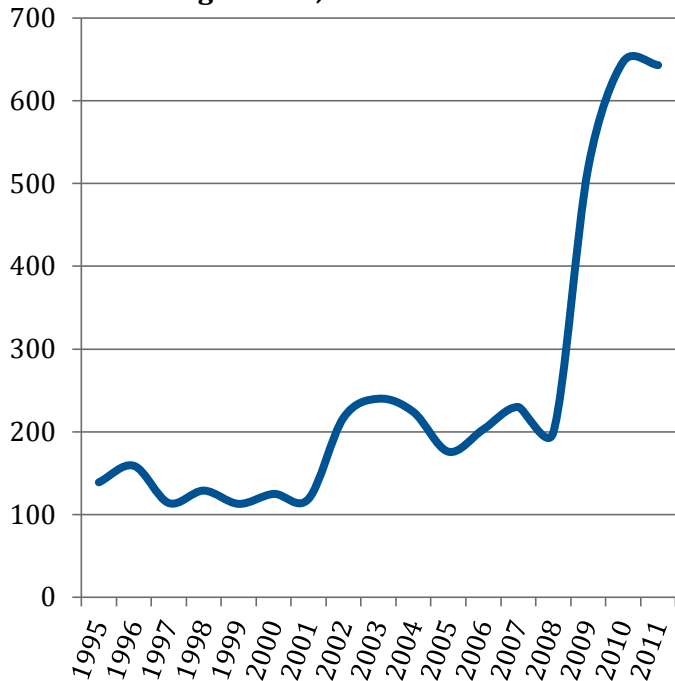
Picture of Retirement

- Percentages of Age-ins expecting to be retired at 65.
- Percentages of Age-ins expecting to be in various types of insurance products at 65 (original Medicare, Medicare + PDP, Private, additional coverage beyond original Medicare)
- Percentages of Age-ins retired (from before 61 to those expecting to work past 70.)
- Correlation between unemployment for 60-65 year olds and the age they began taking SSI.
- How health status is affected by age of retirement and income generating assets at retirement.
- Perceptions of age-ins regarding the adequacy of their retirement savings.



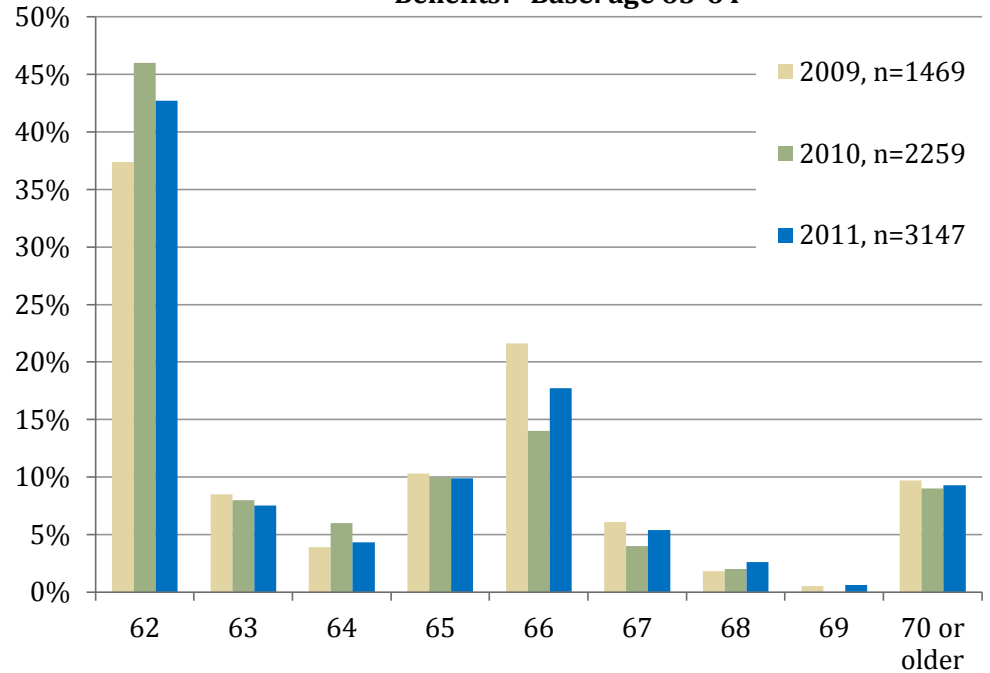
Some seniors have managed to put off early Social Security enrollment. Joblessness remains very high for 63-64 year olds and contributes to early retirement rates. Most seniors are already retired and have enrolled in Social Security long before they become eligible for Medicare.

**National Unemployment
Age 60-64, in thousands**



Source: US Dept. of Labor, May 1995 - May 2011

**Age and Social Security
"At which age do you plan to (or did start) taking Social Security
Benefits?" Base: age 63-64**





Product Preferences



Product Preferences

- Conjoint Analysis and percentages of Age-in's Medicare design preference (\$0 MAPD, \$50 MAPD, \$140 MAPD, Plan "N" \$110, and Plan "F" \$200.)
- Product preference analysis of those options through the 24 months prior to the 65th birthday.
- Preference percentages of various designs by both income and early/ late retirement.
- The impact of STAR ratings increasing from 3.5 to 4.5 for a \$0 MAPD versus other plan designs.
- The impact of STAR ratings increasing from 3.5 to 4.5 for \$50 MAPD versus other plan designs
- The impact of STAR ratings increasing from 3.5 to 4.5 for \$140 MAPD versus other plan designs
- The increase in share of preference when medical management is added to overall service (health system navigation, LTC assistance, help with paperwork, assistance with specialists, etc)
- Willingness to accept cost sharing—age-ins versus 65-67 year olds as it relates to income and early/ late retirement.



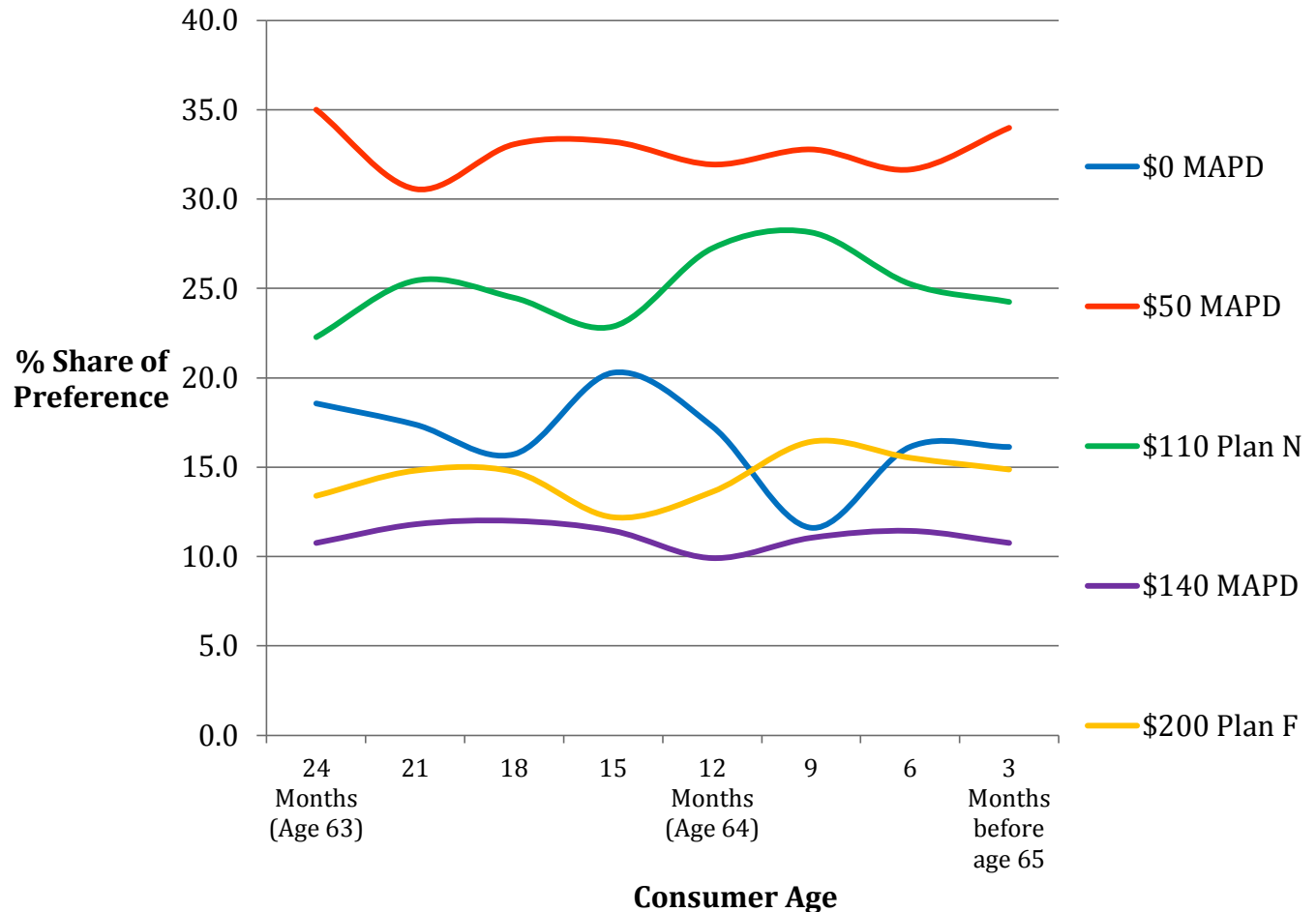
Preferences for insurance products remain stable as consumers approach their 65th birthday

Implications

Consumer preference for types of health plans may not be swayed by promotions and marketing. This is probably because preferences reflect the stable needs of market segments.

This suggests stable market segments, too. If so, market segmentation strategies are necessary for insurers to maximize overall market share.

Note that this chart is not longitudinal, but rather a cross section of consumer preferences among respondents closing in on eligibility.





Trends and Characteristics of Age-in Health Consumerism



Age-in Health Consumerism

- Likelihood that Age-ins will opt to obtain coverage at 65 from their current insurer.
- Likelihood that Age-ins will shop multiple competing Medicare plans prior to 65.
- Five year trend in the relative levels of consumerism with age-ins. Are they more savvy than their parents?
- Four year trend for Age-in awareness of Medicare options from current insurance carrier.
- 24 month-by-month timeline of when Age-ins are most likely to shop.
- 24 month-by-month timeline of when Age-ins are most likely to shop via channel (mail, internet, agent/ broker, insurance representative, spouse)
- Shopping channels used and which one is noted as “first one pursued” and the percentages that go to a 2nd, 3rd, etc channel option.



Age-in Health Consumerism (Cont'd)

- Analysis of all 5 channels based on the percentages who shopped each channel first and then what did they do second through enrollment.
- How various internet chopping features either added to age-ins on-line experiences or detracted from them.
- Comparison of websites: Medicare, independent agent, insurance company, and independent health insurance site across 12 different potential site features.
- Which internet channels pose the greatest risk of confusion in which areas?
- Which national retail pharmacies are Age-ins most likely to visit should an insurer rent space there (CVS, Walgreens, Target, Wal-Mart) by region
- Effect of “Convenience”, “Certified”, and “Independent” as marketing promises to lure age-ins into retail locations to shop for health insurance.



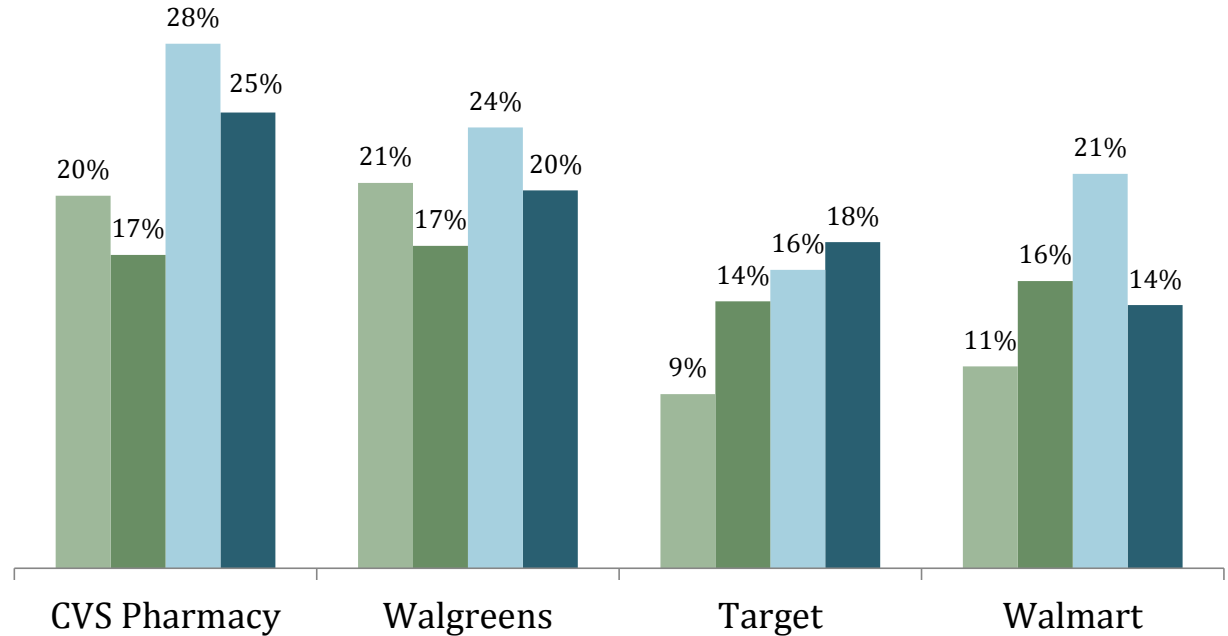
Preference for health insurance offices inside retail stores.

Base: Age 63-64 (Respondents were randomly asked about just one of these locations)

“Health insurer’s office . . . where the insurer’s staff could be visited either by walking in or making an appointment”

■ Northeast ■ South ■ Midwest ■ West

CVS, Target, and Walmart have regional strengths. Walgreens’ stores are evenly appealing across regions.





Estimating Trends and Characteristics of
**Consumers Over 65 Who Have Not
Enrolled In Medicare Yet**



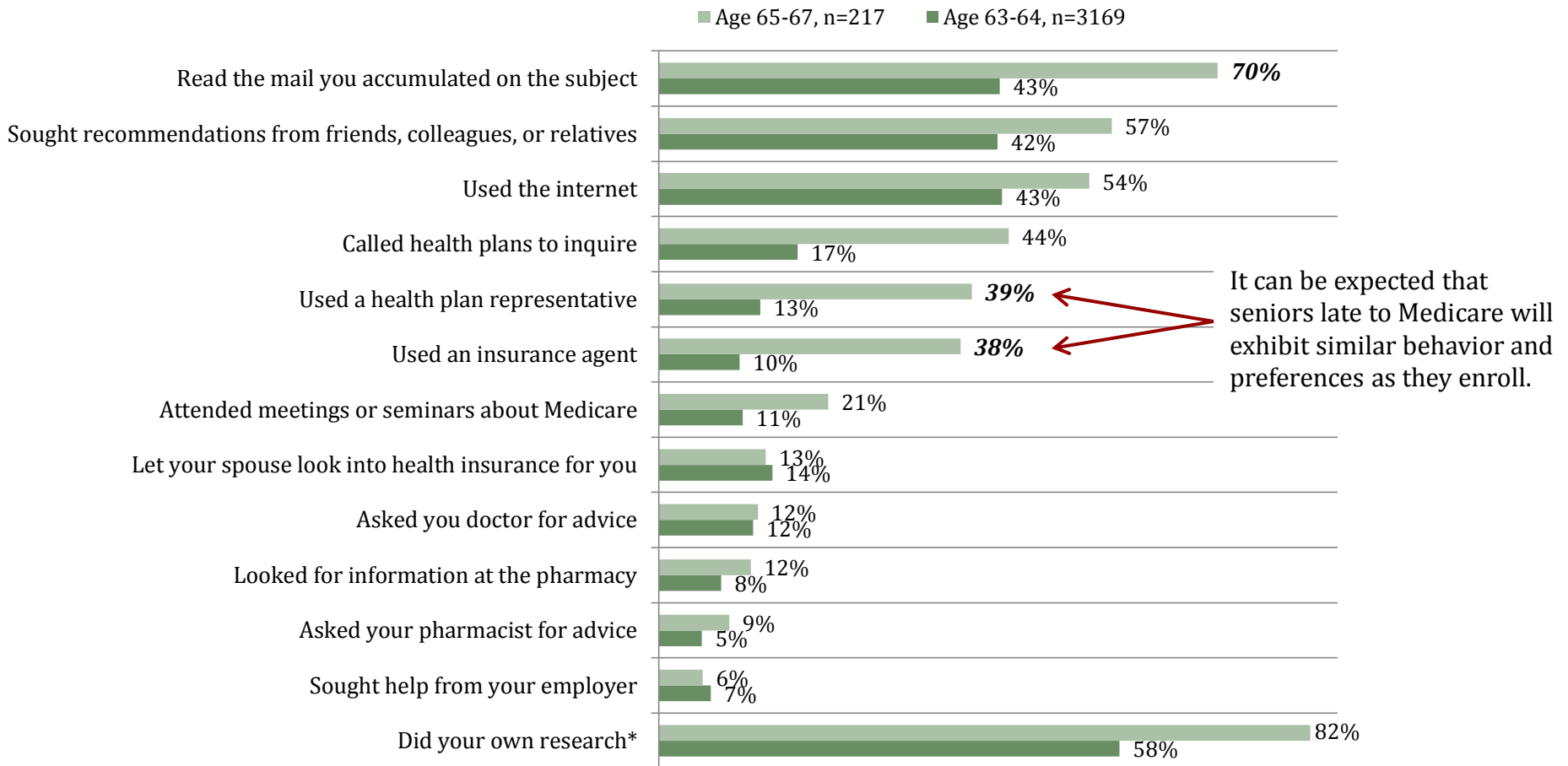
Late to enroll Medicare Eligibles

- Comparisons of “Late-to-Medicare”, Age-ins, and Duals with regard to education status, marriage rates, and incomes.
- Analysis of income generating assets of Age-ins versus “Late-to-Medicare.”
- Description of health status between “Late-to-Medicare” and Age-ins.
- Analysis of marketing channels “Late-to-Medicare” members will pursue as compared to those of Age-ins.
- What areas of shopping and enrollment do “Late-to-Medicare” members see as the riskiest? How does that differ versus Age-ins?
- Will “Late-to-Medicare” members prefer agents more so than Age-ins?
- How do “Late-to-Medicare” and Age-ins compare as it relates to reading mail from insurers?
- What does the enrollment history of “Late-to-Medicare” members teach us about what they will do in the future?



“When shopping for Medicare related health insurance, which of the following have you done?”

Medicare enrollees are generally more active shoppers than age-ins. They prefer shopping through agents and health plan representatives.



*Did own research is excluded from the top five initial activities because it can fall under the categories of using the internet, reading mail, and calling health plans, etc.



Deft Research provides focused, applicable information to health product and marketing teams for more confident and productive project implementations.

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Deft's Senior Market Intelligence Service fits your work flow to assure your team is on top of Medicare market opportunities.



Executive Research Briefs quickly present the most meaningful and actionable ideas from each study.



Three Detailed Reports analyze and model health consumer behavior so you can better predict the market's reaction to your product offers.



Guided Discussions presented through teleconference are an option many clients choose to make sure the most is gained from the research.



On-going Assistance. Need help with interpretation? Got an idea for further analysis? We stay with you until the job is done.

Deft Research provides focused, applicable information to product developers and marketing teams for more confident and productive project implementations.

DEFT RESEARCH KEY FINDINGS

Good research separates relevant, objective facts from interpretations or conclusions. This lets your team use the research for their own discovery.

DEFT RESEARCH IMPLICATIONS

"What does this mean?"
Implications are conclusions plus meaning. Our experience adding value for you.

DEFT RESEARCH ACTION

Ideas that might have been counter-intuitive or never realized before you got Deft's Senior Market Intelligence Service.



Deft Research's 2010 National Senior Loyalty Study found that members in a \$0 MAPD plan have a higher tolerance for primary care visit copay increases than do members in a MAPD plan who pay a premium.



Focused, applicable information
for confident implementations.

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+ SENIOR MARKET INTELLIGENCE SERVICE

+ ANNUAL SERVICE (beginning at any time):

- National Senior Loyalty Study - October
 - Benefit Design & Market Dynamics Study - February
 - Age-in Study - June
 - 3 Complete Reports (*beginning with whichever you choose*)
 - 3 Optional Tele-presentations
 - 12 Executive Research Briefs
 - On-Going Support and Assistance
 - One on-site presentation for clients purchasing multiple studies
- Future studies' content will be determined through consultation with clients.*

ANNUAL SERVICE DELIVERABLES:

- Deft Senior Market Intelligence Service — Annual: \$12,500.
We may also be able to provide a service area snapshot of the research. (Depends on sample size. Additional fees may apply.)

+ INDIVIDUAL STUDIES:

- 2010 Age-in Study: \$3,900
- 2010 National Senior Loyalty Study: \$3,900
- 2011 Benefit Design & Market Dynamics Study: \$4,500 (February 2011)
- 2011 Age-in Study: \$4,500 (July 2011)
- 2011 National Senior Loyalty Study: \$4,500 (November 2011)
- 2012 Benefit Design and Market Dynamics Study \$4,500 (February, 2012)



Executive Research Briefs



Detailed Reports



Guided Discussions



On-Going Assistance

PACKAGES — Any two studies (CHECK TWO ABOVE): \$7,500 (Current and Past) \$8,100 (Current and Future)

+ DEFT SENIOR MARKET INTELLIGENCE SERVICE:

- We guarantee your satisfaction. If you can't use the study, you can have your money back if you ask for it within one month of purchase.
- We will deliver a data and graphic rich set of analytical information, key findings, and conclusions.
All deliverables will be electronic for your convenience and re-use.
- Clients are eligible for special request data analyses. Deft reserves the right to limit the scope of additional analyses to that appropriate for the fees paid.
- All studies demonstrate possible custom local service area research. Clients may add service area respondents for custom research based on these Deft Senior Market Intelligence Service studies.

Please signify your intention to purchase with your signature below. Then fax to **612/436-8320**.

We would like to purchase the Deft Senior Market Intelligence Service as indicated above. Please invoice us for the fee indicated above.

NAME: _____ DATE: _____

TITLE: _____ TELEPHONE: _____

COMPANY: _____ EMAIL: _____

Thank You!