AHIP National Medigap Satisfaction Survey

Summary of Findings

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Introduction

AHIP commissioned American Viewpoint, Inc., to conduct a national survey of Medicare supplement (Medigap) policyholders. As in past years, the survey asked enrollees about their satisfaction and experience with their coverage. In addition, the interview included questions about potential changes to Medicare and Medigap.

In all, 500 telephone interviews were conducted with Medicare enrollees who have self-purchased Medigap plans (self-reported). Interviews were conducted between May 2 and 6, 2012. The sample was drawn from a targeted national Survey Sampling database of those age 65 and older and respondents were randomly selected. All surveys are subject to errors caused by interviewing a sample of persons rather than the entire population. The margin of error for n=500 is ±4.4% at a 95% confidence level.

Executive Summary and Conclusions

Overall, Medigap enrollees continue to be highly satisfied with their Medigap plan (90%) as well as the Medicare program (92%). Among all respondents, the main reasons for having Medigap coverage are financial needs alone (34%), both financial and health needs (33%) and health needs alone (13%). Clearly, Medigap remains an important coverage option to Medicare beneficiaries. What follows is an executive summary of other key findings and conclusions.

- **Satisfaction with Medicare.** Nearly all respondents are satisfied with the Medicare program (92%). Satisfaction is comparable to 2009 levels (91%) and slightly higher than it was in 2005 (87%).

- **Satisfaction with Medigap.** In all, 90% of Medigap policyholders are satisfied with their Medigap coverage and the intensity of satisfaction with Medigap is even higher (63% very satisfied) than for Medicare (59% very satisfied). Overall satisfaction with Medigap coverage is also comparable to levels found in 2009 (88%) and 2005 (90%).

- **Value of Medigap.** The vast majority of enrollees (79%) say their Medigap policy provides an excellent or good value for the money (47% good value, 32% excellent value). Again, this finding is very consistent with prior research. In 2009, 77% said Medigap is an excellent (34%) or good (43%) value. In 2005, 80% said the coverage represents an excellent (32%) or good (48%) value. Medigap coverage represents comparable value regardless of income.

- **Popular Medigap Features.** Policyholders like a range of features offered by their Medigap coverage including: (a) limiting out-of-pocket costs (19%), (b) financial security and peace of mind at an affordable price (18%), (c) making it easier to deal with medical bills and paperwork (15%), (d) that they will never lose coverage if premiums are paid (11%), and (e) allows them to budget for unexpected medical costs (4%). Indeed, a plurality of enrollees (23%) like all of the above features.

- **Popular Medigap Benefits.** In a similar vein, enrollees value a variety of the specific benefits provided by their Medigap coverage. In particular, respondents indicated that they value that Medigap allows them to see the doctor of their choice (29%) and that it covers hospital expenses (17%) and physician costs (11%) not covered by Medicare. Many (25%) say they value all of the benefits tested.
• **Likelihood to Recommend Medigap.** More than nine out of ten (91%) would recommend Medigap coverage to a friend or relative when they turn 65 and enroll in Medicare. This is higher than scores reported in either 2009 (87%) or 2005 (84%).

• **Enrollment in Medigap.** In all, 49% have maintained the same coverage for the past five years, 20% purchased coverage for the first time, 12% switched from one self-purchased Medigap plan to another and 10% switched from some other type of coverage to a self-purchased Medigap plan.

• **Concerns about Medical Expenses.** Slightly more than half (52%) indicate they are not very or not at all concerned about out-of-pocket expenses when deciding to go to the doctor or hospital. Another 47% are very (25%) or somewhat concerned (22%).

• **Changes to Medigap.** Out-of-pocket costs and the loss of financial security and peace of mind top the list of concerns Medigap enrollees would have if Medigap insurance was no longer available to them.

  Also, fewer than two in ten (19%) would be willing to pay higher deductibles or other out-of-pocket expenses in order to reduce the monthly premiums they pay for their Medigap policy. The number of policyholders saying they are willing to do so is similar to 2009 (16%) and 2005 (22%).

  Enrollees are more concerned about the possible elimination of Medigap as a coverage option (40%) than they are about annual increases of $100 or more in out-of-pocket costs relating to either physician (17%) or hospital expenses (11%). A substantial number say they are concerned about all of these potential changes (18%).

• **A majority of enrollees (51%) would be less likely to maintain their Medigap coverage if a tax surcharge goes into effect.**
Satisfaction with Medicare

As we have seen in past surveys, nearly all respondents are satisfied with the Medicare program (92%) and more than half (59%) are very satisfied. Satisfaction is high across major subgroups. Regionally, satisfaction is highest in the South (94%) and Midwest (93%) and only somewhat lower in the West (89%) and East (87%).

How satisfied are you with the Medicare program?

Men (91%) and women (92%) are equally satisfied. By age, those age 75-79 (95%) and 80 or older (93%) express the highest overall satisfaction – as well as the most intensity (61% and 66% very satisfied, respectively). However, younger enrollees are also highly satisfied. Among those age 65-69, 89% are satisfied overall and 52% are very satisfied. Among enrollees age 70-74, 90% are satisfied overall and 58% are very satisfied.

Satisfaction is high regardless of health status. Although those in fair or poor health express marginally higher overall satisfaction (94%) than those in good (93%) or excellent (87%) health, respondents who are in excellent or good health have higher “very” satisfied scores (62% and 61%, respectively, as compared with 51% among those in fair/poor health).

Widowed respondents have slightly higher satisfaction levels (94%/61% very) than married respondents (90%/57%).
Satisfaction with Medigap Coverage

Satisfaction also remains high with Medigap coverage. In all, 90% of Medigap policyholders are satisfied with their Medigap coverage (63% very satisfied). The intensity of satisfaction with Medigap is even higher than for Medicare (59% very satisfied). Overall Satisfaction is comparable to 2009 and 2005 levels.

Still thinking about your Medigap supplemental insurance plan... How satisfied are you with your Medigap coverage?

Both men (87%) and women (93%) are highly satisfied with their Medigap coverage. Majorities in all regions are very satisfied (East – 89% overall/61% very; South – 89%/59%; Midwest – 93%/70% and West – 90%/61%).

High satisfaction levels are apparent across all major subgroups. By age, those 80 and older express the highest satisfaction intensity (92% overall/71% very satisfied); those age 70-74 have the highest overall satisfaction (94%/59%) and the other age cohorts are also highly satisfied (age 75-79: 88%/64%; age 65-69: 86%/57%). Satisfaction is high regardless of health status or income.
Perceived Value of Medigap Coverage

Most enrollees (79%) say that Medigap represents an excellent or good value. Again, this finding is very consistent with prior research. In 2009, 77% said Medigap is an excellent (34%) or good (43%) value. In 2005, 80% said the coverage represents an excellent (32%) or good (48%) value.

Thinking about the monthly premiums you pay just for your Medigap supplemental policy and the services that are covered, how good a value is your Medigap policy?

Majorities in all subgroups say that Medigap is either an excellent or good value. Younger enrollees age 65-69 are the most likely to say Medigap is an excellent value (41%/81% overall) followed by those age 70-74 (31%/77%), 80 and older (29%/76%) and 75-79 (27%/82%).

Medigap coverage represents comparable value regardless of income.
Like Most about Coverage

Respondents like a range of features offered by their Medigap coverage.

What do you like most about your Medigap supplemental insurance?

- **It limits out-of-pocket costs for health care**: 19%
- **It provides financial security and peace of mind at an affordable price**: 18%
- **It makes it easier to deal with medical bills and paperwork**: 15%
- **You will never lose your coverage as long as you pay the premiums**: 11%
- **It allows you to budget for unpredictable medical costs**: 4%
- **All of the Above**: 23%
- **Other/Don't Know/Refused**: 9%

**Limiting out-of-pocket costs** for health care is cited more often in the South (23%), among men (22%), those age 70-74 (23%) and 75-79 (22%), those who say that Medigap is a fair/poor value (24%), those in excellent health (22%), those who take four-five daily prescriptions (27%) and those earning $50,000 or more (24%).

**Financial security and peace of mind at an affordable price** is mentioned most often in the Midwest (22%) and West (23%), by those age 65-69 (25%) and those who made their initial Medigap purchase within the past five years (28%).

**Making it easier to deal with medical bills and paperwork** is best liked in the East (22%), by women age 65-74 (19%), those who are somewhat satisfied with their Medigap coverage (22%), those who say that Medigap is a fair/poor value (19%), those who are somewhat concerned about out-of-pocket expenses when they see providers (19%) and those who take six or more daily prescriptions (22%).
Likelihood to Recommend Medigap

More than nine out of ten (91%) would recommend Medigap coverage to a friend or relative when they turn 65 and enroll in Medicare. This is higher than scores reported in either 2009 (87%) or 2005 (84%).

Would you recommend Medigap coverage to a friend or relative when they turn 65 and enroll in Medicare?

The likelihood to recommend Medigap coverage is extremely high – with at least 80% among all major subgroups and many subgroups scoring in the nineties.
Most Valued Benefits

The most valued Medigap benefit is that it allows enrollees to see the doctor of their choice (29%). Another 17% say it is that Medigap covers hospital expenses not covered by Medicare and 11% say that it covers physician expenses not covered by Medicare. Small percentages cite coverage for durable medical equipment, foreign travel emergency care and skilled nursing facility expenses. One-fourth of all respondents say they value all of these benefits.

Which of the following benefits do you value the most in your Medigap plan?

- It allows you to see the doctor of your choice: 29%
- It covers hospital expenses not covered by Medicare: 17%
- It covers physician expenses not covered by Medicare: 11%
- It covers durable medical equipment (e.g. motorized wheelchair): 2%
- It covers foreign travel for emergency care: 2%
- It covers skilled nursing facility expenses not covered by Medicare: 2%
- All of the above: 25%
- Other/Don't Know/Refused: 12%

Choice of physician is mentioned more often in the East (39%), by women age 65-74 (36%), those who say Medigap offers good value (34%) and those who are somewhat concerned about out-of-pocket expenses (34%).

Hospital expense coverage is also mentioned more often by those who are somewhat concerned about out-of-pocket expenses (25%) and those who have had at least one hospital admission in the past year (24%).

Physician expenses were mentioned by those who are somewhat satisfied with Medicare (16%) or Medigap (19%).

All benefits were valued more often by those in the Midwest (29%), widows (30%), those who are very satisfied with Medicare (30%) or Medigap (30%), those who say that Medigap represents an excellent value (38%), who are not at all concerned about out-of-pocket expenses (30%), those who are concerned about all of the potential changes to Medicare under discussion (46%) and who purchased, switched or maintained Medigap coverage for both health and financial needs (30%).
Biggest Concern If Medigap Not Available

Out-of-pocket costs and the loss of financial security and peace of mind top the list of concerns Medigap enrollees would have if Medigap insurance was no longer available to them.

If Medigap insurance was no longer available for you, what would be your biggest concern?

- Face out-of-pocket costs for health care: 28%
- Lose financial security and peace of mind: 25%
- Might have high costs due to severe illness: 13%
- Have to deal with medical bills/Medicare: 11%
- Forego preventive or routine care: 5%
- Cost: 2%
- Choice of doctor: 1%
- Other: 3%
- Don't Know/Refused: 12%

Out of pocket costs are of greater concern to those in the South (34%) and among those who: are neither married or widowed (32%), are somewhat satisfied with Medigap coverage (33%), say Medigap represents a fair/poor value (32%), are less likely to maintain their Medigap coverage if a tax surcharge increases premiums by $200 per year (32%), have coverage mainly for financial needs (34%) or have been hospitalized in the past year (33%).

Loss of Financial Security and Peace of Mind is of greater concern to: women age 65-74 (30%), enrollees who consider Medigap an excellent value (30%), those who would be more likely to maintain Medigap coverage if a tax surcharge increases premiums by $200 per year (31%), those who are concerned about all of the potential changes to Medigap (31%) and those who have Medigap coverage for both health and financial needs (31%).

The possibility of high costs due to severe illness is of greater concern to those in the East (20%), men 75 and older (18%), enrollees who say Medigap represents a fair/poor value (18%), those who are in excellent health (18%) and those who earn $50,000 or more (18%).

Having to deal with medical bills or Medicare is of more concern to: enrollees who are somewhat satisfied with Medigap coverage (17%) and those who are most concerned about changes to Medigap that would increase out-of-pocket costs for physician visits (18%).
And what, if anything, would be your second biggest concern? Base n=439

- Lose financial security and peace of mind: 18%
- Face out-of-pocket costs for health care: 17%
- Might have high costs due to severe illness: 12%
- Have to deal with medical bills/Medicare: 9%
- Forego preventive or routine care: 8%
- Cost: 3%
- Choice of doctor: 3%
- Other: 8%
- Don't Know/Refused: 24%

Combined First and Second Concern Mentions

- Face out-of-pocket costs for health care: 42%
- Lose financial security and peace of mind: 40%
- Might have high costs due to severe illness: 24%
- Have to deal with medical bills/Medicare: 19%
- Forego preventive or routine care: 11%
- Cost: 4%
- Choice of doctor: 3%
- Other: 10%
- Don't Know/Refused: 12%
Concern about Out-of-Pocket Expenses

Slightly more than half (52%) indicate they are not very or not at all concerned about out-of-pocket expenses when deciding to go to the doctor or hospital. Another 47% are very (25%) or somewhat concerned (22%).

When you are deciding to go to the doctor or hospital, how concerned are you about whether or not you will have out-of-pocket expenses?

NOTE: Question wording is different in 2005/2009/2012. In 2009, we asked, “When you are deciding on going to the doctor or hospital, how concerned are you about whether or not you will have out-of-pocket expenses?” In 2005, we asked, “When you are deciding on purchasing health care services….” Results: 83% Concerned/15% Not Concerned

Those more likely to say they are concerned about out-of-pocket costs include Southerners (57% very/somewhat concerned), respondents age 65-69 (53%), widowed respondents (51%), those who are somewhat satisfied with Medicare (62%) or Medigap (72%), those who say that Medigap has good (54%) or fair/poor (63%) value, those who would be less likely to maintain their Medigap coverage if a tax surcharge raises premiums by $200 per year (51%) and those who would pay higher deductibles in order to lower premiums (51%).

In addition, concern is higher among those who are concerned about potential Medigap changes that would increase out-of-pocket costs for hospital care (56%) or physician visits (53%) or who are concerned about all potential changes (51%). Also, enrollees who chose Medigap coverage for both health and financial reasons (51%), those who have been hospitalized in the past year (53%), those who are in fair or poor health (60%) and those whose income is less than $20,000 (53%) are more concerned.
Policyholders who are less likely to express concern about out-of-pocket expenses include: Midwest (64% not very/at all concerned) and westerners (59%), age 70-74 (57%), men 75 and older (62%), very satisfied with Medicare (63%) or Medigap (66%), say that Medigap represents an excellent value (73%), those who are more likely to purchase Medigap in light of a tax surcharge (60%), who are in excellent health (58%) and have income of more than $50,000 (62%).

**Willingness to Pay Higher Deductibles/OOP Expenses to Reduce Premiums**

In addition, fewer than two in ten (19%) would be willing to pay higher deductibles or other out-of-pocket expenses in order to reduce their monthly premiums they pay for their Medigap policy. The number of policyholders saying they are willing to do so is similar to 2009 (16%) and 2005 (22%).

**Would you be willing to pay higher deductibles or other out-of-pocket expenses in order to reduce the monthly premiums you pay for your Medigap policy?**

![Bar chart showing the percentage of policyholders willing to pay higher deductibles or other out-of-pocket expenses in 2012, 2009, and 2005.](chart)

- **2012**: 19% Yes, 70% No
- **2009**: 16% Yes, 69% No
- **2005**: 22% Yes, 64% No

Only men age 75 and older (26%) and those with income of more than $50,000 (28%) would be more likely than average to do so.
Concerns About Potential Changes to Medigap

Enrollees are more concerned about the possible elimination of Medigap as a coverage option (40%) than they are about annual increases of $100 or more in out-of-pocket costs relating to either physician (17%) or hospital expenses (11%). A substantial number say they are concerned about all of these potential changes (18%).

Now I’m going to read you some potential changes to Medicare that other people have proposed and have you tell me which one, if any, concerns you the most.

Elimination of Medigap is of greater concern to the following groups: age 65-69 (49%), women 65-74 (48%), those who say Medigap is an excellent value (46%), those who first purchased their Medigap coverage within the past five years (50%), those who selected Medigap for either health (46%) or financial (46%) needs and those who are in excellent health (51%).

An annual increase in out-of-pocket costs for doctor’s visits would be a slightly greater concern for those who take four-five prescriptions on a daily basis (24%).

An annual increase in out-of-pocket costs for inpatient hospitalizations would be a greater concern for those: age 80 and older (17%) and those who are very concerned about out-of-pocket costs when visiting providers (17%).

All concerns were somewhat more likely to be mentioned by the following groups: somewhat satisfied with their Medigap coverage (24%), more likely to maintain their coverage if a tax surcharge increases premiums by $200 per year (23%), have Medigap coverage for both health and financial reasons (26%), are in fair or poor health (23%), health has declined in the past five years (23%), take six or more prescriptions daily (25%) or have income under $20,000 (27%).
Tax Surcharge Impact

A majority of enrollees (51%) would be less likely to maintain their Medigap coverage if a tax surcharge goes into effect.

Another proposal would place an annual tax surcharge on Medigap coverage that would increase premiums by approximately $200 per year. Would this make you more likely or less likely to maintain your Medigap coverage?

A number of groups would be even less likely to maintain their coverage. These include Southerners (56%) and men age 65-74 (56%). Other groups that are less likely to maintain include those who: are somewhat satisfied with Medicare (59%), are somewhat satisfied with Medigap (56%), say Medigap has fair/poor value (64%), would trade higher deductibles for lower premiums (56%), are somewhat concerned about out-of-pocket expenses when they visit providers (60%), are most concerned about increases in out-of-pocket costs for doctor’s visits (58%) or first purchased their Medigap coverage within the past five years (57%).

Certain groups would be more likely than average to maintain their coverage. These include: Midwest (27%), those who consider Medigap an excellent value (29%), those who are concerned about all potential changes to Medigap (29%) and those whose health has worsened in the past five years (27%).
Five-year Enrollment Pattern

Enrollment in Medigap is fairly stable. In all, 49% have maintained the same coverage for the past five years, 20% purchased coverage for the first time, 12% switched from one self-purchased Medigap plan to another and 10% switched from some other type of coverage to a self-purchased Medigap plan.

Continuity of coverage is somewhat more likely in the Midwest (57%), and among men 75 and older (62%), widowed enrollees (55%), those who are very satisfied with Medicare (56%), those who chose Medigap mainly for health needs (74%), those who have been hospitalized in the past year (59%) and those who take four or more prescriptions daily (56%). Enrollees who purchased Medigap coverage for the first time tend to be younger (49% age 65-69).

In the past five years, which of the following statements best describes your Medigap coverage?

- You maintained the same Medigap coverage: 49%
- You purchased a Medigap policy for the first time without having had any type of Medicare supplemental coverage before: 20%
- You switched from one self-purchased Medigap plan to another: 12%
- You switched from some other type of coverage to self-purchased Medigap: 10%
- Other: 2%
- Don't Know/Refused: 7%
Why Medigap Coverage?

Among all respondents, the main reasons for having Medigap coverage are financial needs alone (34%), both financial and health needs (33%) and health needs alone (13%).

Why did you [purchase/switch/maintain] your supplemental coverage? Base n=453

Financial needs are mentioned more often by Southerners (38%) and men 75 and older (41%). Financial mentions are also higher among policyholders who are: somewhat satisfied with Medicare (40%); switched from one Medigap plan to another (65%) or had fewer than five doctor visits in the past year (41%).

Health needs are more frequently mentioned among these groups: six or more doctor visits in the past year (19%), worsened health status in the past five years (18%) and six or more daily prescriptions (19%).

Both health and financial needs are mentioned more often by: age 65-69 (39%), women 65-74 (40%), very concerned about out-of-pocket expenses (38%), concerned about all potential changes to Medigap (48%), first-time purchasers (44%), maintained same coverage (38%) and income less than $20,000 (38%).
Other Prior Coverage

Among those who switched to Medigap from some other type of coverage in the past five years, 39% switched from employer-sponsored coverage, 10% from Medicaid and 34% from some other type of coverage.
Terminate Module

Of those who did not qualify for the survey, 10% say they have had Medigap coverage in the past. Of these, most dropped their coverage because they couldn't afford it or enrolled in other coverage.

Have you had Medigap coverage in the past? Base n=469

What is the main reason you dropped your Medigap coverage? Base n=45