

**Customer Experience Key Differentiator for Medicare Advantage Plans, J.D. Power Study Finds**Kaiser Permanente Ranks Highest in Medicare Advantage Member Satisfaction For Second Consecutive Year

**COSTA MESA, Calif.: 11 August 2016** — Medicare Advantage is a competitive product because people have choices in which plan they select, and members frequently choose a plan they understand and perceive to be easy to work with. While providers are making some progress in becoming more customer-centric, for most there still is room for improvement, according to the J.D. Power 2016 Medicare Advantage Study,<sup>SM</sup> released today.

Overall satisfaction among Medicare Advantage members improves to 790 on a 1,000-point scale in 2016 from 774 in 2015. Additionally, satisfaction with customer service, one of six factors comprising overall satisfaction, increases by 12 points from last year.

“Health plans are more likely to achieve high satisfaction scores when they serve members from the medical provider’s perspective, such as the time spent with the patient, providing strong communications, developing relationships, and offering coaching regarding how to work with the plan,” said **Valerie Monet, director of the insurance practice at J.D. Power**. “A consistent product message and brand experience as well as control over the delivery of care are all drivers of satisfaction with Medicare Advantage plans—all areas in which Kaiser Permanente excels.”

Medicare Advantage enrollment continues to grow and now covers 31% of individuals eligible for Medicare—nearly 18 million of the 57 million Medicare lives across the United States<sup>1</sup>. One of the greatest opportunities for health plans to improve Medicare Advantage member satisfaction is in communications with both new enrollees and longer tenured members of their plan. Information and communication is the only factor in the study in which satisfaction doesn’t improve significantly—up by a nominal 5 points year over year.

“Many plans have a multitude of product design features and provide technical manuals of 20 pages or more,” said Monet. “Expecting members to become experts across the broad range of services and benefits offered is ultimately a losing battle for both the plan and the member.”

Monet noted that information and communication is particularly critical for members in terms of helping them know which product features they need while they are selecting a plan and in helping them interpret which benefits and services are covered by the plan they choose. “Members are looking for their plan to be a trusted partner, and that begins at enrollment,” Monet said. “They are expecting their plan to provide guidance, ranging from assistance in selecting a doctor to helping them understand costs for prescriptions.”

**Costs Shifting to Members**

The study finds that in addition to members reporting a \$117 increase, on average, in annual premiums to \$1,497 in 2016, they are paying more in the way of out-of-pocket expenses<sup>2</sup>. On average, member deductibles are \$1,705 in 2016, a \$310 jump from 2015. Many Medicare Advantage members are on fixed-incomes; thus, adding the cost of prescriptions to existing deductibles can deal a blow to their budget.

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<sup>1</sup> Source: CMS.gov: <https://www.cms.gov/Newsroom/MediaReleaseDatabase/Press-releases/2015-Press-releases-items/2015-07-28.html>

<sup>2</sup> Data is only for members who report paying a premium.

Overall satisfaction is 136 points higher when members completely understand their out-of-pocket costs, compared with when they don't.

"Costs are another area where communication is critical," said Monet. "Members who have a greater understanding of the costs—how much they are paying and what those costs cover—see the value their plan provides and, thus, are more satisfied with their health plan provider."

Other key findings of the study include:

- **A Partner in Your Plan:** Contributing to satisfaction with Medicare Advantage is that 48% of members say they "strongly agree" that their health plan is a trusted partner in their health and wellness, which increases overall satisfaction by 166 points.
- **The Doctor Is In:** Overall satisfaction is 136 points higher among the 89% of members who completely understand how to find a doctor who is covered by the plan than among the 11% of members who don't completely understand how to find a doctor in their plan. The doctors also can influence member satisfaction with their health plan. For example, overall satisfaction among the 88% of members who feel their doctor spends the right amount of time with them is 110 points higher than among those who do not.
- **Outstanding Customer Service Shows Concern for Member Needs:** When members call their health plan provider, they expect to receive immediate attention or advice. Lack of concern or expertise from a plan's customer service representatives affects satisfaction. Among members who have called their health plan, 85% indicate their questions were answered or problems solved on the first call, yet 41% say they had to provide the same info more than once for their issue to be resolved. Additionally, only 35% of members indicate that customer service provided all of the information needed regarding the costs of prescription medications.
- **Satisfaction Improves Customer Loyalty and Advocacy:** Among customers who are delighted (overall satisfaction scores of 901 or higher) with their Medicare Advantage plan, 91% say they "definitely will" renew their policy and 89% say they "definitely will" recommend their plan to family and friends. Loyalty drops to 71% and advocacy to 66% among members who are pleased (scores of 751-900) with their plan.

### Medicare Advantage Satisfaction

**Kaiser Permanente** ranks highest in Medicare Advantage member satisfaction for a second consecutive year, with a score of 851. Kaiser Permanente performs particularly well in all six factors. **Highmark** ranks second with a score of 791.

The study, now in its second year, measures member satisfaction with Medicare Advantage plans—also called Medicare Part C or Part D—based on six factors (in order of importance): coverage and benefits (26%); customer service (20%); provider choice (15%); cost (14%); information and communication (13%); and claims processing (13%).

The 2016 Medicare Advantage Study is based on the responses of 3,422 members of Medicare Advantage plans across the United States. There are 10 national health plans that are rank eligible in the study; these plans represent 67% of the nation's Medicare Advantage market, according to industry data source Mark Farrah Associates.

For more information about the Medicare Advantage Study, visit <http://www.jdpower.com/resource/us-medicare-advantage-study>.

See the online press release at <http://www.jdpower.com/pr-id/2016209>.

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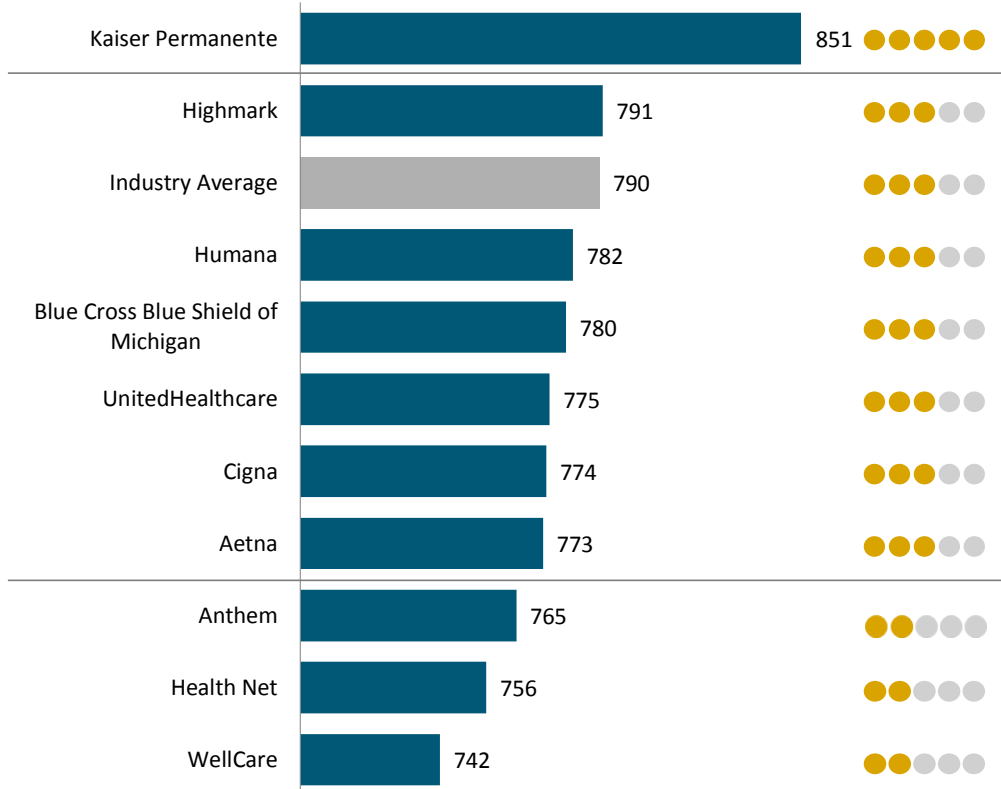
Note: Two Charts Follow.

# J.D. Power 2016 Medicare Advantage Study<sup>SM</sup>

## Member Satisfaction Index Ranking

(Based on a 1,000-point scale)

JDPower.com  
Power Circle Ratings<sup>TM</sup>  
for consumers:



Note: Industry average includes Medicare Advantage health plans that do not meet study requirements to be ranked individually

Source: J.D. Power 2016 Medicare Advantage Study<sup>SM</sup>

**Power Circle Ratings Legend**

- Among the best
- Better than most
- About average
- The rest

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# J.D. Power 2016 Medicare Advantage Study<sup>SM</sup>

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## Award-Eligible Health Plan Providers Included in the Study

<u>Company Name</u>	<u>CEO Name</u>	<u>Company Address</u>
Aetna	Mark Bertolini	Hartford, Conn.
Anthem	Joseph Swedish	Indianapolis, Ind.
Blue Cross Blue Shield of Michigan	Daniel Loepp	Detroit, Mich.
Cigna	David Cordani	Bloomfield, Conn.
Health Net	Jay Gellert	Woodland Hills, Calif.
Highmark	David Holmberg	Pittsburgh, Pa.
Humana	Bruce Broussard	Louisville, Ky.
Kaiser Permanente	Bernard Tyson	Oakland, Calif.
UnitedHealthcare	Stephen Hemsley	Minnetonka, Minn.
WellCare	Kenneth Burdick	Tampa, Fla.

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Source: J.D. Power 2016 Medicare Advantage Study<sup>SM</sup>

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