Medicare Advantage (MA) is on pace to top 17 million beneficiaries in 2015. And on its current growth trajectory it will add another 5 million over the next 5-years. With a national average of 30% market penetration, 10 states have over 35% Medicare Advantage market penetration. The largest 10 MA plans account for 67% of all enrollment.

What’s ahead for Medicare Advantage? Several critical areas of focus are dominating: managing pressure on rates, balancing changing risk adjustment dynamics, tougher Star Rating measures, and, just when we thought MA has reached a mature market state, new market entrants from regional hospital systems and mega-ACOs.

DON’T GET LEFT BEHIND
Are there still opportunities to grow in the Medicare Advantage marketplace — absolutely. In addition to a booming age-in market, competing Medicare Supplement products remain vulnerable to MA’s value proposition. But most of all it’s going to take a combination of well-honed preparation: well-articulated value proposition, data-based targeting, robust direct-to-consumer marketing, multi-channel selling, and a beneficiary customer experience built around member engagement.

A structured approach to Medicare marketing has never been more important. As you start focusing on 2016 enrollment campaigns, remember: educational communications can…and should happen all year. Positioning yourself against competitors as a responsive, reliable source of accurate information will make your plan the first place members turn to when life events such as aging into Medicare eligibility or a change in employment status trigger decisions. And don’t forget your existing members. When it comes to retaining business, strong, continuous communication engagement goes a long way to building loyalty.

WHAT’S IT GOING TO TAKE?
Direct-to-consumer marketing means being relevant. In other words addressing consumers’ long list of pain points: economic woes, too many choices, pre-existing conditions, and complexities of Medicare (admit it, on a good day it’s a bureaucratic nightmare tied together with red tape). From a sales perspective, a commoditized set of products and multiple distribution outlets of layered networks of field agents, call centers, web enrollment and retail outlets translates into a tricky selling environment.

These market dynamics mean that Medicare Advantage plans looking for organic growth must start with an ability to generate qualified, actionable leads…and then close the sale. Successful lead generation starts by efficiently segmenting and qualifying potential prospects. Following are ingredients of high performance direct-to-consumer sales.

QUALIFY – Gathering, analyzing and interpreting consumer data allows health plans to understand variations in each customer segment they are pursuing. The more you know about prospective beneficiaries, the more prospects you can turn into qualified leads. Capturing core demographics, purchasing habits and lifestyle attributes provide important competitive intelligence. The result is highly qualified leads tied to actual consumer buying patterns and “most likely” purchaser indicators. Narrowing the view of your target market will create productive, highly qualified leads — and while there may be fewer of them, these are the ones you want to continue to spend valuable direct response marketing dollars on in terms of big ROI payoff.

CONNECT – Influencing beneficiaries takes an ability to articulate the most compelling features of the products you’re selling, and link those features to how they benefit your beneficiary audience. Separate yourself from the Medicare sea of sameness. The most common lead generation mistake is overemphasis on product details, rules or instructions. Focus on strong value-based messages around elements such as premium savings, enhanced benefits, provider choice, or drug coverage. Be persuasive and actionable, always driving a prospect into a sales relationship. Whether online, direct mail, local TV, or community grassroots, direct response lead generation should generate an immediate consumer response.

CLOSE – A qualified lead means a prospect has “raised their hand” and is requesting help as they navigate their purchasing decision. Don’t let it go to waste. Medicare Advantage Plans, regardless of the distribution channel mix they’re using, need to establish themselves as trusted, consultative advisors as prospects weigh their choices. Closers are facilitators. This means helping beneficiaries compare value-based tradeoffs in the context of their personal situation. Deliver answers to their problems and watch your close ratio skyrocket.
In an MA market, characterized by cutthroat competition and abundant product choice, new member acquisition is directly tied to lead generation. Shoppers are potential customers looking for a resource to help direct their Medicare purchasing decision. High performance direct-to-consumer selling converts shoppers into qualified leads. There is no greater selling opportunity than a qualified lead looking for help.

GETTING STARTED

Medicare marketing should be easier than it is. Annual election is coming in mid-October. So, sometime in August, you should be able to ask your advertising agency to whip up a couple of newspaper ads and maybe a newspaper insert, along with some fresh collateral for your brokers about your Medicare Supplement and Medicare Advantage products. You double-check last year’s call center script to make sure it will still work. Then in mid-October, you turn everything on, watch the leads come in and the sales pile up.

How hard could it be?

Well, it’s a heck of a lot harder than that, because it’s a lot more complicated. For starters, you have to have time to figure out what happened last year and what you can learn from it. And if you’re a new plan, what happened in your marketplace – from competitive intel on product, network and positioning to key benchmarks such as average cost per lead and cost per sale. Then there’s that pesky CMS approval thing they never told you about in grad school, and who knew seniors would ever start using the Internet, for heaven’s sake? The fact is, the day-to-day lives of those of us with Medicare products to market more closely resemble Lucy Ricardo the day she got the job wrapping candy. (If you’re too young to know what we’re talking about here, ask your elders.) More and more regulation changes, media choices and projects keep coming faster and faster, and sooner or later, you wind up eating something.

It doesn’t have to be that way. Planning for enrollment will never be a leisurely stroll through...
a placid marketing landscape, but it is possible to establish and maintain control of the Medicare marketing process, hitting deadlines without making mistakes. The key, of course, is planning. And in time-sensitive situations like this, success or failure largely depends on it.

Take a look at the timeline below. Your own planning situation will no doubt vary from this example in some respects, but it illustrates the major projects that usually need to be addressed to gear up for any year’s enrollment periods, with an approximate timeline (in number of weeks) for getting them done. Here are the major categories of work that should be addressed:

**POST-CAMPAIGN ASSESSMENT**
(allow five weeks)
Unless you’re just launching your first-ever effort at marketing Medicare products, you have past results that can guide you in deciding what you should and should not do this year. This analysis can tell you what worked, and usually why, if the measurement methodology and metrics were set up properly before the fact. Assuming you’ve been marketing actively, this could involve dozens, perhaps hundreds, of campaigns and other promotional efforts going back two or three years, so you’ll need to allow enough time for more than a cursory review.

Although you’ll probably be analyzing results while promotion efforts are underway, you really won’t be able to get final numbers until the dust has settled and the results are known. For that reason, we show final results with a start date of April 1 on this necessary first step. By then, promotion results should be in completely, and you’ll have enough information to begin drawing conclusions. You’ll need to allow at least five weeks for this analysis.

If possible, past campaign results should be sliced and diced by a competent analyst with the tools and skills necessary to do a thorough job. For example, a winning campaign selection might be profiled, searching for commonalities in responders and buyers, then compared to other winning campaigns looking for similarities. This kind of information is usually a precursor to modeling as well, so it’s very important. It will be greatly facilitated if you’ve been driving your decisions using a marketing database because of the availability of contact history, and made very much harder — in some cases, impossible — if you don’t have one.

**STRATEGIC PLANNING**
(allow at least eight weeks)
Because your existing knowledge base about what works and what doesn’t should be brought into alignment with the current year’s marketing objectives to define strategies, our timeline suggests that you launch your strategic planning efforts as soon as you begin to get results from the past years’ efforts. However, since these two steps overlap, you should be prepared to revise the strategies based on last-minute findings in the assessment.

Strategic planning, which can begin as results from early efforts come in, varies from tactical planning (see page 4) in that it describes the objectives rather than what steps you’re going to take to accomplish those objectives, so it’s not yet time to decide on tactics. First, you need to initiate some in-depth analytical projects to provide further guidance.

**RESPONSE AND CONVERSION MODEL DEVELOPMENT**
(allow eight weeks)
Assuming you have access to past campaign history, multistage models (both responses and conversions) will allow you to rank-order your prospects on the likelihood that they will respond to an offer and ultimately convert to member status. These models can produce scores that can essentially become a single-click selection for campaigns, and/or they will be a core component in your segmentation and clustering.

**SEGMENTATION AND CLUSTERING**
(allow eight weeks)
Modeling contributes to segmentation and clustering. Knowing that the needs and desires of all Medicare eligibles are not alike, you’ll need some method of dividing the universe into manageable segments that are likely to be responsive to similar offers. Think of it as one-to-few marketing. The clustering methods most often successful in making segmentation work are:
● Demographic Clustering provides an understanding of members and prospects based on observable demographic, economic and neighborhood data.

● Behavioral Clustering uses interactions with your organization to segment individuals according to their behavior toward you.

● Attitudinal Clustering validates and extends any available primary research (surveys, etc.). This can provide a real benefit in terms of helping to develop creative strategies and in the design of offers.

Ultimately, all three techniques can be combined into a kind of super-clustering methodology, which can be very powerful in collectively targeting a limited universe of prospects.

CONTACT FREQUENCY ANALYSIS
(allow eight weeks)
One of the most-often-overlooked analytical techniques, Contact Frequency Analysis, will allow you to determine — usually within segments — how many times you should attempt to get a response from or convert a prospect to membership; the right amount of time to pause between contacts; and the optimal media pattern for those contacts (direct mail, telemarketing and/or email). The compressed time of the enrollment period mitigates the risk that you’ll over-promote somewhat, but it still makes sense to promote to some prospects only once or twice and to others more often than that. Why spend the money if you don’t need to and can’t get any incremental benefit from doing so? Building and using a predictive response model can be a valuable tool in determining contact frequency.

MEDIA MIX OPTIMIZATION
(allow eight weeks)
There are multiple ways to reach members and you need to choose which ones to use. The right way to make that choice is to integrate known preferences (the member may have told you that email is their channel of choice, for example) with what works best when a preference is not known. By looking at past response/conversion behavior, Media Mix Optimization can tell you which channels to use and when for maximum impact within member segments.

MEDICARE MARKET ASSESSMENT
(allow four weeks)
Many organizations fail to evaluate their current position in the marketplace and instead blindly target everyone who is age eligible for Medicare. Assessing your market position can help you identify specific opportunities for growth and market expansion, which are key factors when planning your Medicare marketing strategies and tactics. While you probably have a number of different data points — such as enrollment and product data, statistics about your geographical market and physicians, and information about your members and competitors — that guide your current analytical efforts, the true value of this data is not fully realized until it is combined and evaluated in relation to each other. A thorough Medicare market assessment provides you with a clearer picture of your current competitive positioning, your product distribution across market area, and your potential prospect universe.

OPERATIONAL PLANNING
(allow four weeks)
Your planning might reveal some operational shortcomings that should be addressed, such as lead-handling options or back-office functions that need to be set up. Be aware that certain decisions you make in the Tactical/Media Planning phase might require additional operational modifications, such as setting up special call center operations. Medicare marketing is a fairly mature process at most companies, so we’re only suggesting a four-week time span to look into these needs and get them addressed properly. You’ll need to make your own judgments about the difficulty in gaining access to new requirements in your own organization and allow enough lead time to get them done and tested. Above all, don’t overlook this important step.

DATABASE MODIFICATIONS
(allow up to 16 weeks, depending on complexity)
You might need to go back to your existing data sources — or find new ones — for data elements not presently available to you. In other situations, data aggregations or derived fields may need to be created from existing information. In either case, you’ll need to define those with specificity and allow
plenty of time to get them completed and tested. Depending on the tactics you decide to implement later as a result of the planning process, your database modifications might be more extensive than you originally anticipated.

CREATIVE DEVELOPMENT
(allow eight weeks)
Depending on the complexity of your product mix, the media you plan to use and the resources available to you, creative development will range from moderately difficult to very difficult and time-consuming. Internal staff, if it's adequate, can usually turn around creative recommendations faster than an agency can, but an agency generally produces better work with a greater chance of succeeding. Chances are you’ve already made those judgments for yourself.

TACTICAL AND MEDIA PLANNING
(allow eight weeks)
Tactical planning will benefit greatly from your early analytical efforts, such as model development, segmentation/clustering and the Medicare Market Assessment. These efforts will be especially helpful in effective targeting of your chosen audience.

Strategies tell you what you hope to accomplish; tactics define how you’ll make that happen. This will include, of course, what media you plan to use to get the message across, which could include direct mail (the workhorse medium for marketing to seniors), DRTV, email promotions, search engine optimization (also very important in seniors marketing, especially in health care), free-standing newspaper inserts, print advertising, radio and event marketing. Outdoor is generally not a direct medium and should be reserved for brand initiatives.

CMS SUBMISSION AND APPROVALS
(allow at least six weeks)
Unless you’re using CMS Model Language unchanged in your creative (hopefully, you’re not) or you and your creative is eligible for 5-day File & Use approval, you’ll need to allow at least six weeks to get CMS approval on your marketing materials. This is, of course, a part of the process that can’t be shaved in terms of timing. All other planning leads to CMS approval. It takes as long as it takes, and there’s nothing you can do to shorten it. Of course, working with an agency seasoned in CMS compliance goes a long way toward avoiding problems and delays.

CREATIVE PRODUCTION AND DELIVERY
(allow at least eight weeks)
Getting approved creative ready for use will take varying lengths of time, depending on your media mix. Printed materials such as those used in direct mail, fulfillment materials and collateral will usually require the largest number of steps to completion, and some of those steps are inconvenient and time-consuming. Press checking, for example, is a step that usually shouldn’t be skipped on materials that are used in a highly-regulated environment.

Call center scripts usually require testing, another time-consuming process. Depending on production values, five weeks is probably pushing the envelope a bit for producing DRTV spots and getting them ready to tag and ship.

Last, but certainly not least, is refining your online strategy. You may think if it looks and reads right on the screen, you’re done. But of course, that presupposes you’ve already completed usability analysis on the templates and forms you’re using on your emails, web site or microsite(s). If not, it’s a step that needs to be included, which could be time-consuming if you haven’t done it before. And, you have to effectively leverage SEO, PPC and other online tactics, to make sure you’re “digitally optimized.”

PRE-ENROLLMENT PROMOTION
(Beginning in September)
This is that time when you can talk publicly about who you are and why prospects should be planning to interact with you, without revealing much of anything about your products and how they’re priced. In direct response terms, it’s called pre-heating the market and, of course, it requires a completely different approach to creative than your enrollment promotions that are designed to get people to respond and buy. All of these promotions need CMS approval as well.
ANNUAL ELECTION PERIOD
Pay dirt! You’ve launched the annual election promotions on October 1, secure in the knowledge that you’ve successfully managed your way through all the planning steps most likely to assure your success.

The bad news? As results come in, you need to start the post-campaign assessment as soon as possible so you’ll have the information you need to begin your strategic planning for next year. You’re only a few weeks away from starting over. You can use that time to work on your age-in programs.

Of course, you’ll gain the high ground by being able to enroll all year long if you can get a Five-Star quality rating from CMS. But that’s another subject entirely.

Depending on what products you’re marketing, your budgets, the availability of past contact history, and how much information you have about your members and prospects that can be used for analytical work, your own timeline will be different from the example we have provided here. But there is much to be gained from a well-defined and rigorously implemented Medicare marketing planning process, and hopefully this exercise will be helpful to you in designing it.
Medicare Marketing Top 10 List

1. COMPLIANCE
Today’s Medicare marketers must account for the important role of CMS consumer protections, making sure the link between marketing, sales and compliance is as strong as possible.

2. DATA DRIVEN
Turn data into actionable intelligence using predictive models for most likely responders and defectors, and variable direct response call-outs to optimize media for lowest cost per lead and sale.

3. AGE-INS
Thousands aging into Medicare every day requires new approaches to attract boomer-seniors with relevant education content, sequenced messaging, and omni-channel outreach communications.

4. MEMBER RETENTION
In a fiercely competitive Medicare market “switcher” campaigns are routine, so only superior customer service and loyalty-based engagement will optimize member LifeTime Value.

5. STAR RATING
Marketing’s role is critical to ensure member communications reinforce customer satisfaction across the beneficiary lifecycle to achieve highest possible Star Ratings and payment bonuses.

6. CUSTOMER INTERACTION
Create opportunities for personalized, one-on-one interaction to communicate and reinforce value every time you engage and connect with a Medicare beneficiary. It’s all about them.

7. DIGITAL MEDICARE
Online Medicare shopping is the norm so it’s essential to have a digital experience that’s built for seniors and user tested, from ease-of-navigation to the pictures and words on the website.

8. MULTI-CHANNEL SALES
Different Medicare customers require different sales channels – face-to-face to telephone to online to retail – don’t close the door on any potential customer that wants to buy from you.

9. DIFFERENTIATED VALUE
Preferred Medicare plans are built on trust, credibility and relevancy of a differentiated value proposition as well as understanding drivers that motivate prospects to select a plan.

10. MARKETING ROI
A combination of up-front data analytics, direct response discipline, flawless campaign execution and back-end measurement will lower member acquisition costs and increase customer retention.

For more information, please call our Medicare experts at 866-275-4526.

KBM Group: Health Services is a healthcare marketing and customer engagement agency that combines its proprietary national consumer database with sophisticated predictive analytics to drive direct-to-consumer Medicare marketing campaigns and customer loyalty. KBM Group is part of WPP, a $18 billion global holding company with an extensive network of marketing, advertising and communication resources.