



# AEP Snapshot: Medicare Costs & Trends

*November 2022*

## Introduction

eHealth's annual AEP Snapshot report provides a review of consumer premium and plan selection trends during Medicare's Annual Enrollment Period (AEP) for 2023 coverage, which began on October 15 and is scheduled to continue through December 7, 2022. Coverage selected by Medicare beneficiaries during AEP will take effect on January 1, 2023.

This year's report provides five-year trendlines on average premiums for Medicare Advantage and Medicare Part D plans selected by eHealth customers, and insight into how many Medicare Advantage enrollees are selecting the popular \$0 premium plans.

Several reputable organizations produce analyses of new Medicare plans and costs each year. eHealth's reports are different. Rather than publish another analysis of "on the shelf" offerings, this report provides a snapshot of the coverage choices Medicare beneficiaries are actively making for themselves during the current Annual Enrollment Period.

Premium and plan selection data in this report are based on plans selected by Medicare beneficiaries shopping at eHealth between October 15 and November 8, 2022. To provide additional context for the data presented on Medicare Advantage plans, the report also includes findings highlighted in an eHealth survey of more than 2,800 Medicare Advantage enrollees conducted in May of 2022.

Additional information is provided in the methodology note of this report.

## Highlights

**Average premiums for Medicare Advantage are up for the first time in four years:** \$7 is the average monthly premium for Medicare Advantage plans selected by Medicare beneficiaries in the first half of the Annual Enrollment Period (AEP) for 2023 coverage.

**Demand for \$0 premium Medicare Advantage plans may have crested:** Medicare Advantage plans with no monthly premium are more widely available than ever; however, only 84% of those selecting Medicare Advantage plans in the first half of AEP chose \$0 premium plans this year, compared to 88% in the same period last year.

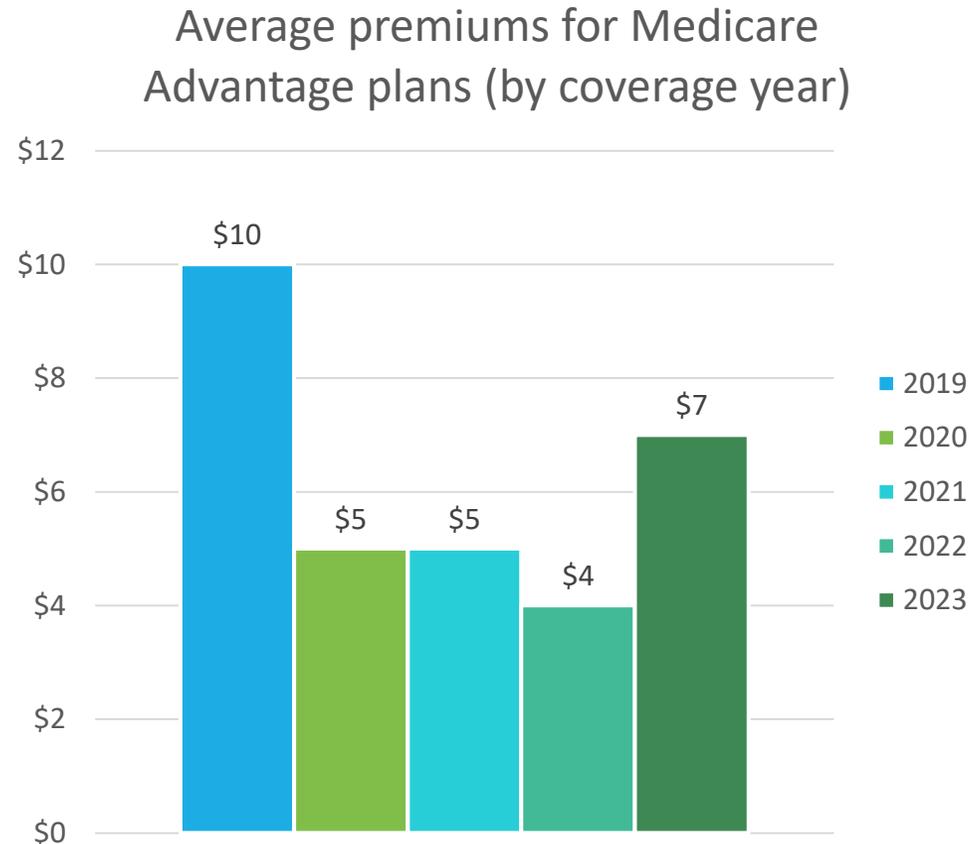
**Average premiums for stand-alone Medicare Part D prescription drug plans are higher:** \$31 is the average monthly premium for Part D plans selected by Medicare beneficiaries in the first half of AEP, up from \$21 the year before.

**Medicare Advantage plans have come under scrutiny recently, but beneficiaries value their affordability:** 88% of Medicare Advantage enrollees express satisfaction with their coverage, and most say they could not afford more costly alternatives like Medicare Supplement.

## Medicare Advantage Plans

On average, beneficiaries will pay more for Medicare Advantage plans for the first time in four years

- \$7 is the average monthly premium for Medicare Advantage plans selected by eHealth customers, up from \$4 during the same period last year.
- In 2019 the average premium was \$10; it was \$5 or less for 2020 through 2022.
- The popularity of \$0 premium Medicare Advantage plans keeps average premiums low.



Average premiums are up despite increased availability of \$0 premium plans

- According to the Kaiser Family Foundation, nearly all (99%) Medicare beneficiaries will have access to Medicare Advantage plans offering drug coverage (MA-PD plans) with no monthly premium in 2023. Two thirds (66%) of all MA-PD plans come with no monthly premium, up from 59% the year before\*

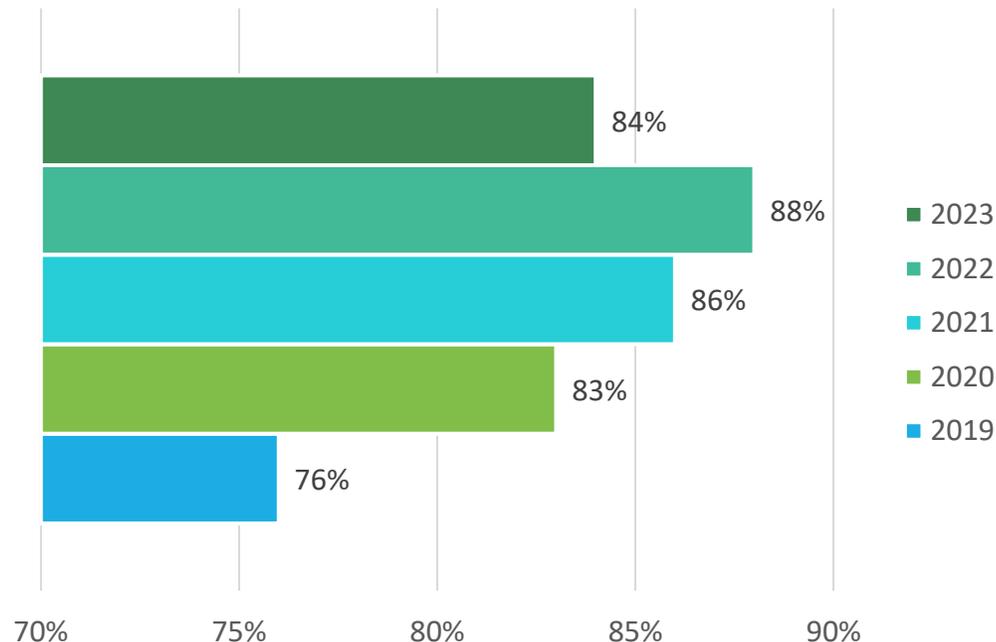
\*Source: <https://www.kff.org/medicare/issue-brief/medicare-advantage-2023-spotlight-first-look/>

## Medicare Advantage Plans (cont.)

### Signs of stabilizing demand for \$0 premium Medicare Advantage plans

- 84% of beneficiaries selecting Medicare Advantage plans at eHealth in the first half of AEP chose \$0 premium plans.
- In the same period last year, 88% had selected \$0 premium Medicare Advantage plans.
- Between the AEPs for 2019 and 2022 coverage, the percentage of beneficiaries selecting \$0 premium plans increased from 76% to 88%.

Percentage of Medicare Advantage enrollees selecting \$0 premium plans (by coverage year)



Those enrolling in Medicare Advantage plans with no monthly premium still pay the Medicare Part B premium which is typically taken from their Social Security benefit.

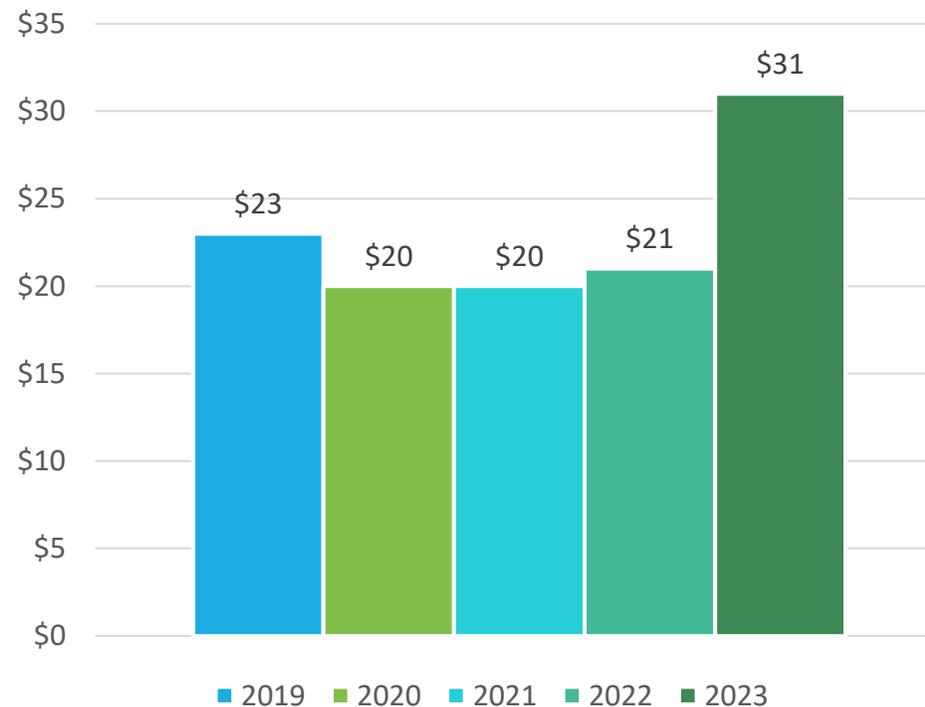
Medicare beneficiaries may intentionally select Medicare Advantage plans with higher monthly premiums based on several considerations, including out-of-pocket costs and provider networks.

## Medicare Part D Plans

### Average premiums are up significantly for stand-alone Part D plans

- \$31 is the average monthly premium for Medicare Part D plans selected by eHealth customers in the first half of Medicare's Annual Enrollment Period for 2023 coverage, up from \$21 over the same period last year.
- \$20 was the average premium over the same period for 2020 and 2021 coverage.
- \$23 was the average premium in the same period for 2019 coverage.

Average premiums for Medicare Part D plans (by coverage year)



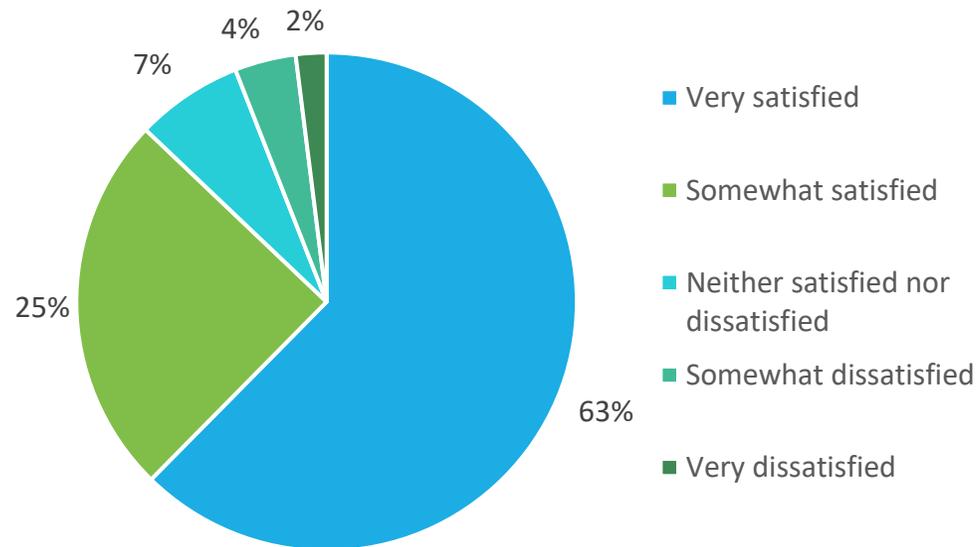
These findings are limited to stand-alone Part D prescription drug plans. Most Medicare Advantage plans available also provide prescription drug coverage.

## Satisfaction with Medicare Advantage

About nine in 10 Medicare Advantage enrollees (88%) expressed satisfaction with their coverage

- In eHealth’s May survey, nearly two thirds (63%) said they were “very satisfied” with their Medicare Advantage plan.
- A quarter (25%) said they were “somewhat satisfied.”
- 7% were neither satisfied nor dissatisfied.
- Only 6% expressed dissatisfaction with their Medicare Advantage plan.

“How satisfied are you with your Medicare Advantage plan?”



A strong majority would recommend Medicare Advantage to others

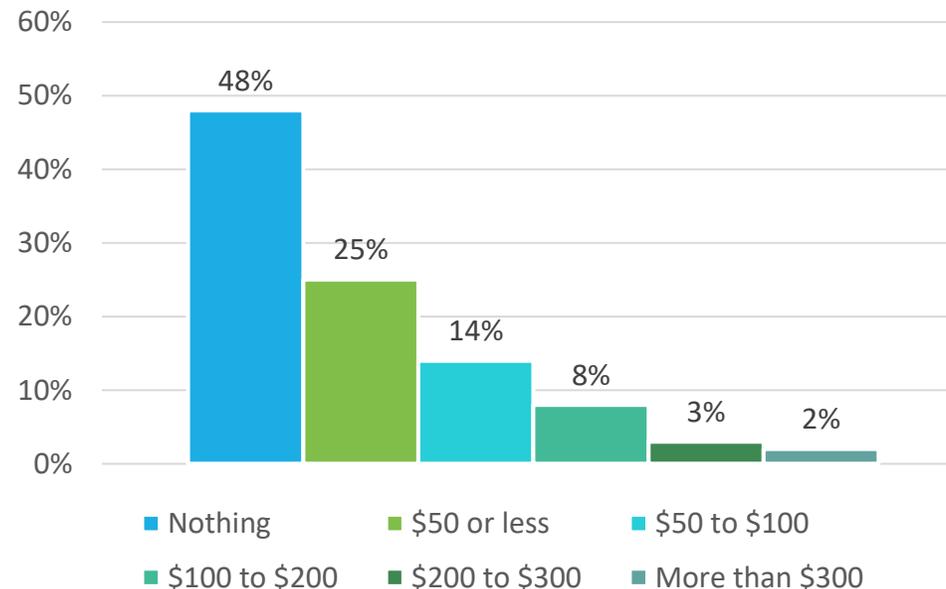
- 86% said they would recommend Medicare Advantage coverage to friends or family.

## Affordability Key for Medicare Advantage Enrollees

### Most Medicare Advantage enrollees cannot afford more costly alternatives

- 48% said they could not afford to pay anything at all in monthly premiums for similar coverage if Medicare Advantage wasn't available to them.
- 25% said they could afford monthly premiums of less than \$50.
- 14% said they could afford monthly premiums of \$50 to \$100.

“If Medicare Advantage wasn't an option, how much could you afford in monthly premiums for similar coverage?”



### Most of those previously enrolled in Medicare Supplement prefer Medicare Advantage

- 59% of Medicare Advantage enrollees previously enrolled in Medicare Supplement\* said they were “more satisfied” with their Medicare Advantage plan; an additional 23% were “equally satisfied.”

\*Medicare Supplement plans are typically more costly than Medicare Advantage plans but do not provide precisely equivalent coverage.

## Methodology Note

Cost and plan selection data presented in this report are based on Medicare health insurance plans selected by Medicare beneficiaries at eHealth during the first half of Medicare's Annual Enrollment Period for 2023 coverage, from October 15 through November 8, 2022. Comparisons are drawn with data from prior years that has been previously published by eHealth, covering approximately the same time period. Data on Medicare Advantage plans in this report include Medicare Advantage Prescription Drug (MAPD) plans as well as Medicare Advantage plans not offering drug coverage.

Survey findings presented in this report were originally published in eHealth's Spotlight on Medicare Advantage survey in June of 2022. Please refer to that report for methodology information associated with the survey.

While eHealth provides a broad range of Medicare Advantage plans to choose from, it does not offer all available plans in every state.

All dollar values within this report have been rounded to the nearest full dollar; percentages have been rounded to the nearest full percentage point and may add to slightly more or less than 100% due to rounding.

No information relevant to eHealth's financial performance should be drawn from this report. Like other insurance brokers, eHealth is compensated on a fixed per-member basis for Medicare Advantage and Part D plans, as regulated by the Centers for Medicare and Medicaid Services, and on a percentage of premium basis for most Medicare Supplement plans.

## About eHealth

For more than 25 years, eHealth, Inc. (Nasdaq: EHTH) has served American consumers with innovative technology and licensed agent support to help them find health insurance solutions that fit their personal needs. Through its proprietary health insurance marketplace at eHealth.com and eHealthMedicare.com, eHealth has connected more than eight million members with quality, affordable coverage. eHealth offers Medicare Advantage, Medicare Supplement, Medicare Part D, individual, family, small business, and ancillary plans from approximately 200 health insurance companies nationwide.