

The Economics of Medicare Advantage vs Medicare Supplement Enrollment

eHealth Original Research

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Introduction

Medicare Advantage has come under scrutiny in recent years. The original research contained in this report aims to shed light on how Medicare Advantage and Medicare Supplement enrollees differ from one another in their consumer profiles and sentiments. Our findings are based on a survey of over 3,800 Medicare Advantage and Medicare Supplement enrollees who purchased their coverage through eHealth.

There are significant differences between these two products. However, we chose to contrast Medicare Advantage enrollees with Medicare Supplement enrollees because beneficiaries seeking to fill coverage gaps in Original Medicare without enrolling in Medicare Advantage are most likely to turn to Medicare Supplement (often pairing it with a Part D plan).

eHealth supports any scrutiny into the Medicare Advantage market that serves to help root out bad actors who are putting profits above patients. However, Medicare Advantage is the fastest-growing product in the market today for good reason: it provides meaningful benefits for many Medicare beneficiaries at a price they can afford.

eHealth offers both Medicare Advantage and Medicare Supplement plans and offers expert advice to help beneficiaries find the best match for their personal needs and budget. As demonstrated by the findings in this report, many Medicare Advantage enrollees simply cannot afford the alternatives available to them today.

Highlights

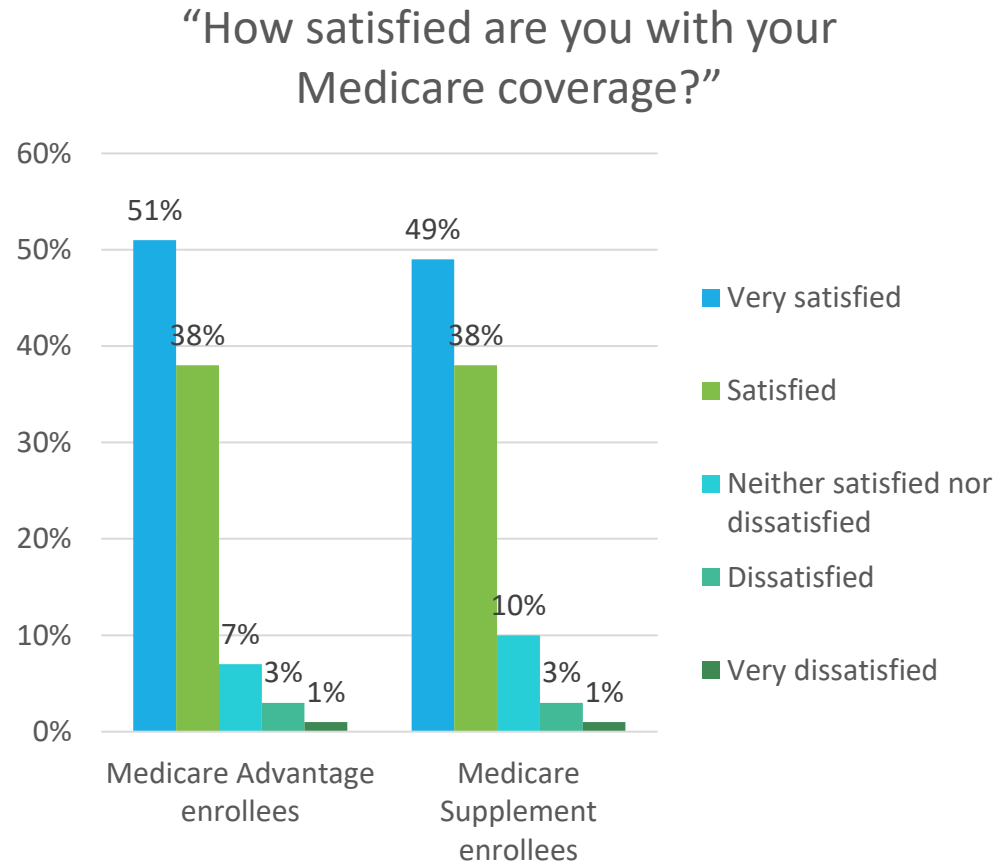
- **Satisfaction is high for both Medicare Advantage and Medicare Supplement enrollees:** 89% of Medicare Advantage and 87% of Medicare Supplement enrollees are satisfied with their plan, but Advantage enrollees are more likely than Supplement enrollees to say their satisfaction has increased in the past year (41% vs. 20%).
- **Medicare Advantage and Medicare Supplement enrollees differ starkly by income:** 73% of Medicare Advantage enrollees live on \$50,000 or less per year, with 39% living on less than \$25,000. By comparison, 50% of Medicare Supplement enrollees live on more than \$50,000, with 31% living on \$75,000 or more.
- **Medicare Supplement is unaffordable for most Medicare Advantage enrollees:** 52% of Medicare Advantage enrollees cannot afford any monthly premium at all; an additional 18% can afford no more than \$25 per month*.
- **Medicare Supplement enrollees are less vulnerable to out-of-pocket costs:** 61% of Medicare Supplement plan enrollees say they have savings sufficient to cover their out-of-pocket costs in case of hospitalization, compared to only 37% of Medicare Advantage enrollees.
- **Medicare Advantage and Medicare Supplement enrollees have different worries for the future:** The biggest worry for Medicare Advantage enrollees is not being able to afford their medical care in the future, while Medicare Supplement enrollees' biggest worry is seeing their Medicare benefits reduced.

* Medicare Advantage plans often come with a \$0 monthly premium; Medicare Supplement plans typically cost \$100 or more per month.

Satisfaction: Medicare Advantage vs. Medicare Supplement

Enrollees in both products express high levels of satisfaction with their coverage

- 89% of Medicare Advantage enrollees and 87% of Medicare Supplement enrollees say they are satisfied with their coverage.
- Only 4% of the enrollees in each product express dissatisfaction with their coverage.



Medicare Advantage enrollees are more likely to say their satisfaction has increased compared to a year ago*

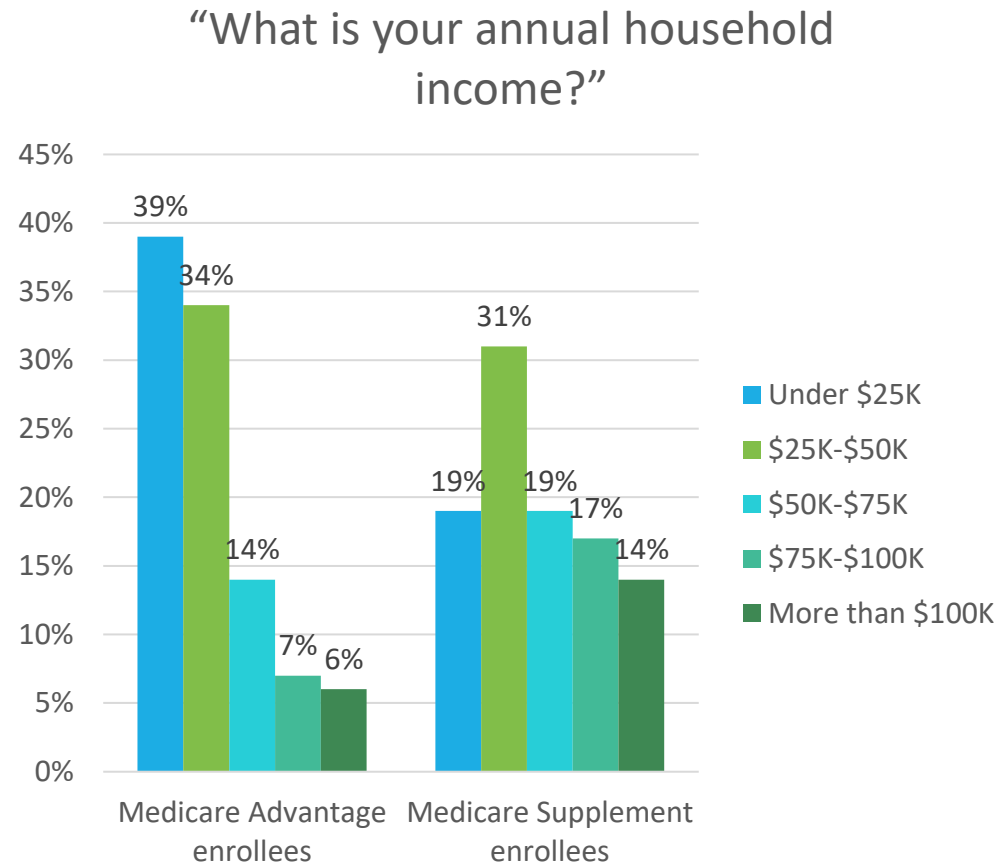
- 41% of Medicare Advantage enrollees say their satisfaction with their coverage is greater today than it was a year ago; 51% say their satisfaction is unchanged; 7% say it has decreased.
- 20% of Medicare Supplement enrollees say their satisfaction with their coverage has increased in the past year; 71% say it is the same; 8% say it has decreased.

* Excludes responses from those who were not on Medicare a year ago.

Differences in Household Income

More than seven in 10 Medicare Advantage enrollees live on less than \$50,000 per year

- 39% say their household income is less than \$25,000 per year.
- 34% have an income between \$25,000 and \$50,000 per year.
- 27% have an annual household income of \$50,000 or greater.



By contrast, half of Medicare Supplement enrollees have a household income over \$50,000 per year

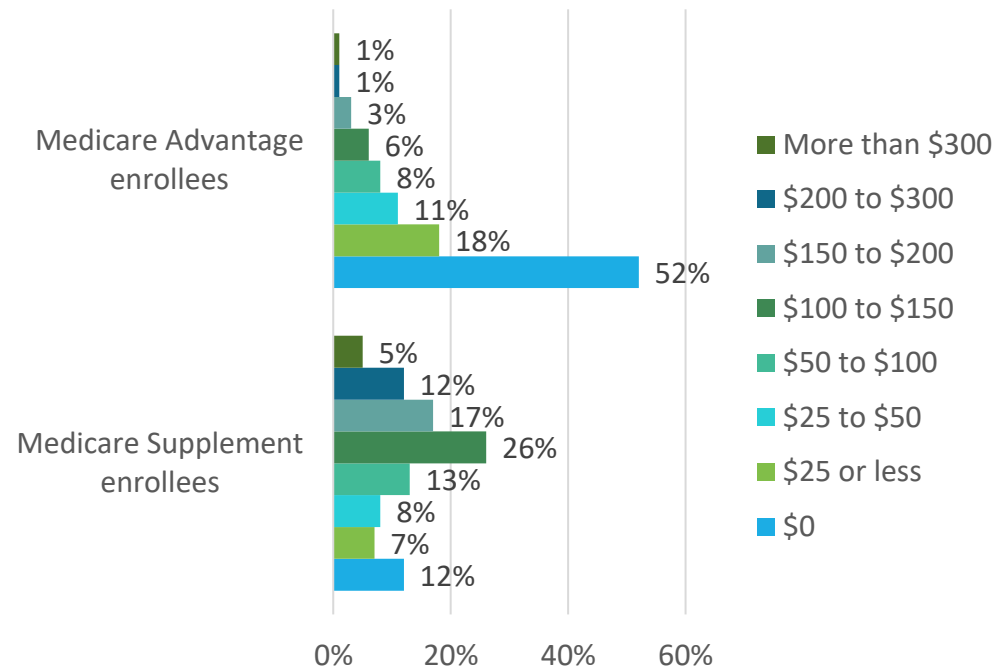
- 19% have an annual household income of less than \$25,000.
- 31% have an annual household income between \$25,000 and \$50,000.
- 50% have an annual household income of \$50,000 or greater.

What Affordable Premiums Look Like

Most Medicare Advantage enrollees can afford no premium at all, or up to \$25 at most.

- 52% say they can only afford Medicare coverage that comes without a monthly premium.
- 18% can afford a monthly premium of \$25 or less.
- Such budgetary limitations would put Medicare Supplement coverage beyond the reach of most beneficiaries enrolled in Medicare Advantage.

“What’s the most you could afford in monthly premiums for Medicare coverage?*



Medicare Supplement enrollees are more likely to find higher monthly premiums affordable

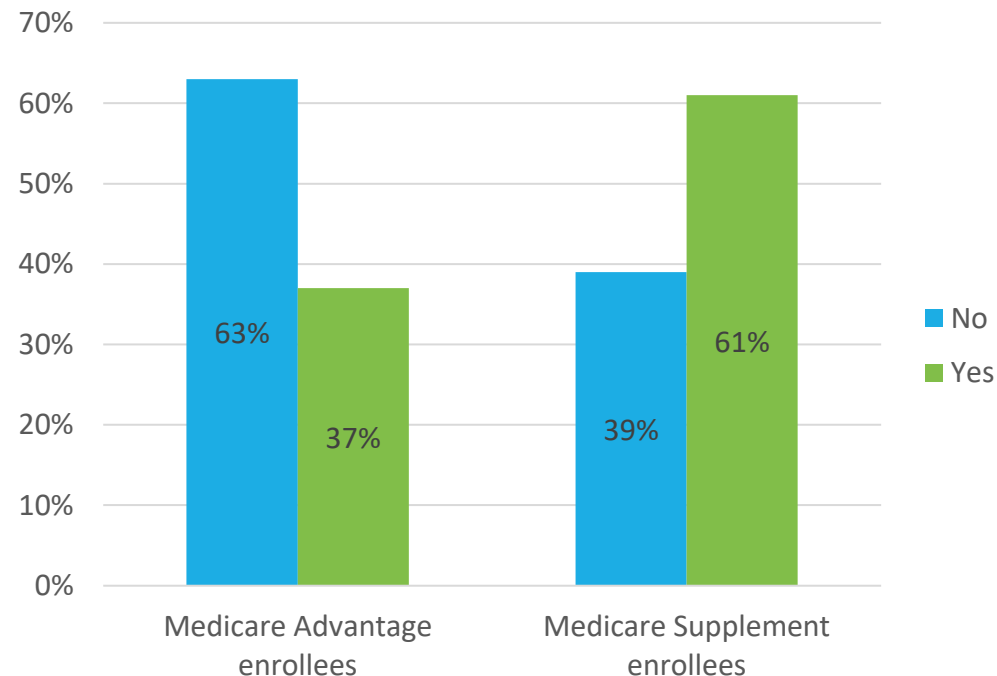
- 43% of Medicare Supplement enrollees say they could afford premiums of \$100 to \$200 per month.
- An additional 17% say they could afford premiums of more than \$200 per month.

Savings and Out-of-Pocket Costs

Most Medicare Advantage enrollees do not have the savings to cover their out-of-pocket costs

- 37% of Medicare Advantage enrollees have savings large enough to cover their maximum out-of-pocket costs in case of hospitalization.
- 63% do not.

“Do you have savings sufficient to pay your maximum out-of-pocket costs in case of hospitalization?”



Most Medicare Supplement enrollees have the savings they need to cover their out-of-pocket costs

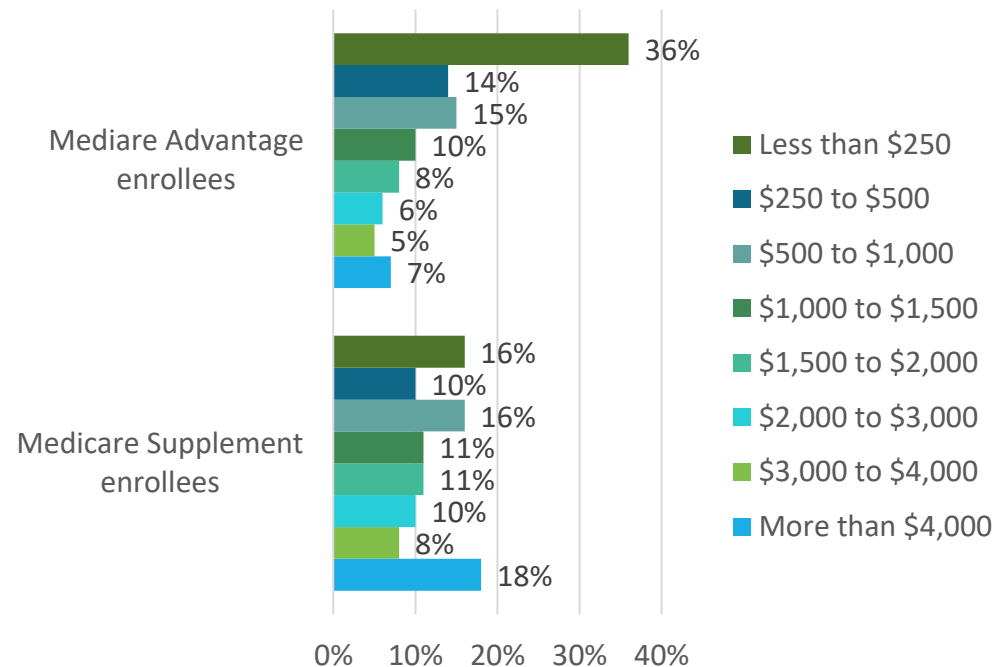
- 61% of Medicare Supplement enrollees have savings large enough to cover their maximum out-of-pocket costs in case of hospitalization.
- 39% do not.

What Affordable Out-of-Pocket Costs Look Like

Out-of-pocket costs higher than \$1,000 are unaffordable for 65% of Medicare Advantage enrollees

- 36% of Medicare Advantage enrollees say they can afford no more than \$250 in out-of-pocket costs in case of a medical emergency.
- 14% can afford \$250 to \$500.
- 15% can afford \$500 to \$1,000.
- Only 36% can afford out-of-pocket costs of \$1,000 or more.

“What is the most you could afford to pay out-of-pocket if you had a medical emergency?”



By contrast, 58% of Medicare Supplement enrollees can afford \$1,000 or more in out-of-pocket costs

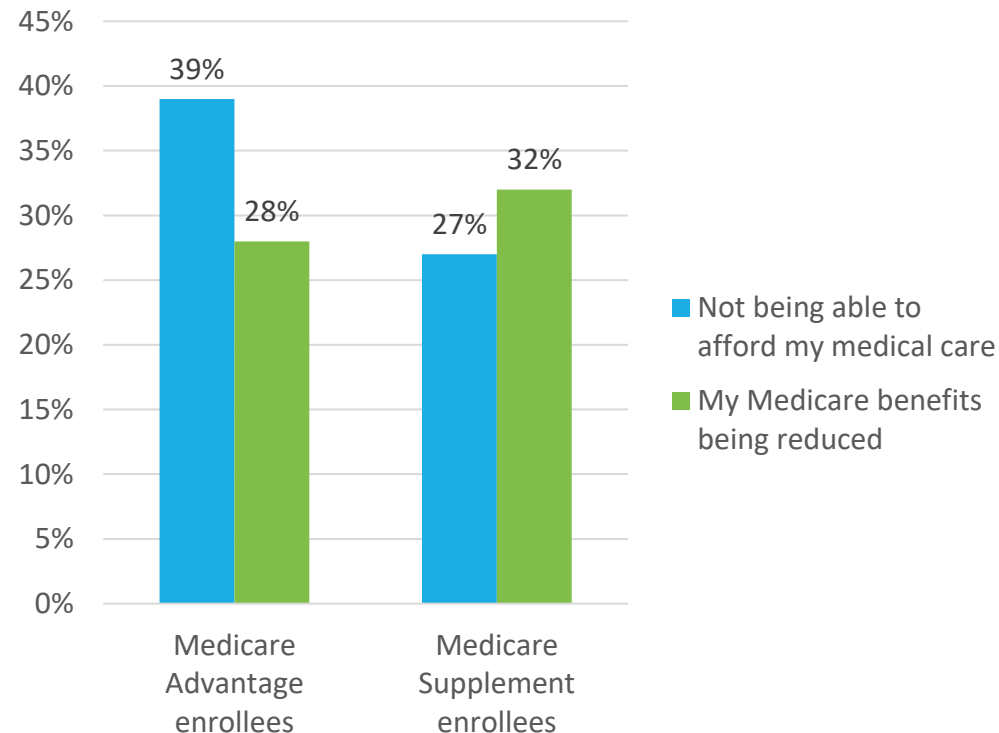
- 16% of Medicare Supplement enrollees say they cannot afford out-of-pocket costs higher than \$250.
- However, 22% say they can afford \$1,000 to \$2,000.
- 18% can afford between \$2,000 and \$4,000.
- An additional 18% can afford out-of-pocket costs of more than \$4,000.

What Worries Enrollees the Most

Medicare Advantage enrollees worry most about not being able to afford medical care in the future

- Not being able to afford their medical care in the future is the top concern of Medicare Advantage enrollees (39%).
- The second top concern is their Medicare benefits being reduced in the future (28%).

Beneficiaries' top two worries about their medical care in the future



By contrast, Medicare Supplement enrollees worry most about their benefits being reduced

- The top concern for Medicare Supplement enrollees is seeing their Medicare benefits reduced in the future (32%).
- Their number two concern is being unable to afford their medical care (27%).

Methodology Note

The findings presented in this report are based on a voluntary survey of Medicare beneficiaries who purchased Medicare Advantage or Medicare Supplement plans through eHealth, with coverage currently in effect. The survey was conducted through a third-party survey tool in February of 2023 and a total of 3,880 responses were collected. Throughout this report, percentages have been rounded to the nearest full percentage point and may add to slightly more or less than 100% due to rounding.

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.