



**Five Challenges to  
Marketing Medicare Part D:**

*Are You Ready?*

**ecihealthcare**  
a division of Expert Communications, Inc.

**August 2005**

Contact: Robin Raff | 415.403.1025 | [rraff@eciww.com](mailto:rraff@eciww.com)

# Introduction

No one ever said launching a new federally sponsored benefit program would be easy. And clearly, marketing the new Medicare prescription drug benefit (Part D) will prove no different. While this new program may be good news to many Medicare beneficiaries—if they can figure it out—getting them to understand it and enroll will likely be a challenge.

Even the actuarial experts are scratching their heads, wondering how to calculate the true out-of-pocket costs, what the “donut hole” means, and whether you’re better off paying the 1% penalty or the premium when you don’t yet spend enough to truly benefit. (See “How Part D Works,” inset.)

That’s why ECI Healthcare has put together this useful guide, outlining many of the challenges facing Medicare Part D marketers, along with some clear solutions. Use them to help you plan your next Part D initiative.

## HOW PART D WORKS

FOR JUST \$37 A MONTH...	BENEFICIARY PAYS	PLAN PAYS	NOTES
First \$250 of annual drug costs	100%	0%	This is the deductible period
\$251–\$2,250 of annual drug costs	25%	75%	
\$2,251–\$5,000 of annual drug costs	100%	0%	The “donut hole”
\$5,001 and above	0%	100%	So-called “catastrophic” coverage

*Medicare-eligible recipients who do not sign up when they are eligible face a 1% premium penalty for each month they are not enrolled. For example, if they enroll 12 months after the deadline, they’ll pay 12% MORE in premiums each month. If they wait 3 years, they’ll end up paying 36% MORE each month.*

*In addition, this 1% penalty may increase from year to year to 2%, 3% or more.*

# Challenge #1:

## CONFUSION AMONG MEDICARE BENEFICIARIES

First, we as marketers must overcome the confusion that resulted from the 2004 launch of the Medicare drug discount card program. Some hundreds of Medicare-approved drug discount card marketers have been bombarding seniors with information for almost two years.

Unfortunately, the volume of marketing materials only seems to have added to the confusion and frustration of Medicare recipients—only 20% of those eligible for the drug discount card actually signed up for one. Even those entitled to a \$600 subsidy.

Recent surveys show loud and clear where seniors currently stand on the new Medicare Part D benefit:

- 68% say they do not understand the new drug benefits
- 66% say they do not understand how the new benefits will affect them
- 54% do not have enough information to make a decision about whether to enroll, or have not decided about enrolling
- 37% say they will not enroll—and of these seniors, at least half according to some estimates, have made this decision because they lack understanding of the benefit
- Only 9% plan to enroll—though almost twice that many would get benefits for nothing, or almost nothing with low-income subsidies
- Only 23% of eligible beneficiaries without any drug coverage said they intend to enroll

Source: Kaiser Family Foundation Survey, April 2005

*The challenge now becomes how to explain the new agreement (Part D) to 40 million enrollees in a way that allows them to make informed choices about the details of their medical care. While there is widespread agreement that seniors are not ready to make those choices yet, some even belatedly question whether seniors even want that much choice.*

*HealthLeaders Magazine, June 23, 2005*

*Brian Biles, M.D., professor of health policy at The George Washington University in Washington, D.C., did site visits in Tampa and West Palm Beach for a 2004 study on problems facing Medicare Advantage, and found that the number one problem is that choices are too complicated for beneficiaries.*

*HealthLeaders Magazine, June 23, 2005*

*What we found was that the choices were so difficult that most elderly did not make particularly informed decisions. Adding to the difficulty is that the benefits are not standardized in either Medicare Advantage or Part D, so you simply can't line it up and see for the same benefit package that Plan A is better than Plan B. You have lots of moving parts.*

*HealthLeaders Magazine, June 23, 2005*

*47% of Medicare beneficiaries surveyed ... stated that they have an unfavorable impression of the Part D law, with 72% ... stating that it is too complicated for people in Medicare to understand.*

*The Kaiser Family Foundation, July 2004*

## Summary

The audience is confused and cynical

Part D benefits are not clearly understood

Efforts for past Medicare drug discount programs have “muddied the waters”

“One size” does not fit all

Open a two-way dialogue

Avoid scare tactics and sales pressure

Obviously, we need to take a look at the key issues of concern to seniors in order to help them understand and enroll in a Medicare prescription drug plan.

## **SOLUTIONS**

One way to overcome the current confusion and negative perceptions among Medicare beneficiaries is to personalize educational materials and programs to meet each person's individual needs and comprehension level.

Given the disparity of educational and conceptual skill levels, "one size" will not fit all. There must be different types of informational materials available:

- Clear graphics that depict complex information
- Different levels of copy sophistication to accommodate varying conceptual levels
- Versions for family and friends who have input in care decisions
- Multiple channels for delivering information

Because the audience is already skeptical, cynical and confused about Medicare Part D, we need to provide them with information that doesn't appear to have anyone else's best interest in mind but theirs. Which means we should not sell or condescend, but rather open a two-way dialogue that is informative and respectful. Scare and pressure tactics should be avoided.

## Challenge #2:

### UNDERSTANDING HOW SENIORS MAKE HEALTHCARE DECISIONS

Seniors receive their healthcare information through a variety of channels. The most common are newspapers, mail, television, and family or friends. Because they have more time in the day than most working people, seniors frequently read when researching healthcare decisions, especially newspapers and direct mail. In households with both a male and female, the female is most often the decision-maker regarding the family's healthcare.

While online tools may be helpful to those seniors and their care providers who have Internet access, most Medicare recipients themselves prefer obtaining information via the telephone. During the 2003 Medicare drug discount card campaign, call center enrollments were nine times more successful than online enrollments.

*As seniors age, their doctor's influence on healthcare decisions becomes more dominant, and the senior becomes far more dependent on the provider for guidance in healthcare decision making.*

**Source: Age Wave Health Services, Inc.**

*Four in ten Medicare beneficiaries look to either AARP or the media to gain information about the Part D benefit. Nearly one in ten rely on their healthcare provider, their pharmacist, or their doctor.*

**Source: Market Strategies**

*To educate elderly consumers about drug discount benefits, plans must adjust for the fact that seniors' health-information-seeking behavior varies by education and income level. Pharmacists are an important source of information for many seniors who make regular trips to the drug store. Plans should pursue a multi-channel approach.*

**Source: Forrester Research**

*Generally speaking, research indicates that the Medicare population has difficulty making choices on something that is as complicated as health insurance. Much of the education effort, in fact, is directed at the adult children of seniors, not the seniors themselves.*

**Source: HealthLeaders Magazine, June 2005**

*Mature adults are the most active adults of the Internet—15% of 65+ go online everyday.*

**Source: PEW Internet & American Life Project**

### SOLUTIONS

Provide materials directly to friends and family who might be assisting a senior, or influencing their decisions. Because seniors obtain healthcare information through a variety of channels, develop a multi-media campaign that consistently reinforces brand messages and explains plan options. Also, consider developing communications materials to physicians and pharmacists outlining the benefits of Medicare Part D.

### Summary

Seniors use a variety of "trusted-advisors" to help make healthcare decisions

In male-female households, the female is most-often the decision-maker

A surprising 15% of seniors use the Internet

Most seniors want their information delivered via phone

Consider educational seminars to help explain and enroll

The Internet can be an excellent tool to convey complex messages, provide personalized information, and allow seniors to self-pace as they learn about Medicare Part D. However, while many seniors go online to research health conditions and healthcare options, marketers must not rely solely on the Internet to reach seniors for Medicare prescription drug plan enrollment.

Provide support services through a toll-free number to ensure that seniors are able to make contact with a live person and ask critical questions. This is especially important for conveying the complex Part D prescription drug plan details to those seniors with limited cognitive abilities and/or those who need support selecting the right plan. In the past, seminars were highly effective in generating health plan enrollment among seniors. Consider conducting educational seminars to help explain and enroll in Medicare Part D.

# Challenge #3:

## PRESCRIPTION DRUG COMPLIANCE ISSUES

Since most Medicare recipients are on a fixed income and view prescription drugs as a commodity, they will often forego adherence to a specific prescription regimen due to the high cost of drugs and a lack of understanding of prescription drugs benefits.

### SOLUTIONS

It's important for us to educate seniors about the benefits of prescription drug therapy adherence before launching into the features and benefits of a particular Medicare prescription drug plan. If the audience doesn't already understand the need for maintaining consistent drug therapy, selling in the solution will be ineffective. Once seniors recognize and embrace the need for prescription drugs as a whole, then they will respond to products and services that best meet their needs.

Encourage seniors to discuss the benefits of prescription drug therapies with their physicians and pharmacists. Provide educational materials to share during these discussions, and for later reference. Consider providing these materials and seminars specifically on the topic of prescription drug therapy adherence, without "mixing the message" and discussing the Part D plan in the campaign.

*Up to 40% of US seniors do not take all of their prescription drugs, either because of the cost or because they do not think they need them.*

**Source: Reuters, April 2, 2005**

*One in three (33%) US adults who have been prescribed drugs to take on a regular basis report that they are often noncompliant with their treatment regimens for any number of reasons.*

**Source: Harris Interactive online survey, March 2005**

*"Patients do not always understand the long-term benefits of continued prescription drug use for chronic conditions."*

**Source: Does Cost Sharing Affect Compliance? The Case of Prescription Drugs.  
Avid Dor and William Encinosa**

*"These barriers leading to noncompliance present significant challenges to physicians and the US healthcare system as a whole that will be difficult to address."*

**Source: Katherine Binns, SVP of Healthcare Research, Harris Interactive**

## Summary

40% of seniors do not take all of their prescription drugs

Non-compliance typically stems from cost or failure to understand the benefit of an ongoing drug regimen

Consider separating educational efforts around drug compliance from Part D marketing efforts

Develop communications for doctors and pharmacists to help them influence their patients with respect to compliance

# Challenge #4:

## VISUAL AND AUDITORY CHANGES IN SENIORS

As we age, our hearing and vision often become impaired. So as marketers, we must remain aware of diminishing faculties when we develop advertising campaigns and communication elements geared toward an aging market segment.

*Presbyopia (the inability to focus clearly on very near or far very objects) is one of the major effects of aging on vision. The lens of the eye yellows and causes a decrease in both contrast and color sensitivity. This makes certain colors particularly hard to differentiate from each other.*

*The visual field is also contracted in the elderly, and the ability to refocus on a succession of changing images is impaired, which exacerbates the problems that “quick-cut” commercial techniques cause.*

*Hearing loss is common as we age; many people age 50 and over have significant hearing impairments. The most common manifestation of hearing impairment is the inability to hear high-frequency sounds, or discriminating words from background noise.*

## SOLUTIONS

Successful telemarketing to seniors requires sensitivity to an audience that is often hard-of-hearing, processes information more slowly, and (with more time to spare and many living alone) is much more eager to converse. Therefore, they require more time per call than younger age segments. Do not compensate telemarketers based on numbers of calls or they will often be rushed and ineffective. Hire telemarketers who are trained in working with seniors or conduct “senior sensitivity” training sessions.

Printed materials for seniors require larger type, bulleted facts and more visuals to clearly explain complicated concepts. Serif typefaces are preferred. Don’t use reverse type on a light background. Avoid using all caps. Provide a strong contrast between visual elements, and avoid type in pastels, which become indistinguishable. Make sure that the color doesn’t interfere with reading the copy. Vary the hues of backgrounds and type so there is enough contrast to read. Keep designs crisp and interesting, but not overly “busy” or distracting.

A major barrier in effectively communicating with mature adults is unsynchronized audio and video that each makes different points. A linear and synchronized execution is critical for mature audiences. For communications with audio components, keep background elements subdued relative to the main voice over. Keep critical audio elements at relatively low frequencies and high intensities.

## Summary

Recognize that our faculties are impaired as we age

Select the proper typography, point size and color to maximize legibility and effectiveness

Implement “senior sensitivity” training sessions to educate staff on the best ways to communicate with seniors

Simplify everything—audio, video, type, color, photography



# Challenge #5:

## COGNITIVE AND MEMORY DECLINE AMONG SENIORS

*One-fourth of all Medicare beneficiaries have problems with mental functioning or cognitive impairments, with substantially higher rates reported by non-elderly beneficiaries with disabilities.*

**Source: The Henry J. Kaiser Family Foundation**

*“With one in four of the people on Medicare having cognitive or mental impairments, education is a real challenge. They themselves may be difficult to educate. The challenge then is reaching the people who make decisions with and for them.”*

**Tricia Neuman, A Kaiser Family Foundation VP, Director of its Medicare Policy Project**

*The rate at which information can be processed in the brain slows with age. This does not mean that all mature adults have a diminished learning capacity, only that the pacing of information presentation must be slowed to be fully comprehended and retained.*

**Source: Age Wave Health Services, Inc.**

### SOLUTIONS

Images can be an important aid in conveying a message and in assuring that it is recalled. Graphs and charts help to understand and retain factual information. Photographs that illustrate enriching experiences can help to retain conceptual information, particularly if the images can be related to our own lives. Emotional presentations that stir recollections of pleasant events can enhance memory retrieval and make a rational appeal even more effective.

Develop messages that are single-minded and use key facts and simple visuals to back up complex messages. Write in short paragraphs, and break up the copy with subheads and call outs (such as quotes) to make complex information easier to digest. Use caption copy—it tends to be highly read and remembered. Don't come across as condescending when trying to simplify complicated information—always be respectful.

As we age, it becomes more difficult to discriminate between the relevant and the irrelevant elements in a communication. Although the message should be straightforward, mature adults are more skeptical of advertising and marketing messages and are more responsive to facts and figures than soft messages without substance. Provide relevant and credible testimonials as appropriate to help illustrate key facts.

Use a variety of media (e.g. direct mail, direct television, radio, print, online) to help assure that the message is received. Frequency of communication will also provide a greater chance of comprehension and recall. Establish a clear and consistent brand message and image to make sure your brand stands out from others' and is memorable, particularly since each brand's Medicare prescription drug plan information may become difficult to distinguish.

A trusted source that can provide accurate, clear and meaningful information could become a long-term ally and can motivate those in need to enroll in this highly controversial and greatly misunderstood new prescription drug benefit.

### Summary

Mental faculties can be impaired as well as our external senses

Slow down. As we age, we need more time to process information

Use simple, emotional visuals that resonate with the audience

Consider communications to caregivers of seniors with cognitive impairments and tailor the message accordingly

Visual and auditory impairments are not the only faculties that decline as we age. Often, our memory and verbal skills suffer as well.

## *About ECI Healthcare*

ECI Healthcare is a new division of Expert Communications, Inc., a full-service direct marketing agency. Staffed primarily with senior marketing professionals, ECI has built an unparalleled reputation for delivering brand-enhancing work that drives results. Within budget. On time.

Our expertise in the healthcare industry spans more than 10 years and intersects with 10+ years of researching and marketing to seniors and baby boomers. With an impressive client roster that includes Blue Shield of California, PacifiCare, Secure Horizons and staff experience on dozens of other health accounts.

Providing modular turn-key solutions, in-house database expertise and commitment to zero defects—all at a speed to market that's second to none—ECI Healthcare is the logical choice for your next marketing challenge.

ECI Healthcare is privately-held and located in the heart of the San Francisco financial district.

For more information, please contact Robin Raff at 415.403.1025 or [rraff@eciww.com](mailto:rraff@eciww.com)

