

## The US Health Insurance Consumer at 65: *'Aging into' More Active Brand Decision-Making*



### THE CHALLENGE: **Understanding How to Retain and Attract Medicare Subscribers**

When Americans retire, they transition from employer-sponsored healthcare or exchange policies to Medicare, which typically involves selecting supplemental plans such as Medicare Advantage or Medigap. At this inflection point, a significant number of Americans change their health insurance providers, creating 'leakage' for insurers. The process not only requires seniors to carefully reconsider needs and exercise new permissions; it also represents a critical marketing moment for insurers, who risk losing subscribers while also standing to gain new ones. NAXION's recent research maps the dynamics of this consumer journey, affording new insight for insurers looking to retain customers and secure new ones.

### WHAT WE DID:

#### **In-Depth Interviews with Transitioning Seniors**

To better understand these switching dynamics and provide support for insurers in managing the leakage challenge, NAXION conducted **qualitative research** with US consumers who recently transitioned from employer-sponsored health insurance to Medicare. These consumers represented a **mix of Medigap and Medicare Advantage purchasers** with a range of educational backgrounds, work histories, and geographies. Our research yields a road map that guides customer retention and customer acquisition strategies. It also highlights the importance of further study to fully elucidate drivers of defection and acquisition.

### WHAT WE LEARNED:

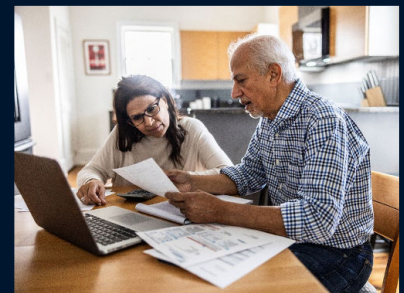
#### **The Mindset of Consumers Who Don't Feel Like Customers**

Our research reveals that, so long as they remain employed, US consumers don't think of themselves as "customers" of a health insurer, even if they are satisfied with the service they are getting.



That is, **few feel a true sense of agency in selecting their insurer** since their options have been dictated entirely by their employer; consumers have made no personal “journey” to reach a brand decision set. This lack of agency attenuates feelings of loyalty. Long-term disaffection is increased by the nature of insurance – an annual commitment with no off-ramp for unhappy customers – and by the relative rigidity of the service offering, which leaves insurers with few degrees of freedom. Customer captivity is not a recipe for customer loyalty. And insurers face a related paradox: the business model does not create the same opportunity to reap the benefits of providing great customer service since **people who change jobs cannot repay their insurance providers with loyalty, even if fully earned**. When a consumer transitions to retirement, however, they get to personally select their health insurer – most for the first time – requiring a more active decision-making process than many have experienced in years. But the process of shopping for insurance is more stressful than satisfying for consumers. Some find it so intimidating that they hire consultants or make use of not-for-profit support from local COAs, AARP, or State Health Insurance Assistance Programs. In short, the shift to a customer-empowered loyalty model is challenging for both consumers and insurers.

**To build long-term loyalty, insurers must treat all enrollees as customers who could choose to exit at any time**



Other than the ability to access a particular Medicare plan, the factors driving a consumer’s Medicare decision are largely rational – price (can I afford it?) and provider continuity (can I continue to see my preferred physicians?) But price may not always be meaningfully different, or demonstrably so, across insurers, and coverage features may not be easy to decipher, **leaving space for other sources of differentiation that may be more subjective and emotional**.

Advertising to this cohort has had mixed success, creating some confusion as well as anxiety about the product and the ad sponsors. And even well-conceived advertising can, in some cases, be insufficient to gain ground with customers if the foundations have not already been laid by a history of effective customer engagement and support.

## **WHAT INSURERS CAN DO:**

### **A Marketing Mindset Shaped by a Customer Mindset**

Conventional marketing wisdom argues that it’s cheaper to retain customers than find new ones. A key to building long-term loyalty is to **think about plan enrollees as customers rather than subscribers and act as if they can defect long before the decision needs to be made**. That requires a long-term horizon that has historically been challenging for insurers to adopt, given that there is so much churn as a function of job change. But this is a critical mindset, especially when contemplating the road ahead for subscribers in their last decade of private insurance.

Some insurance providers have been more creative than others in their efforts to change the model of customer engagement. But for many companies, there’s still much work to be done. Here’s how

insurers can increase emotional engagement – both among existing customers (to prevent their defection) and among potential customers (to maximize conversion) to address Medicare leakage.



**Build Loyalty Before Consumers “Age Out”**

- Empathy & Responsiveness**  
Train support teams to listen actively and respond with empathy
- Problem Resolution**  
Manage claims and problems with fast and fair handling to build trust
- Proactive Communication**  
Ensure customers feel valued with regular check-ins, reminders, updates, and brand reinforcement



**Create Emotional Connections**

- Education**  
Educate the Medicare buyer and address potential confusion (e.g., clarify the journey steps, “what to expect”)
- Personalization**  
Use data to tailor messaging and product offerings to this unique life stage
- Empathetic Storytelling**  
Share real stories of how peers are supported by focusing on what matters to them, i.e. feeling cared for, having peace of mind, feeling safe



**Forge a Sense of Belonging**

- Community Initiatives**  
Sponsor local health events or wellness programs to foster a sense of shared purpose
- Member-Exclusive Benefits**  
Offer perks that make customers feel part of something special, like digital health tools (and how to stay fluent with them)
- Brand Values**  
Align with causes that matter to this audience, like mental health or aging in place

**WHAT ELSE INSURERS NEED TO KNOW:**  
**How to Extract Predictive Insights from Data to Mitigate Risk**

Truly knowing the needs of those you serve and understanding how they see you is, of course, the foundation of marketing. **But to maximize retention, companies need more than that kind of general insight.** Many organizations possess data capable of pinpointing customers most at risk – both at the segment level and as individuals – but lack all the tools to find and leverage those insights. We have historically worked with many clients to unlock the potential of data – some they already have and some they use to supplement – to support a more powerful, proactive approach to customer retention. To unlock the full potential of customer data, we recommend a strategic approach that relies on attentive listening, advanced machine learning tools, and powerful modeling.



# WHO WE ARE

**For more insight on how insurers can minimize leakage – or use it to their advantage at this critical juncture – contact the authors below for further discussion.**



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Trish is a NAXION senior practice leader whose distinguished consulting career has focused on the application of cutting-edge tools to understand and improve the customer experience and the development of marketing strategies that create more powerful connections between customers and brands. She is deeply engaged in supporting healthcare insurance providers, leveraging her expertise to reimagine their customer experience strategies to build trust, enhance empathy, and deliver more meaningful and effective interactions.



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Suzanne leads NAXION's Healthcare & Life Sciences practice, partnering with biotech and healthcare organizations to drive innovation and uncover market opportunities. She brings a unique blend of analytical rigor and strategic storytelling to provide sophisticated guidance. She supports product launches, market forecasting, and communications by ensuring data-first decisions aligned with customer needs. Deep experience with patients, HCPs, and insurers gives her a comprehensive view of the US healthcare ecosystem.

## About NAXION

NAXION is a nimble, broadly resourced boutique that relies on advanced research methods, data integration, and sector-focused experience to guide strategic business decisions that shape the destiny of brands. Our century-long history of innovation has helped to propel the insights discipline and continues to inspire contributions to the development and effective application of emerging data science techniques. For information on what's new at NAXION and how we might help you with your marketing challenges, please visit <https://www.naxionthinking.com/>.