GREAT MINDS AND ONE BALD GUY

FROM INSIGHTS TO IMPACT

Candid Conversations about Tough Topics Facing Independent Agents and Advisors

Season 1: Episode 4

Episode Title: Discussing Medicare Market Disruption with DEFT Research

Thank you to our experts who contributed to this conversation:
George Dippel, President, DEFT Research

Hosted by: **Todd Villeneuve,** Managing Partner, IFC National Marketing

Todd Villeneuve: WHello, everybody. My name's Todd Villeneveuve, Managing Partner at IFC, and I am the creator of Great Minds and One Bald Guy. I think you know that I'm the bald guy, but we actually have two bald guys here today. I'm with George Dippel. I'm very, very proud to call George my friend and colleague, and he's also a managing partner and former owner of DEFT Research. George is one of the preeminent voices in the Medicare space. I'll let him talk a little bit about his company, but first of all, I'd just like to say thanks, George, for coming on.

George Dippel: Well, Todd, thanks so much for having me on, and, you know, I appreciate the introduction. Just a word for some of you folks who are listening to today's podcast about what we do at DEFT Research. DEFT Research is a marketing research company, so think surveys and interviews and things like that. And the only thing that we do as a market research company is we zero in our focus on the health insurance consumer. So 100% that we do at DEFT is get at: Who is the health insurance consumer? What do they want? What are they feeling? What's going through their minds? How can agents better work with them? What products do they want? How are they feeling about their new coverage? So everything that we do is geared to help the industry hear the voice of the insured consumer, and we work with most of the significant health insurance carriers, provider groups, agencies, FMOs, agents, and we try to convey those insights so everybody can better serve the senior population or the ACA and ICHRA population.

Todd Villeneuve: George and I will kind of expand on things, but I'm gonna start out with the big softball question, and that's, what ended up happening this AEP that you expected?

George Dippel: That's a great question. And I'd actually go back to your agent kickoff session in the early fall. During that event, I was sharing some slides from a study that we do of seniors at the midway point of the year to find out what's going well and what isn't going so well. And the goal of that study is to try to project what's going to happen in the AEP. Like, what are the new products that seniors are going to want? How frustrated are they? Are they loyal? Are they going to shop and switch? And what does the agent need to do to best serve them, right?

I remember sharing that data, and we had a slide that said, the nation as a whole saw more change last year. Minnesota didn't have too much change the previous year. And it looks like seniors are more frustrated right now in June than we've ever seen them in a June study. And that means they're going to have a greater itch to switch. So, what we saw in that June study was seniors were frustrated because a lot of them had benefit changes that occurred the previous AEP that they never found out about. If you're a senior, and let's say you finish the holidays, and here it's January, and you think your coverage is the same, and you go to the pharmacy, and the receptionist turns around and says, no, that's not a $30 copay, that's $270, because you got a new deductible. Or it's April, and they go to the doctor's office, and they hand over their card, and are told, well, you don't have access to Dr. Smith anymore. Remember, you had that change in network? Because there was so much change 2 years ago, and because sometimes seniors didn't hear about it until they were

vulnerable and used their benefits, they were pretty ticked off in that June study. And they were signaling to us that they wanted to switch.

We could see in August already that seniors had that itch to switch, and that was voluntarily looking for new products. That's not being forced to look at new products. That's kind of where we were in that August presentation.

Todd Villeneuve: And that wasn't unique to just Minnesota, though. Let's talk about the other side of that coin. What unforeseen events happened, and what do you believe caused them?

George Dippel: Going into AEP, we thought seniors were more frustrated than ever before. What we didn't know until October 1, when all the new benefits came out, was what all the big carriers were going to do. And I would say that was the big surprise. So, we took a look at what happened in terms of carrier disruption leading up to the AEP. Now, this chart is a little bit of an eyesore, so I hope people aren't watching this before they've had their morning coffee.

What this chart shows on a state-by-state basis is how things were from 2024 leading into 2025, and then compare how they ended up being from 2025 to 2026. This tells you the change year to year. So, let's say you're working in the state of Indiana. You look at Indiana, it says minus 2. What does that mean? This past year, it was a little bit more disruptive in Indiana than the year before, right? But not a whole lot. If you look at a state, let's say, like Florida, zero. They had the same amount of disruption for 2025 as they saw in 2026. You look at Georgia. Georgia was really hammered for 2025. It's not as disruptive in 2026, but the point is when you're comparing disruption, was it positive, was it negative, and how did this year compare to last year?

There isn't a whole lot of green on this chart. There's a whole lot of red on this chart. Okay? And that's what we learned on 10-1. The degree of the benefit disruption, right? The number of non-commissionable plans, the number of exits. So, when you look at those red bars. The deeper the red, the more negative the number means. This year was significantly more negative disruptive than last year. When you take a look at that chart, most of the nation saw things get harder. It was a tough year. That's what we didn't see coming. We knew that seniors were frustrated. We had the non-commissionable announcements, we saw the benefit degradation. And that's what led to more switching in Medicare Advantage this year and Medicare overall than we have ever seen at any time in the 20 years that DEFT research has been in this industry.

Todd Villeneuve: Yeah, you know, we look at this, and I look at some of the national trends, and I'm seeing a lot of red and a lot of dark red. I know what happened here, you know, the largest failed network ever. What would you say in regards to this industry, and obviously this fantastic profession? What kind of keeps you optimistic after you build a slide like this, you know, kind of coming into this next AEP?

George Dippel: You know what, we have another slide for that. If we throw up the second slide. what I would say is, right, and I've been doing this a long time, and DEFT Research has been doing this a long time. But we've never seen as much disruption in these last two years. We blew away the quote-unquote disruption we had a decade ago with what we've seen these last two years. And there was every reason in the world for seniors to not receive the same level of service from the independent agent as they would expect or need. There was every reason for those two entities to separate. Right? The non-commissional action is meant to separate agents from consumers. But the reality is, when we look at this slide. There's never been a year where more seniors as a percentage in Medicare Advantage were serviced by the independent agent.

That 24% number there is a record. And what we know from the work that we have done at DEFT Research is that the more disruption that happens in a market, the more the senior has to find their guardian angel to assist them. When things are smooth, and your benefits don't go down, and your costs don't go up, and you don't see plan terms, when everything is hunky-dory, as a senior, you can make an argument, they don't need as much help, they don't need as much of a guardian angel. But when the you-know-what hits the fan, that's when the senior needs their guardian angel. Our research tells us there are three potential guardian angels that a senior can reach out to to make sense out of a very disruptive market. Number one, the government– Medicare.gov, Social Security, etc. Number two, the carrier. And then number three, the agent.

When the senior is serviced by the agent, as you see on this chart here, the bond between senior and agent strengthens. And I think at the end of the day, what the final chapter in this book is going to read, it's going to say that there was rampant disruption during this period of tough rates for carriers and challenges with higher

utilization. But that disruption made the independent agent more valuable, despite the fact that the industry may have been trying to separate agents from consumers. I think that is going to be how the final story reads, when this disruption has finally passed us.

Todd Villeneuve: Absolutely. And the bottom line is that the agents sold the right product, regardless of commission. If 90% of the plans across the market had changes, that means 90% of seniors had to have a conversation with an agent. And the other couple of stats that jumped out at me were of the number of people who used agents, 83% of them were multi-product, they were solution-minded and had a full portfolio of options for their clients. So, tell me a little bit about where you're feeling and the momentum is in regards to CMS views of the agent in the marketplace, and how rates may play out in that factor coming up. Nobody has a crystal ball, but yours is better than most, George.

George Dippel: By the middle of February, we're gonna know what the proposed rates for 2027 are. And, while I don't have a crystal ball, we can look back over the last 3 cycles to try to get a sense of maybe where the momentum is. Alright, so, 3 cycles ago, and 2 cycles ago. We had rates come out of the government that were not commensurate with the utilization that carriers had to pay for. In real dollars, the increase that carriers were getting was actually negative based on overall utilization for back-to-back years. That is what really set this industry off. And that's why we saw year one of significant disruption two years ago, and a continued disruption this past year. Now, I don't know what rates are going to be for 2027, but we would hope to see another sufficient or better year this year.

Todd Villeneuve: All right, as we kind of round third and head home, George, do you have any final thoughts or ideas about programs you're working on that you want to make us aware of?

George Dippel: One thing I would say is just to close on what we talked about earlier, in periods of the most heavy disruption, the bond between agent and consumer becomes the strongest, and that creates an opportunity. Agents should think about other products they can help seniors with. Whether it's hospital indemnity insurance, critical illness, short-term care, cancer care–there are other services that a consumer who sees greater value in an agent is willing to hear about, and I would say, if I were an agent, I would take advantage of this disruption to tell clients about these solutions. The trust that your customers have in you is stronger because you have guided them through this storm. There may be other products that they need, that they don't know they need yet, that you are now set up to help them with.

Todd Villeneuve: Excellent. I couldn't have said that better. We are aligned in that idea, but I know you're a super busy guy, and I appreciate the time, I appreciate the friendship, and the delivery, and the information they gave us today. George, it was fantastic. I'll not take any more of your time, but thank you again for your time.

George Dippel: Thank you so much.

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