# Beneficiary Decision-Making & the New Prescription Drug Benefit

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# Beneficiary Experience Under Medicare Plus Choice

- Difficulty understanding differences among plan designs
- Problems understanding and using comparative information
  - Most beneficiaries were unable to distinguish key differences between HMOs and traditional Medicare
  - 56% of beneficiaries unable to correctly interpret simple charts and tables comparing choices

# What Will be Different about the MMA Experience?

- More Uncertainty
- Stakes are  higher
- More Complexity

# What is required to make a choice?

**Understand:**

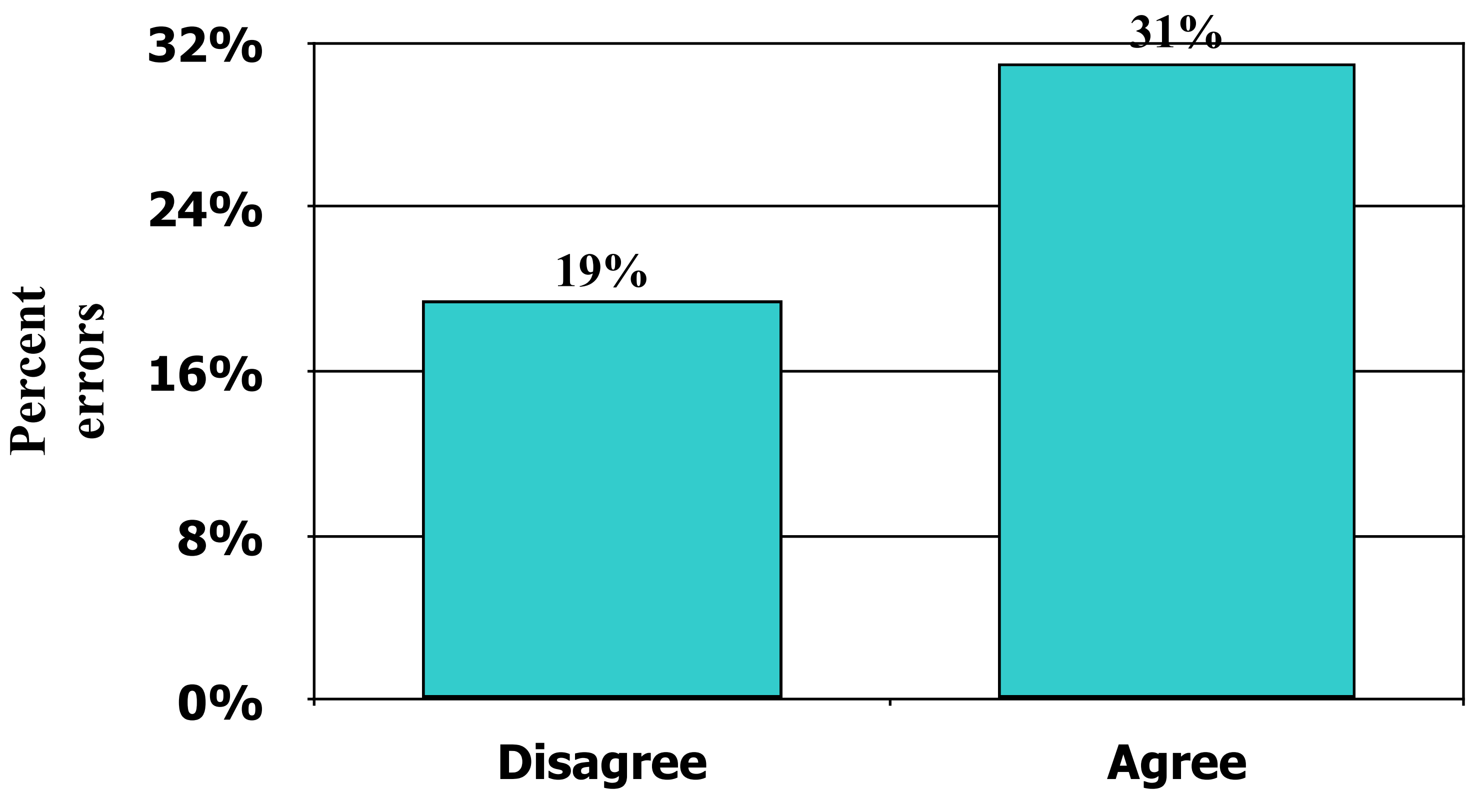
- the language used to describe options
- key issues to consider
- how the options different
- plan features will affect own care
- how to match features to own needs
- differentially weight factors
- bring together into a choice

# What is likely to Happen?

- Short cuts in decision-making
- Tendency to do nothing
- Increased Anxiety
  - Results in reduced cognitive functioning which in turn will lessen decision-making ability
  - Increase the desire to delegate choice to others– putting greater pressure on helping organizations

# Desire to Delegate Decisions and Skill Level:

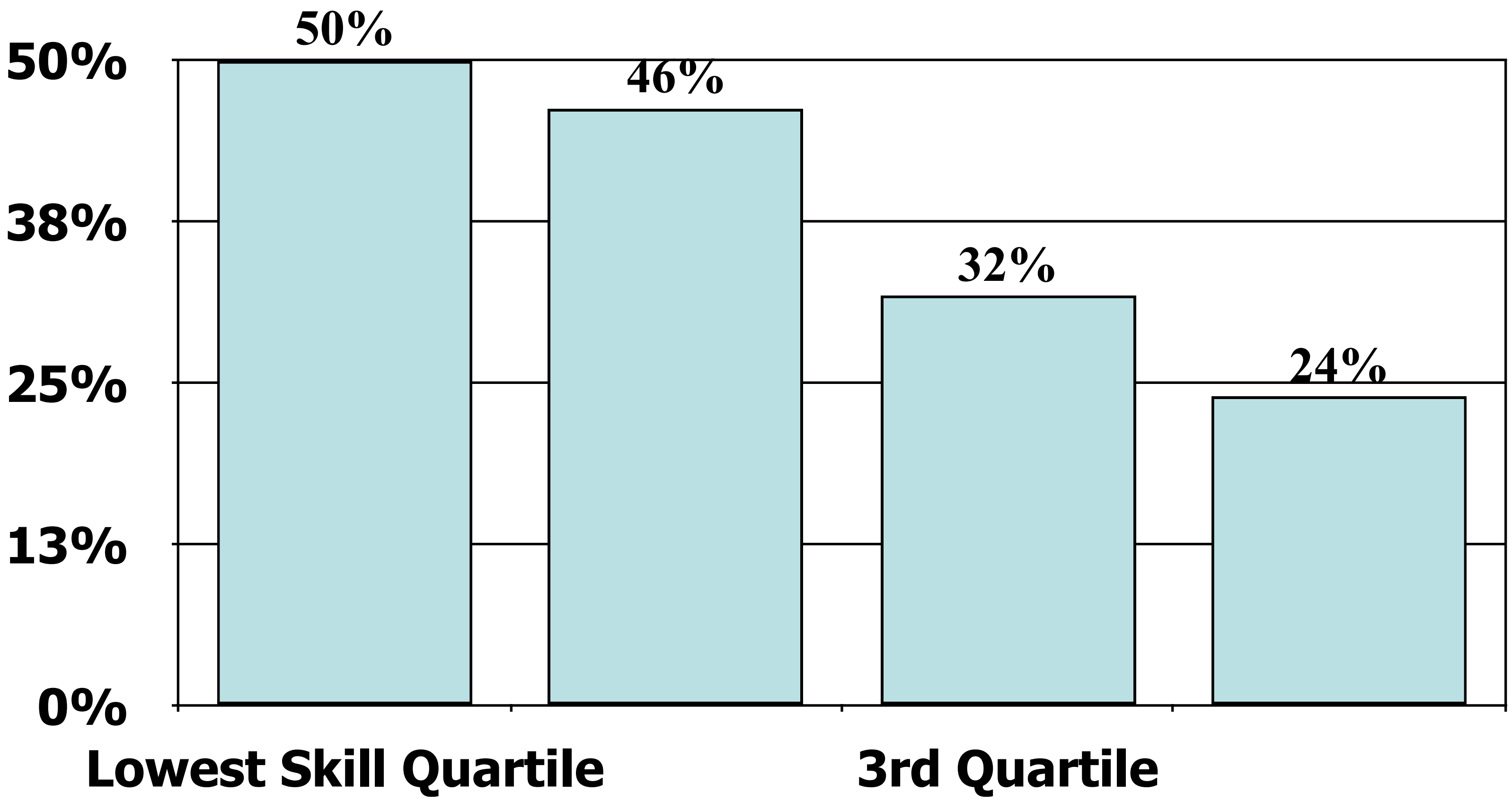
"When choosing a Medicare health plan, Instead of choosing myself, I'd rather have an expert tell me which Medicare plan is best." by error rate




r = .34, p < .001

## Seeing Decisions as More Burdensome and Skill Level:

I am more likely to make a wrong choice if I have lots of different options to choose from. (% Agree or Strongly Agree).




r = .34, p < .001, n = 221

# The Influence of Marketing on Decision-making

- Older Adults are:
  - More likely to respond to positive information
  - More likely to have emotional goals when they make a choice
  - More likely to be influenced by emotional or affective cues contained in information
    - Particularly true of people with inadequate literacy

# Because of the Difficulty Beneficiaries will have in understanding information

- More beneficiaries will simply not make a choice
- Make a choice – but take short cuts in decision-making
- Many will make decisions based on emotion laden messages and advertising that appeals to emotions
- There will be increased anxiety

# What Will Help?

- Quelling anxiety
- Simplifying the task and lowering cognitive burden
- Reaching out and triaging help

# **Reducing the Cognitive Burden**: Simplify Printed Materials

- Summarizing– Does some of the cognitive work for the reader
- Highlighting– To give meaning to information and to draw attention to important factors that might not get considered

# Using Summaries & Labels
## to highlight meaning and reduce burden

| | | Co pays | Premiums | Deductible |
|---|---|---|---|---|
| **Senior Advantage** | ***Best value*** | $10 | $35 | $250 |
| **Secure Horizons** | | 25% | $45 | $250 |
| **Advantage Plus** | | $25 | $35 | $250 |
| **Senior Health-Net** | ***Best value*** | $15 | $35 | $200 |

# **Reducing the Cognitive Burden**: Using Decision Support Tools/ or helpers

- Break down the decision process into smaller step
- Assure that all important factors are considered
- Narrow options
- Weight different factors according to individual needs and values
- Bring the factors together into a choice

# Triage Help to Those Most in Need

- Screening for low health literacy
  - Tool that identifies with 72% accuracy those with marginal or inadequate literacy
  - Provide one-on-one help for those with inadequate and marginal literacy
  - Mobilize informal helpers for those most needing help

# Long Term Policy Solutions

- Simplifying options
  - Standardization of benefit designs
- Offering of a reasonable default option