

# **Involuntary Disenrollment from Medicare Managed Care Plans: Experiences in Six Communities— Program Monitoring of Customer Service and Information Projects—Final Report**

## **Executive Summary**

More than 930,000 Medicare beneficiaries, roughly one in every seven enrolled in a Medicare+Choice plan, became involuntary disenrollees when their plans chose to withdraw from the Medicare program for 2001. While all were assured of retaining at least the core package of traditional Medicare benefits for 2001, those who wished to have additional coverage on an uninterrupted basis needed to identify appropriate replacement insurance and enroll in it before the end of 2000. The potentially serious financial consequences of a total loss of additional coverage make the situation of involuntary disenrollees an extreme case, presenting a special challenge to, and an important test of, CMS's National Medicare Education Program (NMEP) and the Medicare+Choice system more generally.

CMS asked Abt Associates to expand our multi-year assessment of the NMEP to include a special study of the disenrollee experience. We examined the experience of disenrollees in six communities – Houston, Tucson, Sarasota, Minneapolis, Nassau County, NY and Centre County, PA. In this paper we report findings on the subpopulation of disenrollees aged 65-85, drawing on data from three sources: CMS' Medicare Enrollment Database (EDB), a new disenrollee subsample for the fourth "wave" of Abt Associates' ongoing NMEP Community Monitoring Survey<sup>1</sup>, and a series of focus groups held during February, 2001 in Minneapolis, Houston, and Nassau County.

Our inquiry was structured around three central aspects of the disenrollee experience in these communities:

- *What choices did disenrollees make about replacement insurance, and what actions did they take in order to reach and implement those choices?*

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<sup>1</sup> The reported findings are based on the following numbers of completed disenrollee telephone interviews in each community: Houston 313, Tucson 305, Sarasota 315, Minneapolis 332, Nassau County, NY 336 and Centre County, PA 327.

We found that many disenrollees in all sites returned to traditional Medicare, even in sites where one or more managed care plan option(s) remained available. Survey findings suggest that as many as 10% of beneficiaries in Houston and Sarasota may have returned to traditional Medicare without supplemental insurance. EDB data indicate that many disenrollees in every site switched to a new plan before the end of 2000, with many of these leaving several months early; also, non-negligible fractions of disenrollees in Tucson, Nassau County and Centre County switched more than once during the period August 2000 – February 2001, suggesting problems with availability of satisfactory coverage or problems with information about the available options.

- *From what sources did beneficiaries obtain information during this process, and to what extent did they use the information provided by CMS in particular?*

Survey results indicate that the dominant source of information for disenrollees is insurance vendors (including the departing M+C plans); this is consistent with other findings from the community studies component of Abt Associates' NMEP assessment. The second most widely-reported source overall is "friends and family". In many respects, the "official" information sources sponsored or mandated by CMS continue to have a relatively low profile within the local Medicare "information economy". Many of these channels and much of the information conveyed by these channels still fail to connect with a large part of the beneficiary population. When specifically asked, roughly 32 to 42 percent of survey respondents indicated that they had read the *Medicare and You* handbook to find out about their insurance options, but when asked to identify which sources they turned to for information to help deal with their involuntary disenrollment, only about 6 percent to 13 percent of survey respondents in the different sites volunteered the handbook as a source.

- *How did beneficiaries judge the adequacy of the information available to help them make their insurance decision, and how did they feel about their choices of replacement insurance?*

More than half of disenrollees in all sites except Houston felt that they had enough information to select their new insurance, and most disenrollees in all sites except Houston felt that they had made the best possible choice of insurance. Survey and focus group findings underline the unsettled state of the Houston market, where the one Medicare+Choice plan which remained in the market for 2001 closed its enrollment in early fall 2000 after reaching its capacity limit, with no clear indication as to when it might reopen to new enrollment.

Additional noteworthy findings of our analysis include:

- Roughly nine out of ten involuntary disenrollees in each site were aware that their plans had left Medicare.

- **When prompted, roughly 9 percent to 14 percent of disenrollees in our study sites reported using the cost and quality comparison information in the handbook to help choose a new health plan. There was no correlation between use of the cost/quality comparison information and outcomes of the transition process.**
- **Site-to-site variation is pervasive in both the mechanics and the outcomes of the disenrollee transition process, reflecting both the lack of a uniform Medicare benefit (due to differences in provider and plan configurations across sites) and the lack of a uniform process for managing the allocation of available benefits.**
- **There is suggestive evidence of certain adverse events or outcomes associated with the disenrollee transition process as it currently functions. Some of these outcomes are not a consequence of information deficits and hence cannot be avoided through changes in information. Among issues salient to disenrolled beneficiaries, we have found that the topic of capacity limits is not well addressed by CMS-provided materials.**
- **Several of our measures suggest that minorities may be more likely than whites to have adverse experiences or outcomes in connection with disenrollment.**