

Information sources that beneficiaries use to make Medicare enrollment decisions

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Today's presentation

- 1 Use of information sources and marketing
- 2 CMS information sources
- 3 State Health Insurance Assistance Program (SHIP)
- 4 Insurance agents
- 5 Discussion

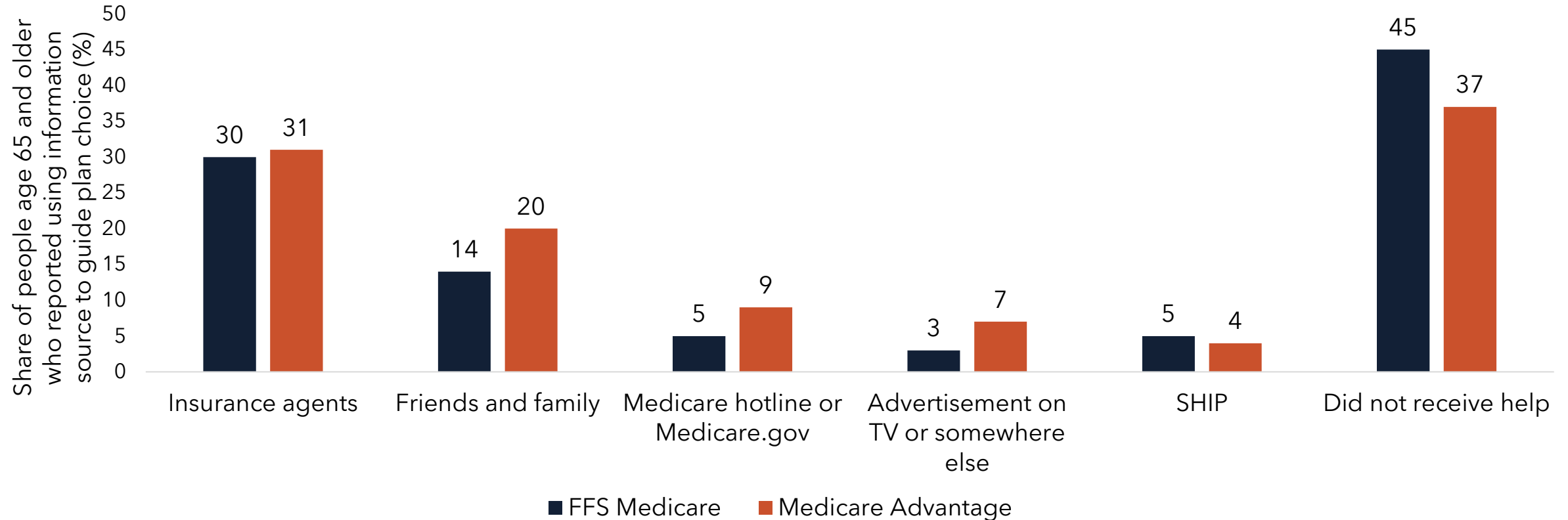
Beneficiaries make complex enrollment decisions

- Understanding the enrollment requirements and time frames for action can be confusing and may have lifelong implications
- Beneficiaries weigh various factors when choosing between FFS Medicare and MA, including financial protection, access to care, and the availability of extra benefits
- Beneficiaries need to weigh these factors considering both their current and future health needs
- Researchers have found that individuals have difficulty understanding insurance concepts and are prone to various decision-making biases when selecting health plans

Note: FFS (fee-for-service), MA (Medicare Advantage).

Source: Taylor, E. A., K. G. Carman, A. Lopez, et al. 2016. *Consumer decisionmaking in the health care marketplace*. Santa Monica, CA: RAND Corporation.

More than half of beneficiaries used a variety of sources for information and advice on Medicare plan choices



Note: SHIP (State Health Insurance Assistance Program), FFS (fee-for-service).

Source: Faith Leonard et al. *Traditional Medicare or Medicare Advantage: How Older Americans Choose and Why*. Commonwealth Fund, October 2022.

MA marketing communications

- Beneficiaries receive many marketing communications from MA plans and TPMOs, including mailings and phone calls
- Plans and TPMOs use TV ads to attract enrollees
- A KFF review found that TV airways were “flooded” with ads for MA plans, some suggesting that beneficiaries would miss out on benefits to which they are entitled if they do not enroll
- Number of beneficiaries who “rapidly disenroll” from an MA plan during the first 3 months of enrollment has notably increased

Note: Third-party marketing organizations (TPMO). MA (Medicare Advantage).

Source: Findings from MedPAC focus groups, 2024; Kaiser Family Foundation. *How Health Insurers and Brokers are Marketing Medicare*, 2023. Balkan, E., Shroff, J., Trivedi, A., et al. 2026. Rapid disenrollment rates tripled for Medicare Advantage beneficiaries, 2017-2022. *Health Affairs*. (March).

The structures of organizations involved in marketing MA plans have changed over time

- Many organizations have evolved from small independent brokerages and agents to large FMOs
- Individual agents, FMOs, call centers, and lead generators are all considered TPMOs, but serve different roles
- Stakeholders have highlighted questionable lead generation activities, and the marketing role of on-shore and off-shore call centers
- CMS recently issued a request for information on ways to modify the current regulatory definition of TPMOs to delineate roles and requirements

Note: Third-party marketing organization (TPMO), MA (Medicare Advantage), FMO (field marketing organization).

Source: CMS. 2025. Medicare program; contract year 2027 policy and technical changes to the Medicare Advantage and Medicare prescription drug benefit program, and Medicare Cost Plan Program. Proposed rule. *Federal Register* 90, no. 227 (November 28): 54894-55030.



CMS information sources

CMS provides a variety of information sources for beneficiaries

- The 1-800-MEDICARE helpline:
 - Responds to beneficiary inquiries
 - Is available 24 hours a day, except for certain holidays
- The Medicare.gov website includes:
 - *Medicare & You* handbook
 - Medicare Plan Finder, with information about the MA plans, stand-alone Part D plans, and Medigap policies offered in the beneficiary's area
 - Other resources

Note: Medicare Advantage (MA).

Plan Finder has been improved but still has some limitations

- Plan Finder now has information from MA plans' provider directories
 - Addresses a key gap by letting beneficiaries see which plans have their providers in their network
 - Inaccuracies in directories could result in some beneficiaries selecting plans that do not actually have all of their providers in their network
- Limited detail on MA supplemental benefits
- Beneficiaries interested in Medigap must contact the insurer to get an accurate premium quote and/or buy a policy

Note: Medicare Advantage (MA).



State Health Insurance Assistance Program (SHIP)

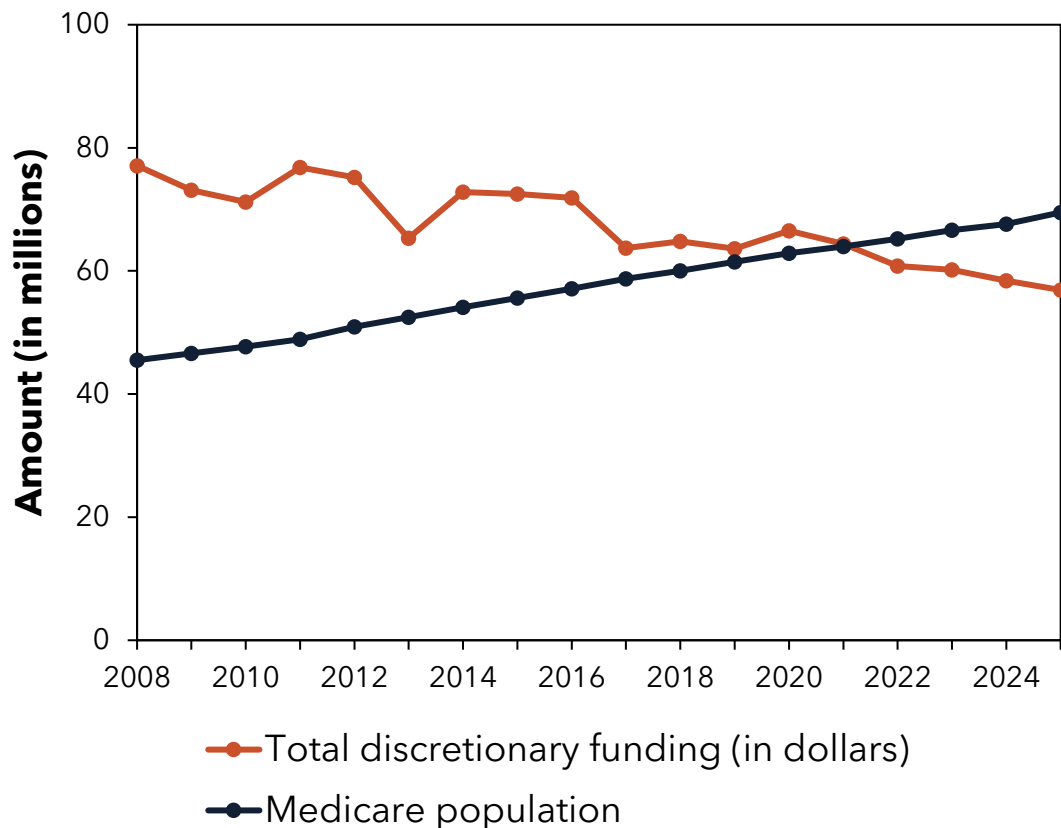
SHIP is the main federal source of Medicare counseling for beneficiaries

- SHIP, created in the 1990s, is a federal program that provides grants to deliver Medicare counseling and information assistance, as well as enroll beneficiaries in Medicare plans
 - Provide assistance through individual counseling and community outreach
 - Just over 10,000 counselors provided individual counseling to nearly 1.2 million beneficiaries in the second half of 2025
- SHIP counselors work on either a paid or volunteer basis and do not receive compensation from insurers
- Must complete training and certification prior to counseling

Note: SHIP (State Health Insurance Assistance Program).

Source: Congressional Research Service. 2023. *State Health Insurance Assistance Program (SHIP)*; Administration for Community Living, SHIP administrative data.

SHIP discretionary funding has not kept pace with growth in Medicare enrollment



- SHIP is funded through discretionary and mandatory federal funding from the Medicare trust funds, as well as state and local funding
- From 2008 to 2025, the annual amount of SHIP discretionary funding, adjusted for inflation, declined 26%, while Medicare enrollment increased ~53%

Note: SHIP (State Health Insurance Assistance Program). Discretionary funding amounts are adjusted for inflation to reflect 2026 dollars. CMS Newsroom Press Release (June 2008); Department of Health and Human Services, Administration for Community Living, and CMS budget justifications (fiscal years 2009 through 2025); annual report of the Boards of Trustees of the Medicare trust funds (2020, 2015, and 2025); Congressional Budget Office Historical Data and Economic Projections (February 2026).

Source:

Scope of interviews about the SHIP

- Conducted interviews with ACL staff that direct SHIP grantees, staff at the SHIP TA Center, and counselors/staff from 7 grantees
- Selected grantees with varying MA penetration rates, shares of dually eligible beneficiaries, and differing Medigap guaranteed-issue policies
- A semi-structured discussion on topics related to:
 - Experience working with beneficiaries as they make Medicare enrollment decisions
 - Functions of the SHIP

Note: ACL (Administration for Community Living), SHIP (State Health Insurance Assistance Program), TA (Technical Assistance). Interviews were conducted between January 2026 and March 2026.

Theme 1: SHIP grantees assist beneficiaries with a wide range of Medicare needs and income levels

- Beneficiaries new to Medicare contact the SHIP to gain a basic understanding of the structure of the program
- Throughout the year, grantees reported receiving questions about filing MA coverage appeals, navigating use of MA supplemental benefits, and inability to afford Part D prescription drugs
- Higher-income beneficiaries often contact grantees regarding Medigap, while lower-income beneficiaries may require assistance applying for Medicaid

Note: SHIP (State Health Insurance Assistance Program), MA (Medicare Advantage).

Theme 2: Providing in-person assistance and staying up to date on local market conditions

- Interviewees highlighted the ability to meet in-person with beneficiaries, allowing for more in-depth conversations and help completing paperwork
- Grantees possess local knowledge of provider and pharmacy networks, available plans, and retiree coverage offered by nearby employers
- Grantees receive referrals directly from 1-800-MEDICARE, particularly on state-specific questions related to Medicaid eligibility

Note: SHIP (State Health Insurance Assistance Program).

Theme 3: SHIP grantees have ongoing limited capacity

- Consistently reported capacity challenges, with one interviewee describing their SHIP counselors as “overburdened”
- One interviewee described the 2025 AEP as a “perfect storm”
 - MA plan terminations and provider network exits in some regions
 - Increased referrals from insurance agents
 - Impact of expanded SHIP outreach and marketing efforts
- Grantees often have limits on how many counseling appointments they can take during the AEP
 - In 2025 AEP, one SHIP grantee had to stop taking appointments as early as 3 weeks into the AEP

Note: SHIP (State Health Insurance Assistance Program), AEP (Annual Enrollment Period), MA (Medicare Advantage).



Insurance agents

Beneficiaries report positive experiences working with insurance agents

- In our annual focus groups with beneficiaries, many reported working with agents to determine out-of-pocket costs and premiums of individual plans
- Beneficiaries described how their insurance agents tailored suggestions based on their individual health needs
- Beneficiaries who used agents found them to be helpful and ultimately selected their plan after discussing options with their agent
- Agents we spoke with reported that they value a long-term relationship with their clients, and want to get them into the best plan, regardless of financial incentives

Source: NORC at the University of Chicago. 2024. *Beneficiary and clinician perspectives on Medicare and other issues: Findings from 2024 focus groups in select states.*

Agents typically sell plans from multiple insurers, but are not required to sell all available plans in their market

- In this way, agents filter plan options, which may not be apparent to beneficiaries
- A Commonwealth Fund study reviewed plans included on 3 large, online agent tools across 5 cities and found that, on average, each tool included:
 - Less than half of MA plans
 - Less than two-thirds of Part D plans

Note: MA (Medicare Advantage).

Source: Commonwealth Fund. 2021. *How agents influence Medicare beneficiaries' plan choices*. New York, NY: The Commonwealth Fund. April 21.

Agents are compensated for their services in varying and complex ways

- Agents receive initial and renewal commissions from insurers for enrolling beneficiaries in the MA, Medigap, or stand-alone Part D plans they sell
- Agents often have opportunities for supplemental compensation:
 - Bonuses for meeting enrollment benchmarks
 - Administrative payments for marketing
 - Other activities for plans, such as beneficiary health risk assessments

Note: MA (Medicare Advantage).

MA and PDPs: Agent compensation falls into two general categories

Plan enrollment

- Initial enrollment: Maximum of fair market value (FMV) set by CMS annually
- Plan renewal or enrollment in a new “like plan type”: Maximum of 50% of the FMV

Administrative payments

- Received for services such as:
 - Training
 - Agent recruitment
 - Customer service
 - Conducting beneficiary HRAs
- No set cap

Note: MA (Medicare Advantage), CMS (Centers for Medicare & Medicaid Services), HRA (health risk assessment).

MA and PDP agent compensation, 2026

Plan enrollment compensation	National maximum
MA	
Initial year	\$694
Renewal year	347
PDP	
Initial year	114
Renewal year	57

CMS estimates that administrative payments far exceed the compensation paid for enrollment

Note: MA (Medicare Advantage), PDP (prescription drug plan). CMS establishes maximum annual compensation amounts an organization can pay an independent agent for initial enrollment in MA and Section 1876 cost plans and PDP plans, as well as renewal years. The compensation rate for initial enrollment must be at or below the fair market value (FMV) and renewal compensation is limited to a maximum of 50% of the FMV. The FMV for MA plans is higher than the national rate in five states and lower in two U.S. territories. There is no variation by state/territory in maximum compensation for PDP enrollment.

Source: CMS. 2025. *Updated: Contract year 2026 agent and broker compensation rates, submissions, and training and testing requirements*. HPMS memo. June 18. CMS. 2024. Medicare program; changes to the Medicare Advantage and the Medicare Prescription Drug Benefit program for contract year 2024—remaining provisions and contract year 2025 policy and technical changes to the Medicare Advantage program, Medicare Prescription Drug Benefit Program, Medicare Cost Plan Program, and Programs of All-Inclusive Care for the Elderly (PACE). Final rule. *Federal Register* 89, no. 79 (April 23): 30448-30848.

Medigap: Agent compensation

- Actions of Medigap agents are governed by state law and regulation, so no federal compensation requirements
- Plan enrollment: Agent commission is typically a percentage of the annual Medigap plan premium
 - Multiple industry sources report varying agent commissions of about 20% for initial enrollment and 10% for subsequent years
 - Based on average annual Medigap premiums, agents could receive a commission of about \$520 for initial enrollment and \$260 for renewal
- Some agents report receiving bonus commissions from Medigap insurers when enrollment targets are met

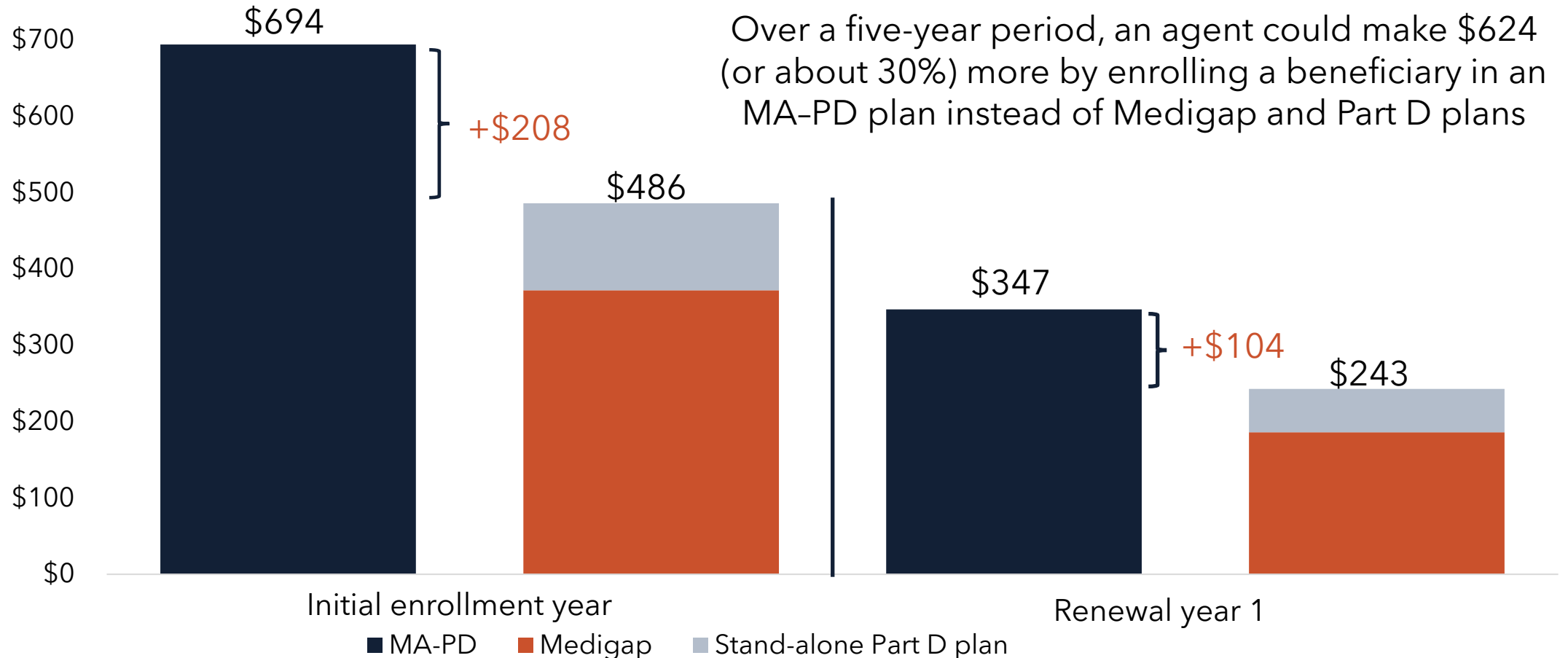
Source: Commonwealth Fund. 2021. *Agent commissions in Medicare and the impact on beneficiary choice*. Freed, M., N. Ochieng, J. Cubanski, et al. 2024. *Key facts about Medigap enrollment and premiums for Medicare beneficiaries*. Washington, DC: KFF.

Agent compensation may create financial incentives to steer beneficiary decision-making

- Some stakeholders have voiced concern that agents have financial incentives to steer beneficiary decision-making
- Incentives could favor enrollment in:
 - MA plans over FFS Medicare with Medigap and PDP
 - Higher-premium Medigap plans over lower-premium Medigap plans
 - Plans that offer bonuses for reaching enrollment benchmarks

Note: MA (Medicare Advantage), FFS (fee-for-service).

Agents may have a financial incentive to enroll beneficiaries in MA-PD plans: Illustrative example



Note: MA-PD (Medicare Advantage Prescription Drug [plan]). In contract year 2025, CMS established maximum agent compensation for initial enrollment in an MA plan is \$626 and a PDP plan is \$109. The maximum renewal enrollment compensation for MA is \$313 and \$55 for PDP. This example uses the median annual premium for a Plan G Medigap plan (\$1,704) based on Plan finder results for a 65-year-old female with no tobacco use and no household discount in ZIP code 22206 (Arlington, VA). We assume that agent compensation for Medigap is 20% of the annual premium for initial enrollment, and 10% of the annual premium for renewal enrollment. This illustrative example does not include administrative and bonus payments that insurers may pay agents.

Source: MedPAC analysis of CMS compensation amounts and Medicare.gov Plan Finder tool.

Concerns about growing use of “zero-dollar” commissions

- Insurance companies do not have to pay agent commissions for enrolling beneficiaries in plans
- Insurers may stop paying commissions for some plans because sales are higher than desired
- Increasing reports of insurers’ use of “zero-dollar” commissions for enrollment in certain MA, Medigap, and PDPs
- Growing concerns from state departments of insurance and agents regarding the effect of “zero-dollar” commissions on consumer access to plans

Note: MA (Medicare Advantage), PDP (Part D plan).

Discussion

- Some sources of information beneficiaries use to make enrollment decisions:
 - CMS information sources (1-800-MEDICARE, Plan Finder)
 - SHIPs
 - Insurance agents
- Questions?
- Feedback on materials?
- Expected informational chapter in MedPAC's June 2026 report to the Congress



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