

CREATING A MEDICARE MARKETING TIMELINE FOR 2012

The game has changed! In 2011, what had been a relatively stable and competitive landscape for Medicare plans became a whole new ballgame. The changes to Private Fee For Service, healthcare reform and Medicare supplement options and modifications that started in June 2010 created a lot of consumer confusion and had members shopping for alternatives. That confusion and the fact that the marketing window is even more compressed than it has been in the past is making a structured approach to Medicare marketing more important than ever. But, as you start focusing on your 2012 enrollment campaigns, don't forget your existing members and the fact that educational communications can happen all year. You should rev up your efforts to both educate and engage members, if you hope to keep your retention rates high. Positioning yourself against aggregators and other competitors as a source of reliable, accurate information will make your plan the first place members turn to when life events such as aging into Medicare eligibility or a change in employment status trigger decisions.

GETTING STARTED

Medicare marketing should be easier than it is. Annual election is coming in mid-October. So, sometime in August, you should be able to ask your general agency to whip up a couple of newspaper ads and maybe a newspaper insert, along with some fresh collateral for your brokers about your Medicare Supplement and Medicare Advantage products. You double-check last year's call center script to make sure it will still work. Then in mid-October, you turn everything on, watch the leads come in and the sales pile up.

How hard could it be?

Well, it's a heck of a lot harder than that, because it's a lot more complicated. For starters, you have to have time to figure out what happened last year and what you can learn from it. Then there's that pesky CMS approval thing they never told you about in grad school, and who knew seniors would ever start using the Internet, for heaven's sake? The fact is, the day-to-day lives of those of us with Medicare products to market more closely resemble Lucy Ricardo the day she got the job wrapping candy. (If you're too young to know what we're talking about here, ask your elders.) More and more regulation changes, media choices and projects keep coming faster and faster, and sooner or later, you wind up eating something.

It doesn't have to be that way. Planning for enrollment will never be a leisurely stroll through a placid marketing landscape, but it is possible to establish and maintain control of the Medicare marketing process, hitting deadlines without making mistakes. The key, of course, is planning. And in time-sensitive situations like this, success or failure largely depends on it.

Take a look at the timeline below. Your own planning situation will no doubt vary from this example in some respects, but it illustrates the major projects that usually need to be addressed to gear up for any year's enrollment periods, with an approximate timeline (in number of weeks) for getting them done. Here are the major categories of work that should be addressed:

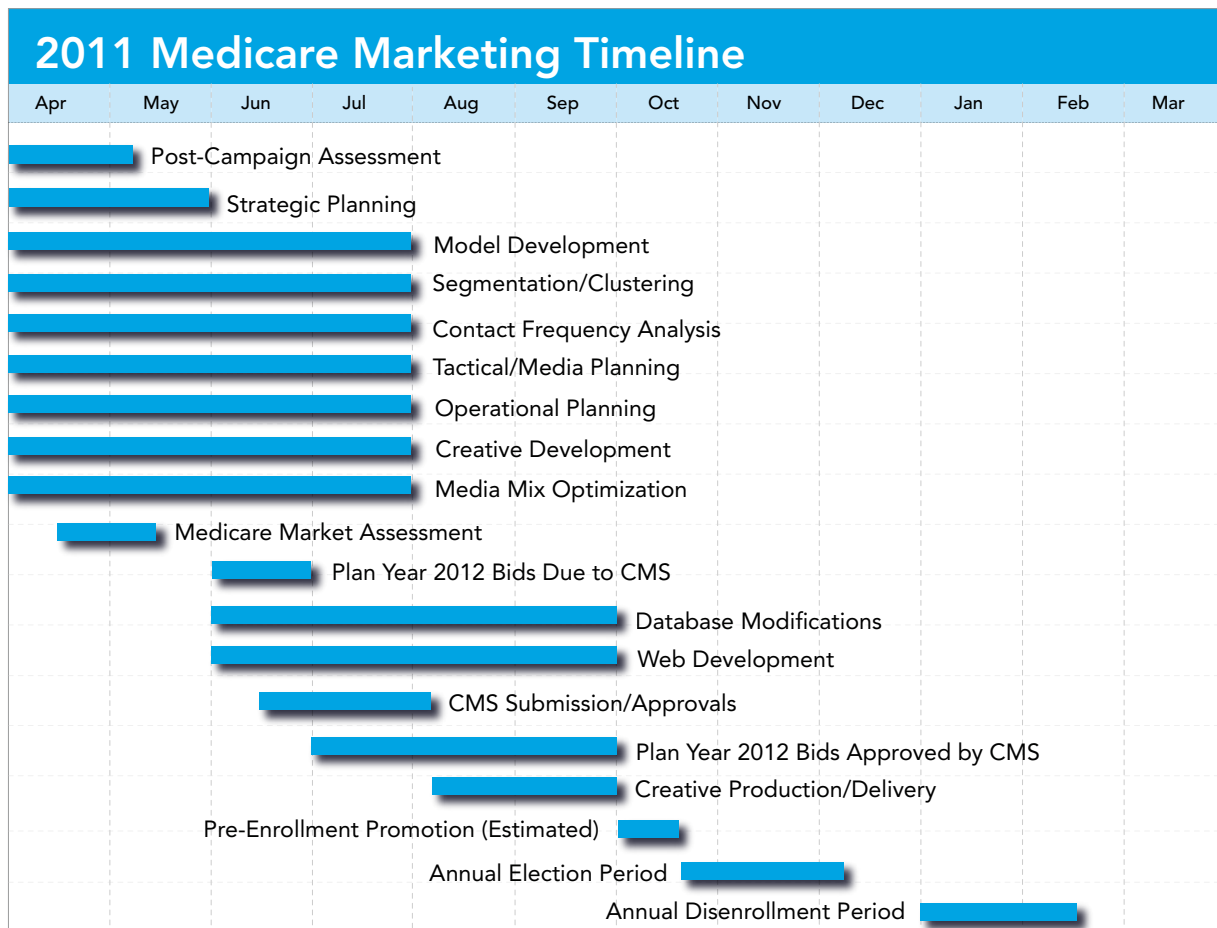
POST-CAMPAIGN ASSESSMENT

(allow five weeks)

Unless you're just launching your first-ever effort at

marketing Medicare products, you have past results that can guide you in deciding what you should and should not do this year. This analysis can tell you what worked, and usually why, if the measurement methodology and metrics were set up properly before the fact. Assuming you've been marketing actively, this could involve dozens, perhaps hundreds, of campaigns and other promotional efforts going back two or three years, so you'll need to allow enough time for more than a cursory review.

Although you'll probably be analyzing results while promotion efforts are underway, you really won't be able to get final numbers until the dust has settled and the results are known. For that reason, we show a start date of April 1 on this necessary first step. By then, promotion results should be in completely, and you'll have enough information to begin drawing conclusions. You'll need to allow at least five weeks for this analysis.



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If possible, past campaign results should be sliced and diced by a competent analyst with the tools and skills necessary to do a thorough job. For example, a winning campaign selection might be profiled, searching for commonalities in responders and buyers, then compared to other winning campaigns looking for similarities. This kind of information is usually a precursor to modeling as well, so it's very important. It will be greatly facilitated if you've been driving your decisions using a marketing database because of the availability of contact history, and made very much harder — in some cases, impossible — if you don't have one.

STRATEGIC PLANNING (allow at least eight weeks)

Because your existing knowledge base about what works and what doesn't should be brought into alignment with the current year's marketing objectives to define strategies, our timeline suggests that you launch your strategic planning efforts as soon as you begin to get results from the past years' efforts. However, since these two steps overlap, you should be prepared to revise the strategies based on last-minute findings in the assessment.

Strategic planning, which can begin as results from early efforts come in, varies from tactical planning (see page 4) in that it describes the objectives rather than what steps you're going to take to accomplish those objectives, so it's not yet time to decide on tactics. First, you need to initiate some in-depth analytical projects to provide further guidance.

RESPONSE AND CONVERSION MODEL DEVELOPMENT (allow eight weeks)

Assuming you have access to past campaign history, multistage models (both responses and conversions) will allow you to rank-order your prospects on the likelihood that they will respond to an offer and ultimately convert to member status. These models can produce scores that can essentially become a single-click selection for campaigns, and/or they will be a core component in your segmentation and clustering.

SEGMENTATION AND CLUSTERING (allow eight weeks)

Modeling contributes to segmentation and clustering. Knowing that the needs and desires of all Medicare eligibles are not alike, you'll need some method of dividing the universe into manageable segments that are likely to be responsive to similar offers. Think of it as one-to-few marketing. The clustering methods most often successful in making segmentation work are:

- Demographic Clustering provides an understanding of members and prospects based on observable demographic, economic and neighborhood data.
- Behavioral Clustering uses interactions with your organization to segment individuals according to their behavior toward you.
- Attitudinal Clustering validates and extends any available primary research (surveys, etc.). This can provide a real benefit in terms of helping to develop creative strategies and in the design of offers.

Ultimately, all three techniques can be combined into a kind of super-clustering methodology, which can be very powerful in collectively targeting a limited universe of prospects.

CONTACT FREQUENCY ANALYSIS (allow eight weeks)

One of the most-often-overlooked analytical techniques, Contact Frequency Analysis, will allow you to determine — usually within segments — how many times you should attempt to get a response from or convert a prospect to membership; the right amount of time to pause between contacts; and the optimal media pattern for those contacts (direct mail, telemarketing and/or email). The compressed time of the enrollment period mitigates the risk that you'll over-promote somewhat, but it still makes sense to promote to some prospects only once or twice and to others more often than that. Why spend the money if you don't need to and can't get any incremental benefit from doing so?

MEDIA MIX OPTIMIZATION

(allow eight weeks)

There are multiple ways to reach members and you need to choose which ones to use. The right way to make that choice is to integrate known preferences (the member may have told you that email is their channel of choice, for example) with what works best when a preference is not known. By looking at past response/conversion behavior, Media Mix Optimization can tell you which channels to use and when for maximum impact within member segments.

MEDICARE MARKET ASSESSMENT

(allow four weeks)

Many organizations fail to evaluate their current position in the marketplace and instead blindly target everyone who is age eligible for Medicare. Assessing your market position can help you identify specific opportunities for growth and market expansion, which are key factors when planning your Medicare marketing strategies and tactics. While you probably have a number of different data points — such as enrollment and product data, statistics about your geographical market and physicians, and information about your members and competitors — that guide your current analytical efforts, the true value of this data is not fully realized until it is combined and evaluated in relation to each other. A thorough Medicare market assessment provides you with a clearer picture of your current competitive positioning, your product distribution across market area, and your potential prospect universe.

OPERATIONAL PLANNING

(allow eight weeks)

Your planning might reveal some operational shortcomings that should be addressed, such as lead-handling options or back-office functions that need to be set up. Be aware that certain decisions you make in the Tactical/Media Planning phase might require additional operational modifications, such as setting up special call center operations. Medicare marketing is a fairly mature process at most companies, so we're only suggesting a four-week time span to look into these needs and get them addressed properly. You'll need to make your own judgments about the difficulty in gaining access to

new requirements in your own organization and allow enough lead time to get them done and tested. Above all, don't overlook this important step.

DATABASE MODIFICATIONS

(allow up to 16 weeks, depending on complexity)

You might need to go back to your existing data sources — or find new ones — for data elements not presently available to you. In other situations, data aggregations or derived fields may need to be created from existing information. In either case, you'll need to define those with specificity and allow plenty of time to get them completed and tested. Depending on the tactics you decide to implement later as a result of the planning process, your database modifications might be more extensive than you originally anticipated.

CREATIVE DEVELOPMENT

(allow eight weeks)

Depending on the complexity of your product mix, the media you plan to use and the resources available to you, creative development will range from moderately difficult to very difficult and time-consuming. Internal staff, if it's adequate, can usually turn around creative recommendations faster than an agency can, but an agency generally produces better work with a greater chance of succeeding. Chances are you've already made those judgments for yourself.

TACTICAL AND MEDIA PLANNING

(allow eight weeks)

Tactical planning will benefit greatly from your early analytical efforts, such as model development, segmentation/clustering and the Medicare Market Assessment. These efforts will be especially helpful in effective targeting of your chosen audience.

Strategies tell you what you hope to accomplish; tactics define how you'll make that happen. This will include, of course, what media you plan to use to get the message across, which could include direct mail (the workhorse medium for marketing to seniors), DRTV, email promotions, search engine optimization (also very important in seniors marketing, especially in health care), free-standing newspaper

inserts, print advertising, radio and event marketing. Outdoor is generally not a direct medium and should be reserved for brand initiatives.

CMS SUBMISSION AND APPROVALS

(allow at least six weeks)

Unless you're using CMS Model Language unchanged in your creative (hopefully, you're not) or you're eligible for 5-day File & Use approval, you'll need to allow at least six weeks to get CMS approval on your marketing materials. This is, of course, a part of the process that can't be shaved in terms of timing. All other planning leads to CMS approval. It takes as long as it takes, and there's nothing you can do to shorten it.

CREATIVE PRODUCTION AND DELIVERY

(allow at least eight weeks)

Getting approved creative ready for use will take varying lengths of time, depending on your media mix. Printed materials such as those used in direct mail, fulfillment materials and collateral will usually require the largest number of steps to completion, and some of those steps are inconvenient and time-consuming. Press checking, for example, is a step that usually shouldn't be skipped on materials that are used in a highly-regulated environment.

Call center scripts usually require testing, another time-consuming process. Depending on production values, five weeks is probably pushing the envelope a bit for producing DRTV spots and getting them ready to tag and ship.

The easiest medium in this regard is the Internet. If it looks and reads right on the screen, you're done. But of course, that presupposes you've already completed usability analysis on the templates and forms you're using on your emails, web site or microsite(s). If not, it's a step that needs to be included, which could be time-consuming if you haven't done it before.

PRE-ENROLLMENT PROMOTION

(Beginning September 15)

This is that time when you can talk publicly about who you are and why prospects should be planning to interact with you, without revealing much of anything about your products and how they're priced. In direct response terms, it's called pre-heating the market and, of course, it requires a completely different approach to creative than your enrollment promotions that are designed to get people to respond and buy. All of these promotions need CMS approval as well. At this writing, the allowable dates have not been set by CMS. If the estimated September 15 date we have used changes, your other planning may need to shift to accommodate the new date.

ANNUAL ELECTION PERIOD

Pay dirt! You've launched the annual election promotions on October 15, secure in the knowledge that you've successfully managed your way through all the planning steps most likely to assure your success.

The bad news? As results come in, you need to start the post-campaign assessment as soon as possible so you'll have the information you need to begin your strategic planning for next year. You're only a few weeks away from starting over. You can use that time to work on your age-in programs.

Of course, you'll gain the high ground by being able to enroll all year long in 2012 if you can get a Five-Star quality rating from CMS. But that's another subject entirely.

Depending on what products you're marketing, your budgets, the availability of past contact history, and how much information you have about your members and prospects that can be used for analytical work, your own timeline will be different from the example we have provided here. But there is much to be gained from a well-defined and rigorously implemented Medicare marketing planning process, and hopefully this exercise will be helpful to you in designing it.

For more information, please call our health care experts at 800-353-3398.