

Chairman Baucus, and members of the Committee, thank you for this opportunity to testify. I am Judith Hibbard from Eugene, Oregon. I am a professor in the Department of Planning, Public Policy, and Management at the University of Oregon and Clinical Professor of Public Health and Preventive Medicine at the Oregon Health Sciences University. I am a member of the Strategic Framework Board (SFB) of the National Quality Forum, where I provide expertise on how to effectively report health care information to consumers. I am pleased to be here today to discuss the information needs of Medicare beneficiaries.

My research interests focus on how consumers can make choices that will help to ensure that they gain access to the best quality of care that is available to meet their own needs and preferences. In this context, I have investigated how consumers make choices, and how these choices vary depending on how well they understand the information and how that information is actually presented. I have studied consumers of all ages, including Medicare beneficiaries. My current research has been supported by the Centers for Medicare and Medicaid Services (formerly HCFA), the Robert Wood Johnson Foundation, and the AARP.

As you know, the Medicare Program works best when beneficiaries make informed choices about their options. Recent changes in the program have expanded options as well as the amount and type of information available to beneficiaries. This represents a new situation for beneficiaries. They now need to understand the various choices available in their local area, how they differ, and how those differences might affect their costs and their care.

My research has focused on how beneficiaries are faring under these new conditions of more choice and more information. What we have found is that there are serious deficits in what beneficiaries know about how Medicare works, and what they understand about the differences between the original Medicare program and managed care options. Even in areas where there are many managed care options, the majority of beneficiaries have very little understanding of the differences or what they should be considering when making a choice.

Of greater concern is our recent finding that more than half of the beneficiary population has difficulty understanding the comparative information about Medicare options (*Older Consumers' Skill in Using Comparative Data to Inform Health Plan Choice: A Preliminary Assessment*, Sept. 2000). When asked to review comparative tables or charts showing plan characteristics or how well health plans perform, a majority of beneficiaries had difficulty accurately interpreting the information. Compared to the population under 65 years of age, older beneficiaries make about 3 times as many errors in interpreting information (*Health Affairs*, May 2001). Those who were older (80+), who were in poorer health, and who had less education had the most difficulty using information. Those beneficiaries who had the most difficulty also felt that having many choices and lots of information was a burden. They preferred to have someone else make Medicare plan decisions for them. A surprising finding was that the beneficiaries who had the most difficulty were no more likely to seek formal help than beneficiaries who were more able to understand and use information in making choices.

At the same time, almost half of beneficiaries were able to correctly interpret comparative information. These beneficiaries who have more skill, do welcome the expanded Medicare choices and having the information to inform those choices. These findings underscore the importance of segmenting the population and tailoring information to meet the needs of the diverse segments.

Research findings have important implications for the Medicare program.

- What beneficiaries need to know to make an informed choice is formidable. They need to understand how managed care versus the fee-for-service program will affect their costs, their access, and the quality of their care. They need to be able to understand the performance information associated with each of their plan options and bring this information together with the information about plan characteristics, benefit packages, and cost. They need to be able to differentially weight these factors to match their own needs and preferences. While these tasks are difficult for most people, they are particularly difficult for the elderly. Beneficiaries need assistance with this process.
- The most effective approach to communicating with beneficiaries will take into account the tremendous differences within the beneficiary population in their ability to comprehend and use information in choice. *Educational approaches and communication strategies need to be tailored to the different segments and their ability levels.* This implies putting sufficient resources into the communication and education budget to accommodate tailoring of information.
- Because they are the least able to make informed choices, it is important to identify those beneficiaries who have more difficulty in using information and provide them with the needed assistance. Using a simple screening approach may enable Medicare counselors to identify those with the least ability to use information on their own. Triaging individualized in-person help to these beneficiaries is probably the best way to use what is likely to be a limited resource.

- Providing decision-support by helping beneficiaries understand and apply information to their own situation, helping them weigh the different factors, and enabling them to bring these all together into a choice is the kind of assistance that beneficiaries most urgently need. *This means providing help that goes beyond simple information dispensing, which is what most current CMS and SHIP efforts entail, to providing decision-support.* Decision-support can be provided via group counseling, individual in-person or telephone counseling, or through the provision of decision-support computer tools. Most beneficiaries prefer decision-support help in the form of one-on-one counseling with a live person. For example, placing a Medicare representative in each Social Security office to answer questions and provide information is one way to make expert help more available to people in their local communities.
- Making the choice task easier for beneficiaries would also help them make better selections. This could be accomplished by having fewer types of plan designs to choose from and less complexity associated with each of the choices. Medigap choices were simplified by standardizing options and language, and similar approaches could be taken with the Medicare+Choice options.
- The National Medicare Education Program requires adequate resources. The complexity of the options and the diverse abilities of the Medicare population, make beneficiary education and communication an especially challenging task.
- Finally, because most beneficiaries still lack an understanding of their choices, it is premature to implement the lock-in feature of the Medicare+Choice program scheduled to begin in 2002. The lock-in was built on the assumption that beneficiaries would understand their options and make careful and appropriate choices. At the present time, this is obviously not the case.

Providing information does not equal understanding. Beneficiaries have been provided with information but many still do not have enough understanding to make informed choices. It will be very important for the new Centers for Medicare and Medicaid Services (CMS) to assess beneficiary knowledge levels on an ongoing basis to determine the degree to which their educational efforts are actually successful.

I was pleased to hear Secretary Thompson's announcement that beneficiary education and outreach will become a higher priority. This is an important step. As the Medicare program becomes more complex, many beneficiaries will need individual help to make good choices. The amount of help they will need is likely proportional to the number of choices and the complexity of those choices. The Centers' challenge is to improve communications to beneficiaries by tailoring information for the diverse Medicare population, and to find ways to provide assistance to beneficiaries that moves beyond information dissemination to education and decision-support.