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2026 AEP SIGNALS AND READINESS STUDY

(FORMERLY AEP GUT CHECK STUDY)

Lemon Dropping, Encouraging Enrollment Caps, and the Eventual Renewed Need for AEP Warming

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Deft Research recently published the 2026 AEP Signals and Readiness Study (formerly referred to as the AEP Gut Check Study)—Deft's "crystal ball" report as to how we see the AEP shaking out this year after two shaky AEPs in a row. And whereas the AEP used to be a member bonanza of sorts for MA carriers, where eager carriers boosted benefits and invested more into marketing at an enroll-at-all-costs frenzy, recent AEPs in the post-V28 risk adjustment era have been more about trimming and terming. The most recent reset resulted in more than 2.8 million non-SNP members receiving a term letter from CMS, up from what was a record 1.8 million termed the previous year.

Early signs for the 2027 AEP show that the scourge of issues that seniors have dealt with lately (terms and exits) will not go away for 2027. Both public and private announcements have made it clear that we are in for a third year of turbulence whether we like it or not. As for the severity of this year's reset? Deft feels that we are leaning more towards 2025-esque disruption than 2026. …Hopefully.

And should that be the case, expect a few more firms who had toned things down from a marketing perspective in recent AEPs to do a bit more this year. This is not to say that the AEP will be as raucous as it was in the Joe Namath years (thank goodness!), but it does feel as though we are closer to the end of this versus the beginning—especially for carriers who "took their medicine" in at least two of the last three AEPs.

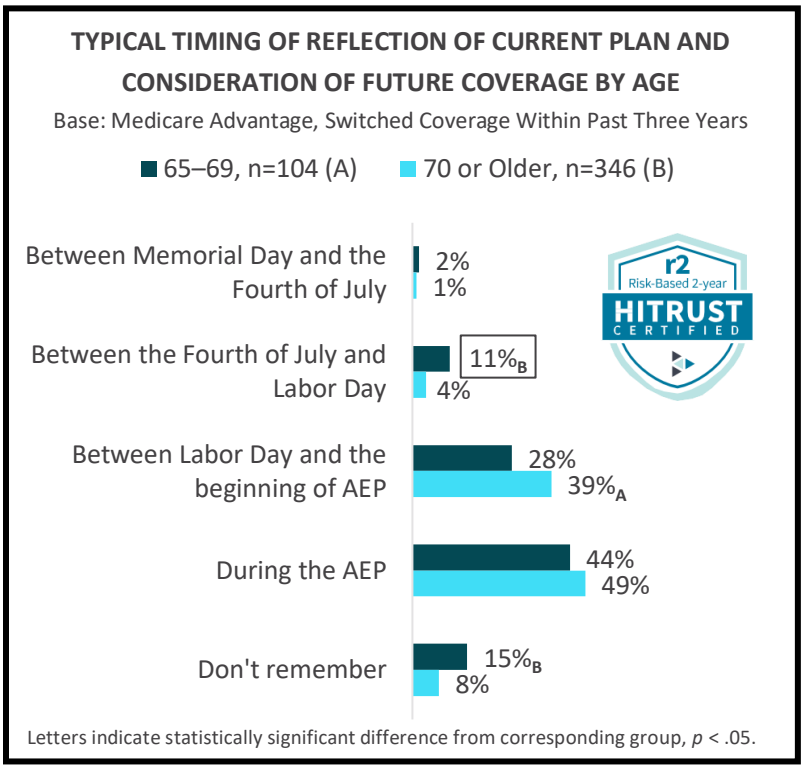
What did it look like when MA carriers "took their medicine" in 2025 or 2026? It looked like SARs, plan terms, and benefit degradation, separating carriers from the plans and members that were the most MLR-negative, AKA "lemon dropping"—CMS's term for the opposite of "cherry picking". Deft's 2026 National Medicare Health Segmentation Study and the 2026 Medicare Shopping and Switching Study showed that the segment of consumers who were the most likely dropped for 2026 were the "Episodically Engaged." To put it plainly, the "Episodically Engaged" tend to use the ER in lieu of their PCP, and they choose to only "engage" with the health system when they are in the throes of a new health crisis—not before in order to prevent one. Those engrained, poor healthcare habits spell trouble for any carrier, and those carriers who trimmed and termed

the most for 2026 jettisoned more of those members; carriers who grew in 2026 disproportionally grew with them.

With the most MLR-negative consumers being jettisoned from their plans, carriers and their marketers have needed to think twice about marketing and are no doubt making difficult decisions about the upcoming AEP. One area of discussion is what to do about "AEP warming", the precursor for the traditional benefits-based marketing that happens after 10/1. Such "warming" marketing is the branding work that is done over the July and August and months to "warm up" the market and generate leads to be closed during the October through December selling period.

Would this "warming" marketing be disproportionally seen by those "Episodically Engaged" members that no carrier seems fit to manage? No. In fact, it may be more apparent to other segments entirely.

As seen on the chart to the right, more under-70 MA members reflect during the "warming period" about their coverage. These are consumers in their first few years in Medicare who presumably have had some time for their risk adjustment factor to be built up by their previous/current carrier and would therefore be more MLR-positive than an Age-In who may have yet to have even had their first AWV. One can make the argument that eligibles turned into leads in the "warming" months can be curated into new enrollees toward the start of the AEP—maybe even before most consumers fully realize what has happened to their current plan's benefits and costs.



That earlier-to-engage member is different than potentially more MLR-negative members. The "Episodically Engaged", one of these high-utilization groups, many times only become active shoppers when they receive a term letter in the fall (active lemon dropping) or notice negative changes to their plan after 10/1 (passive lemon dropping). But however it is done, consumers who are dropped or see degraded benefits and choose to switch become activated shoppers well after the July through August warming period has come and gone.

Expect once again that some of the more MLR-negative consumers this year will become activated shoppers after the start of the AEP, not before in the warming period. Therefore, expect a few sharp carriers looking to grow this year—but not with someone else's castoffs—to once again try to attract their leads earlier in the AEP, not later.

This may eventually change the "hockey stick" that carriers had seen historically in enrollment growth—the late surge in enrollment starting the Monday after Thanksgiving. Why would any carrier want to disproportionally win late in the AEP now if that is where the more MLR-negative (lemon dropped) prospects over-index? And if that is the case this year, expect that to be even more of the case in the future.

Imagine the rush to sign up seniors early in the AEP going forward when more of the smaller regional plans eventually take advantage of the enrollment cap provision that CMS is not-so-subtly reminding carriers about. If the tougher risk over-indexes later in the AEP and smaller carriers take advantage of an enrollment cap, then their enrollment may be filled up due to the results of successful "warming marketing" before the tougher risk even knows that their plan has been termed and they are being forced to switch.

Some larger carriers have dropped well over a million members these last two years onto the market, and therefore, onto smaller carriers' laps in an effort to dig out of their financial hole. In future years, such a tactic may result in affected members finding no smaller regional players left to enroll in after those plans hit their enrollment caps, and carriers who continue to "drop" members onto the market may end up just swapping MLR-negative members back-and-forth with each other. Plans may be best off finding a spot to sit in the market early in the AEP before the game of musical chairs for well risk-adjusted members concludes and the "hockey stick" frenzy begins.

(*Want a fresh perspective for key decisions? Contact your local Deft Research consultant to learn more about Deft+ Consulting Services.)*

Deft Research recently published the **2026 AEP Signals and Readiness Study (formerly the AEP Gut Check Study)**. This national market research report of nearly 3,000 seniors in Medicare Advantage (MA), Medicare supplemental insurance (MedSupp), or Original Medicare Only (OMO) examines how beneficiaries feel at the midway point in the year about their coverage so we can illuminate what carriers, marketing agencies, FMOs, and agents need to consider over the remaining months to make the most out of the once-a-year enrollment opportunity. For more information on the rest of the report, please contact your Deft Research Client Services associate or email info@deftresearch.com.

Did you enjoy this Single Insight Point (SIP) from the 2026 AEP Signals and Readiness Study? Are you ready to move from just a SIP to a whole gulp? Please connect with your Deft Research Client Services Associate to unlock all the business-changing insights from the 90-plus pages of insightful reporting.

Don't miss these offerings related to the 2026 AEP Signals and Readiness Study:

- **National Medicare Health Segmentation Study** illuminates health segments within the senior population so organizations can best serve their unique needs.
- **Medicare Age-In Study** identifies strategies to boost acquisition and reduce early retention risk, while analyzing trends in self-insurance and recommending ancillary products for those not interested in MA or unable to afford MedSupp.
- **Deft+ Consulting Services** can help your organization better understand the market and prepare for the AEP.

Keep the insights coming all year with our syndicated studies.

The **2026 Senior Market Insights Service** includes the following studies:

- **National Medicare Health Segmentation Study** illuminates health segments within the senior population so organizations can best serve their unique needs.
- **National Supplemental Benefit Conjoint and Ancillary Products Study** helps you design the most attractive supplemental options while balancing costs and gauging interest in ancillary products. Select from one or both of the following:
    - *Medicare Advantage Version*: focuses on traditional supplemental benefits
    - *MedSupp/OMO Version*: focuses on the Dental/Vision/Hearing bundle
- **Medicare Shopping and Switching Study** examines senior consumerism during the AEP and highlights what made members venture to new products.
- **Influences of Part D in MAPD and Standalone Coverage Study** explores how the tiered placement of specific, common medications influences MAPD and Part D consumerism.
- **SNP (C-SNP and D-SNP) Acquisition Study** provides insights into the rapidly growing segment of seniors with Medicaid eligibility (D-SNP or otherwise), examining how they shop and consider new coverage.
- **Medicare Member Onboarding and Management Study** explains how to update existing members and onboard new ones after the AEP. It also highlights what worked well in member services and education, and where improvements are needed for the next year.
- **Medicare Age-In Study** identifies strategies to boost acquisition and reduce early retention risk, while analyzing trends in self-insurance and recommending ancillary products for those not interested in MA or unable to afford MedSupp.
- **SNP (C-SNP and D-SNP) Experience Study** provides carriers and agencies with a blueprint to best serve dual eligibles and/or those with specific demanding health conditions.
- **AEP Signals and Readiness Study (Formerly AEP Gut Check Study)** is a "must have" for carriers, agencies, and consultants. It assesses the pain points, service failures, and plan experiences that carriers and agents must address as we near the AEP.
- **How the U.S. Consumer Selects a Provider and Health System Study** is a first-of-its-kind study, looking across the broad U.S. healthcare consumer landscape at the experiences of consumers with their primary care providers, including searching for new providers, how provider relationships impact health system loyalty, and deep dives into preferences by insurance coverage type, age/life stage, health needs, and more
- **Medicare Digital Tools Study** gives an in-depth look at how seniors shop online, navigate health insurance and healthcare, and whether they find the amount of information online to be overwhelming.
- **Medicare Member Experience Study** shows what causes attrition, switching intention, and lower CAHPS scores, helping carriers to better engineer member communications and customer service for higher scores.
- **MAPD + PDP Disruption Tool** provides detailed market summaries of benefit changes from the national to the county level, helping you anticipate shifts in 2026 enrollment.
- **Custom Research** can help you answer the tough questions facing your organization about your member experience (and those of your competitors) as you prepare for 2027.

Our **2026 Commercial Market Insights Service** studies for the Individual Under 65 Market include:

- **National ACA On and Off Exchange Benefit Design Conjoint Study** shows the premium-based tradeoffs that under-65 beneficiaries will make in the subsidized/on-exchange market as well as the non-subsidized/off-exchange market.
- **Individual and Family Plan Shopping and Switching Study** examines the traditional OEP enrollment period, the channels that best connected with consumers, and how these individuals chose to enroll.
- **ICHRA Study Part I: Brokers and Employers** examines two of the three stakeholders who will decide ICHRA's trajectory in the near term: employers looking to untangle health insurance from employment and brokers who will (or will not) facilitate that transition.
- **ICHRA Study Part II: Employees** chronicles how employees managed through cost increases, the impact on them, and how it compares to employees in traditional group coverage who may have faced less dramatic premium increases.
- **BONUS: How the U.S. Consumer Selects a Provider and Health System Study** is the first-of-its-kind study, we look across the broad U.S. healthcare consumer landscape.
- **Individual and Family Plan Member Experience Study** identifies the experiences that either inflate or depress loyalty so that carriers can be more informed on how to hold onto their ACA members.