Are Medicare And ACA Leads Worth It? ROI, Lifetime Value, And Scaling

Description

The Leads Ware House

By James Schulze

This article discusses the concepts of ROI and a consumerâ??s lifetime value and how agents can ensure their Medicare and ACA leads deliver the greatest return. It also offers insights on best practice lead strategies and ROI-limiting mistakes that agents should avoid.

There has been a lot of change in the health insurance industry. Costs are rising. Competition is stiffer. Consumers are taking longer to consider and decide on insurance plans. Medicare compliance is constantly changing. And, ACA Marketplace regulations are evolving. It is really not surprising that insurance agents might question, â??Are Medicare leads and ACA leads still worth it?â?• The short answer is â??yes,â?• but only if you understand how to maximize ROI, lifetime value, and scaling efforts.

How to gauge if health insurance leads are worth it

Many agents tend to focus on only one number when trying to evaluate if the leads they are buying are still worth it: the cost per lead. But this is simply the price they paid to identify a consumer who is seeking Medicare or ACA insurance coverage. It doesnâ??t consider the leadâ??s data quality, level of consumer intent, or how likely it is to convert.

What they really should be looking at is the **cost per policy**, which is the amount of money they spent on leads to get one written policy. Return on investment (ROI) considers what an agent earned compared to what they spent on leads. Itâ??s a simple formula: ROI = Revenue divided by cost. So, if an agent spends $1,000 on leads and generates revenue of $3,000, the ROI is 3x.

Medicare leads often have higher ROIs than those achieved with ACA leads, but both can achieve target ROIs with the right lead strategy and sales process.

ROI for Medicare leads

Agents who use Medicare leads often produce strong returns. They generate higher revenues with:

- Higher commissions
- Double commissions for T65 policies
- Longer client retention
- More predictable renewals

Medicare agents have also been helped by growing enrollment numbers. The Centers For Medicare & Medicaid Services (CMS) reports that over the last five years, Medicare enrollments have increased by more than 7 million beneficiaries. The total number of Medicare beneficiaries is now approximately 70.1 million, up from 63 million in 2021.

The most frequently used lead type for Medicare sales is **inbound calls**, primarily due to their strong CMS-compliance. Inbound leads have a higher cost per lead than real-time Medicare leads and aged Medicare leads (read our blog, â??How Much Do Medicare And ACA Leads Cost in 2026?â?•). But agents who only focus on lead cost will miss the strong ROIs that inbound calls deliver. Because these calls are *initiated* by consumers, they have the highest intent to have a *live* discussion about Medicare options and enroll. This higher intent brings faster closes and better conversion rates, which helps agents drive up their short-term ROI.

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ROI for ACA leads

Although agents typically generate less ROI on ACA sales, it doesnâ??t mean that ACA leads are not worth it. They still produce value because:

- The size of the ACA market is large.
- There is ongoing demand.
- Enrollment is driven by subsidies.
- ACA marketplace changes require a targeted approach, which can improve results.

The Center on Budget and Policy Priorities reports that nearly 23 million Americans selected an ACA marketplace plan for 2026. Despite seeing a 1 million decline in beneficiaries from 2025, there is still a very large number of ACA opportunities to pursue.

The most commonly used lead type for ACA sales is **aged leads**. There is a high volume of aged leads, making it easier for ACA agents to scale. But most importantly for ROI, it is the lowest cost lead available. So while an agent receives lower commissions for an ACA policy, the sheer volume of lower-cost opportunities from aged leads can still create strong near-term ROIs. Consider an agent who has a $1,000 lead budget. The agent can buy 12 inbound calls at $80 each and write two or three policies. Alternatively, the agent can buy 2,000 aged leads at $0.50 per lead and write five to eight policies. A higher number of written policies (and ROI) for the same $1,000 lead spend.

All our talk has been about short-term ROI so far. That is, how agents can realize a better ROI on any given lead purchase. But what about long-term ROI?

The lifetime value of a customer â?? the ultimate measure of return

Many agents are hyper-focused on near-term results, the immediate ROI they generate on the initial sale to a consumer. But what is even more important is the lifetime value (LTV) of a client. LTV is how much revenue and profit you generate from this client over the entirety of your relationship with them. There are a few ways agents can increase the LTV of their client base:

- Improve client **retention** by finding ways to continuously connect with them rather than just asking for an order once a year. This builds stability.
- Work **renewals** early and with a strong cadence. This increases profit.
- **Cross-sell** other products (e.g., Medicare supplements, final expense policies) that may also benefit your clients. This adds revenue.

The LTV of Medicare clients tends to be higher than the LTV of ACA clients. Why? Because Medicare beneficiaries are Medicare-eligible once they turn 65 and will continue to be for the remainder of their lives. Medicare agents have ample opportunities to sell them Medicare plans, and even cross sell them other relevant products. ACA clients can move off ACA eligibility as their income changes, so agents have less time to build LTV with these individuals.

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A lead strategy to maximize ROI

Best practices indicate there is a strong case for using a mix of lead types to drive ROI. Every lead type has their strengths and each can help agents achieve different objectives. A strategy that has worked for many of our Medicare and ACA clients includes:

1. **Using inbound calls for Medicare** â?? Inbound calls bring high-intent conversations directly to agents for faster closes, especially when used by experienced sales teams. They also ensure compliance with CMSâ?? 1:1 consent requirements and 48-hour rule (read our blog, â??Inbound Calls Drive Compliance and Efficiencies Amidst CMS Rules Changesâ?• for more information on these rules). The higher close rate along with higher agent commissions will give agents a solid return on their investment in inbound calls.
2. **Using aged leads for volume and Medicare communications** â?? Many agents are nervous about using aged leads for Medicare, given CMSâ?? heavy compliance requirements. The most stringent CMS regulations are focused on â??marketingâ?• materials given to seniors. These must receive CMS approval to be considered compliant. But standard â??communicationsâ?• (e.g., newsletters, educational guides, plan brochures) that avoid solicitation for Medicare do not require prior CMS approval. Top-performing agents will buy aged Medicare leads outside of AEP and OEP and use them for â??communicationsâ?• messaging. This is excellent for client retention efforts and building stability in your client base. Seniors who feel they have a real and substantive relationship with their agent are less likely to look to competitors when next year rolls around. It can also be highly effective in creating interest with new prospects, allowing agents to scale their pipeline.
3. **Using aged leads for ACA targeted campaigns** â?? Lower-cost aged leads are a strong lead choice in the ACA market. Successful agents will often use targeted campaigns to pursue opt-in consumers who have the characteristics to be strong candidates for ACA.
4. **Scaling the right way** â?? Scaling is where most agents fail. They either overspend on inbound calls or rely only on cheap data. Both are mistakes. The best scaling approach will include buying

inbound calls *daily*, buying aged leads *weekly*, and following up aggressively. This creates a balanced scaling effort.

5. **Evaluating and adjusting your lead strategy based on key metrics** â?? Agents nearly always need to adjust their lead strategy over time to optimize ROI. Tracking key metrics like contact rates, close rates, and cost per acquisition can quickly show agents how their leads and their sales teams are performing. Without this performance data, it would be hard to understand what adjustments might be needed to increase ROI.

Additionally, there are some common mistakes that can hamper ROI. Agents should avoid:

- **Focusing only on lead cost** â?? Cheap leads do not guarantee profit.
- **Ignoring follow-up** â?? Most sales happen after multiple touches. Quitting on leads too early can destroy ROI.
- **Not tracking LTV** â?? LTV drives long-term success. Not understanding each beneficiaryâ??s LTV could lead to misallocating sales resources.
- **Not being aware of compliance and Marketplace changes** â?? Lack of compliance leads to fines. Not understanding Marketplace changes could mean lost clients.

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Conclusion

Changes in the health insurance industry have left some agents questioning if Medicare and ACA leads are still worth buying. Whether agents are looking for more clients in an expanding Medicare market and/or trying to increase market share in a slightly declining ACA market, an effective lead strategy is critical to maximizing ROI and the lifetime value of clients. Successful agents will use a strategic mix of leads and will continuously evaluate their lead strategy with key metrics, making any needed adjustments to ensure they reach their ROI targets. Are you ready to talk about how you can grow your Medicare and ACA sales pipeline?

About the author

James Schulze is the President and CEO of The Leads Warehouse, a marketing data company with over 20 years of experience in bringing lead generation solutions to companies selling into the home, automotive, financial, insurance, health and life, and legal sectors. He works directly with clients to optimize conversion strategies and ROI across multiple verticals.

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If you are serious about growing your Medicare and ACA insurance business, the right mix of leads is important. Our team works with agencies to maximize their ROI on health insurance sales leads. Call **1-800-884-8371** or visit The Leads Warehouse to get started.

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