CMS MA Star Ratings

Overview

PRESENTING:  Adam Zavadil, Director of Market Strategy & Analysis

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Outline

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I. Background and History
Medicare Advantage in One Slide

- Plans contract with CMS to provide benefits to Medicare beneficiaries as an alternative to traditional FFS.
- Plans receive non-negotiated, capitated payments from CMS based on the health status of each individual enrollee.
- Plans have some flexibility to selectively contract with providers, do medical management and provide additional care support services.
- However, CMS maintains substantial involvement in regulating and monitoring the services being provided by private plans.
CMS sets a benchmark for each county. This is the most a plan can be paid for delivering all Part A and B services to beneficiaries.

- Benchmarks vary based on underlying FFS costs in a county.
- Plans then submit a bid to CMS (almost always less than the benchmark). CMS keeps part of the difference between the bid and the benchmark, and the plans use the other part (the rebate) to provide more comprehensive benefits beyond Part A and B.
- The cost of the more comprehensive benefits beyond the rebate becomes the premium.
Brief History of the Star Ratings

- The star ratings system began in 2007 as a way for CMS and Medicare beneficiaries to assess and compare MA health plans.
- Information is available on the plan finder at Medicare.gov
- The measures target a broad array of clinical quality, customer satisfaction, regulatory compliance, and other beneficiary experience areas.
- With ACA provisions dictating payment incentives for better overall performance, there is now a financial reward for improving quality performance.
# Enrollment in MA Plans by Star Rating

<table>
<thead>
<tr>
<th>Overall 2015 Star Rating</th>
<th>Total MA/Cost Enrollment (February 2015)</th>
<th>Percentage of MA/Cost Enrollment</th>
<th>Cumulative Percent of MA/Cost Enrollees</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 Stars</td>
<td>1,550,486</td>
<td>9.1%</td>
<td>9.1%</td>
</tr>
<tr>
<td>4.5 Stars</td>
<td>3,423,192</td>
<td>20.0%</td>
<td>29.1%</td>
</tr>
<tr>
<td>4 Stars</td>
<td>5,705,448</td>
<td>33.4%</td>
<td>62.5%</td>
</tr>
<tr>
<td>3.5 Stars</td>
<td>3,701,710</td>
<td>21.6%</td>
<td>84.1%</td>
</tr>
<tr>
<td>3 Stars</td>
<td>1,594,729</td>
<td>9.3%</td>
<td>93.4%</td>
</tr>
<tr>
<td>2.5 Stars</td>
<td>337,285</td>
<td>2.0%</td>
<td>95.4%</td>
</tr>
<tr>
<td>2 Stars</td>
<td>872</td>
<td>&lt;0.1%</td>
<td>95.4%</td>
</tr>
<tr>
<td>Not Rated</td>
<td>784,794</td>
<td>4.6%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Total</td>
<td>17,098,516</td>
<td>100.0%</td>
<td></td>
</tr>
</tbody>
</table>
Improvement at the Measure Level

2011 - 2014 All Plan Distribution for Medicare - Controlling Blood Pressure
II. Methodology
Measure Sources

- **HEDIS®** - Developed and maintained by NCQA, largely focused on the processes and outcomes related to clinical quality; from claims data and chart review
- **CAHPS®** - Developed and maintained by AHRQ, customer satisfaction surveys with health plan and health care
- **HOS** – Survey of members oriented on health care processes and health status
- **PQA** – Clinical pharmacy measures from PDE data
- **Secret Shopper** – CMS hires contractors to test plans’ customer service lines
- **Administrative** – Disenrollment, complaints, appeals and plan audits
- **“Meta-measures”** – Improvement

*No measures are self-reported by health plan, all are rigorously audited*
Measure Examples

- **Clinical quality**: Percent of members who are current on recommended screening for colorectal cancer
- **Member satisfaction**: Ability to get appointments and care quickly
- **HOS**: Did your physician discuss any issues you are having with bladder control?
- **Pharmacy Treatment**: Medication adherence for hypertension
- **Administrative**: How often were appeals decisions upheld or overturned?
Over time the composition of the star ratings has shifted because of measure inclusion on weights.

This shift has resulted in less of the star ratings being driven by clinical quality performance.
Star Assignment – Individual Measures

- Thresholds are set annually to determine 2, 3, 4 and 5 star performance for each measure.
  - The thresholds are based on the distribution of plan performance on the measure.
  - For 2016 star ratings there will not be any “fixed” performance thresholds.
- Because thresholds can change each year, simply maintaining performance results in lower average star ratings over time.
Example of How Stars are Assigned
Diabetic Cholesterol Control (LDL < 100)
Assignment of Overall Star Rating

- Each measure has its own star rating (1, 2, 3, 4 or 5).
- Summary ratings are calculated by averaging the weighted stars for all Part C & D measures.
  - Improvement > Outcomes > Member Experience > Processes
- Above individual measure performance, CMS includes a factor that rewards plans with both high and consistent stars performance.
III. Quality Incentive Payments
Quality Incentive Payments & the CMS Star Rating System

- Payment for high quality performance provides a strong incentive for plans to improve clinical quality and customer satisfaction.
  - Allows for more comprehensive benefits at the same premium level → more competitive products
- Quality performance through the star rating system has an effect on three areas of MA payment:
  - Quality incentive payment available to all plans
  - Low FFS cost, urban county, quality incentive payments
  - Enhanced rebate quality incentive payments
2015 MA Benchmark Cap Impact by County

3143 Counties

1484 Counties Impacted by MA Cap

850 Counties Where Entire Quality Incentive is Eliminated
2015 Capped Counties (Orange)
Concluding Points

- Medicare star ratings, based on widely accepted quality and patient experience measures, continue to evolve.
- Achieving a balance among clinical quality, customer experience, and regulatory compliance measures is an ongoing challenge.
- Quality incentive payments were a significant step forward in Medicare history, building value-based purchasing into the program.
- As a seemingly unintended consequence, the cap on benchmarks reduces or eliminates the quality payments in many counties.
- Challenge for the future: Increasing beneficiary use of the star ratings to choose an MA plan.