



# **The Medicare Health and Drug Plan Star Ratings Program**



# Overview

- Purpose of Star Ratings
- Evolution, Structure and Data Sources
- Operational Support of Star Ratings

# Purpose of Star Ratings

- Public Reporting on Medicare Plan Finder (MPF)
- Marketing/Enrollment
- Financial Incentives

# Medicare Plan Finder: Your Results Page

## Symbols



When you see this symbol near a plan name, it means that Medicare Program gave the plan a 5-star (the highest rating). If a plan has a 5-star rating, people with Medicare can switch into that plan at any time during the year, even if it's not during an enrollment period.



Where you see this icon next to a plan, it means that Medicare has given the plan a low health or drug plan summary rating (or both) for 3 years in a row. If you are considering enrolling in such a plan, look closely at the plan's ratings for specific topics.

| (HMO)   |  |   |   |  |   |  |                        |
|---|--|---|---|--|---|--|------------------------|
| Estimated Annual Drug Costs: [?]  | Monthly Premium: [?]                           | Deductibles [?] and Drug Copay [?] / Coinsurance: [?]   | Health Benefits: [?]  | Drug Coverage [?], Drug Restrictions [?] and Other Programs:                                   | Estimated Annual Health and Drug Costs: [?] | Overall Star Rating: [?]                                     |                        |
| <b>Retail</b><br>Annual: \$0.00<br><br><b>Mail Order</b><br>Annual: N/A | \$73.00<br>Drug: \$0.00<br><br>Health: \$73.00 | Annual Drug Deductible: \$0<br>Health Plan Deductible: \$0<br>Drug Copay/Coinsurance: \$0 - \$95, 25% | Doctor Choice: Plan Doctors for Most Services<br><br>Out of Pocket Spending Limit: \$4,400 In-network<br><br> | All Your Drugs on Formulary: N/A<br>Drug Restrictions: N/A<br><br><b>MTM Program [?] : Yes</b> | \$3,830                                     | <br>This plan got <b>Medicare's highest rating</b> (5 stars) | <a href="#">Enroll</a> |

# Medicare Plan Finder: Star Ratings Tab

Overview

Health Plan Benefits

Drug Costs & Coverage

Star Ratings

Manage Drugs

Plan Type: PDP  
N

Overall Star Rating: [?]  
★★★★  
4 out of 5 stars

Enroll

**NOTE: Health Plan Benefits are based on Original Medicare**  
  
Information on quality can help you compare Medicare plans. Higher quality means better care and value. Looking at this plan's star rating tells you how well the plan performs overall and in different categories. Medicare measures how well health and prescription drug plans perform.  
[Learn More About Star Ratings](#)  

View Star Details

 Hide All Measures

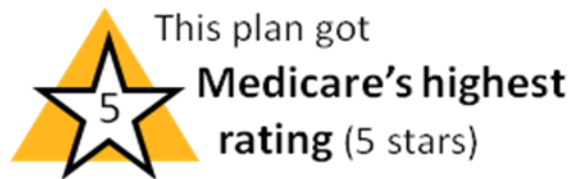
**Star Ratings**

|       |               |
|-------|---------------|
| ★★★★★ | Excellent     |
| ★★★★  | Above Average |
| ★★★   | Average       |
| ★★    | Below Average |
| ★     | Poor          |

Overall Star Rating [?]  
★★★★  
4 out of 5 stars

# High Performing Plans

- CMS highlights contracts receiving an overall rating of 5 stars



- Beneficiaries may enroll in a 5-Star PDP, MA-PD, or MA-only plan through a Special Election Period (SEP).
- 5-Star plans may market year-round.

# Low Performing Plans



- Icon displayed for contracts rated less than 3 stars for at least the last 3 years in a row for their C or D rating.
- Beneficiaries may not enroll online via the MPF in a LPI plan. Beneficiaries must contact the plans directly.
- Notices are sent to beneficiaries in LPI plans explaining they are eligible for an SEP to move to a higher quality plan.
- CMS has authority to terminate LPI contracts.

# MA Quality Bonus Payments

- Per the Affordable Care Act, CMS makes Quality Bonus Payments (QBPs) to MA organizations that meet quality standards measured under a five-star quality rating.

The QBP percentage for each Star Rating for 2016 payments\*:

| Star Rating        | QBP Percentage |
|--------------------|----------------|
| 3.5 stars or below | 0%             |
| 4 stars or more    | 5%             |

*\*The QBP percentage is a percentage point increase to the applicable percentage for each county in a qualifying plan's service area, before multiplying the percentage by the FFS rate for the year to determine the specified amount.*



# MA Rebates

- The MA rebate level for plans is tied to the plan's Star Rating.
  - Rebates are calculated, for each plan, as a percentage of the difference between the risk-adjusted service area benchmark and the risk-adjusted bid.
- Plans use rebates to fund supplemental benefits and/or to buy down beneficiary premiums.

| Star Rating    | Rebate Percentage<br>for CY 2016 |
|----------------|----------------------------------|
| <3.5 stars     | 50%                              |
| 3.5 or 4 stars | 65%                              |
| 4.5+ stars     | 70%                              |

# Summary of Impact of Star Ratings

- Public Reporting:
  - Star Ratings are displayed on the MPF so beneficiaries may consider both quality and cost in their enrollment decisions.
- Marketing/Enrollment:
  - 5-Star Plans can market year-round. Beneficiaries can join these plans at any time via an SEP.
  - MPF disables online enrollment into LPI plans\*.
- Financial Incentives:
  - Affordable Care Act established CMS' Star Ratings as the basis of QBPs to MA plans.

*\* CMS has authority to terminate contracts that have failed in three consecutive years to achieve at least three stars on their Part C or Part D performance.*

# **Evolution, Structure and Data Sources for Star Ratings**

# Star Ratings Cover 9 Domains (45 unique measures across Parts C & D)

## Ratings of Health Plans (Part C)

Staying healthy: screenings, tests, and vaccines

Managing chronic (long-term) conditions

Member experience with the health plan

Member complaints and changes in the health plan's performance

Health plan customer service

## Ratings of Drug Plans (Part D)

Patient safety and accuracy of drug pricing

Member complaints and changes in the drug plan's performance

Member experience with the drug plan

Drug plan customer service

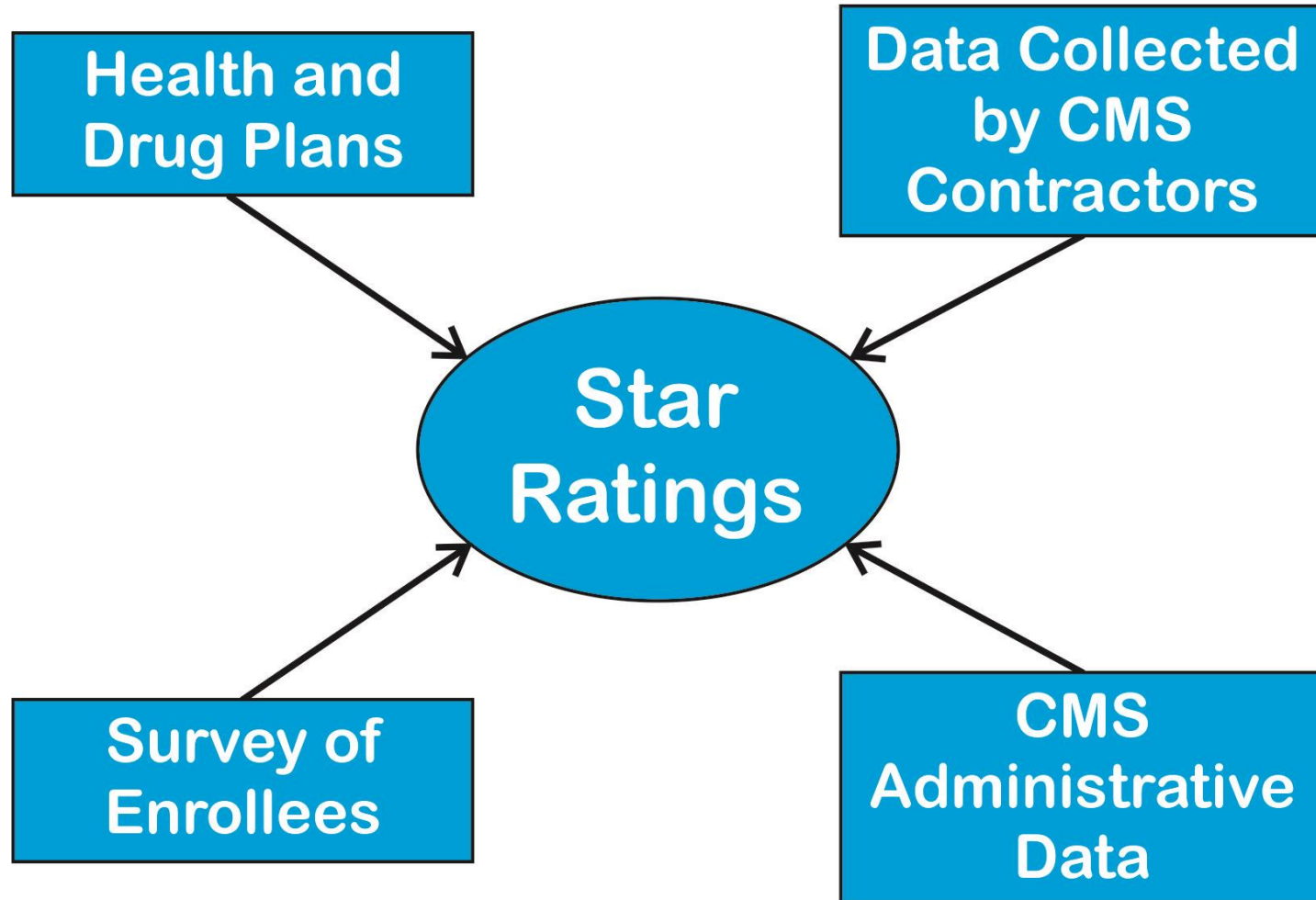
# Star Ratings Structure

- Star Ratings measures span five broad categories:
  - Outcomes
  - Intermediate outcomes
  - Patient experience
  - Access
  - Process
- Beginning with 2015 Stars, quality improvement is weighted highest, followed by outcome/intermediate outcome measures.

# Measure Development

- CMS looks to consensus building entities such as NCQA and PQA for measure concept development, specifications, and endorsement.
- Measure set reviewed each year; move towards more outcome measures.
- Measures moved from the Star Ratings to CMS' display page still used for compliance and monitoring.

# Four Categories of Data Sources



# Multiple Levels of Star Ratings

## 1. Data for each measure.

- Contract's detailed data used to rate performance.

## 2. Individual measure level.

- Star Rating for each performance measure.
  - Stars assigned for most measures through a clustering algorithm. Conceptually, the clustering algorithm identifies the “gaps” in the data and creates four cut points that result in the creation of five categories (one for each Star Rating) such that scores of contracts in the same score category (Star Rating) are as similar as possible, and scores of contracts in different categories are as different as possible.
  - CAHPS methodology for star assignment also accounts for the reliability of scores produced from the CAHPS survey, coupled with evaluating the relative percentile distribution with significance testing.



# Multiple Levels

## (cont.)

### 3. Domain level.

- Related measures grouped together.
- Stars based on averages of individual measures.

### 4. Summary ratings for Parts C and D.

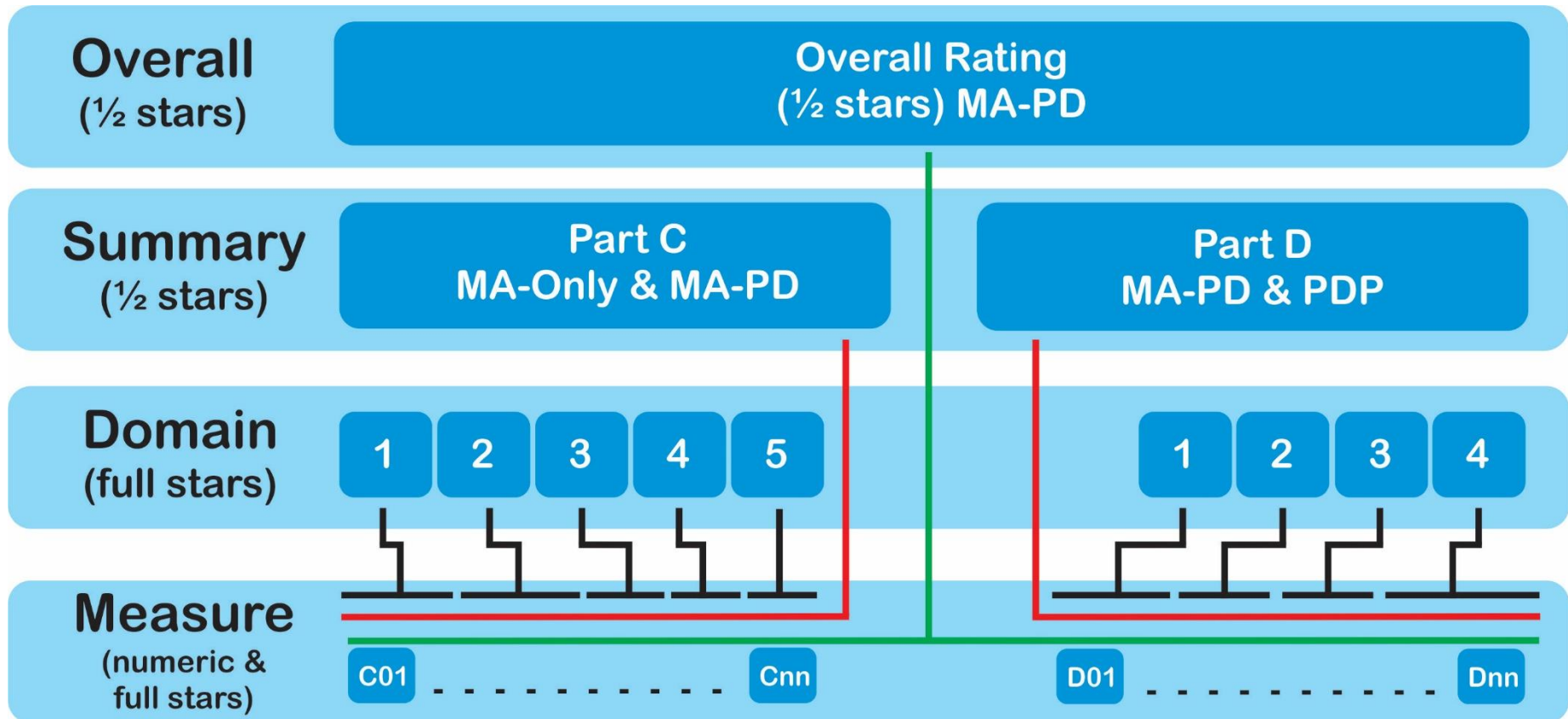
- Weighted average of individual measure stars into a single rating.
- Contracts rewarded for high and stable performance.
- $\frac{1}{2}$  stars provide more differentiation.

# Multiple Levels

## (cont.)

5. MA-PDs receive an Overall rating that summarizes quality and performance for all Part C and D measures combined. PDPs only receive a Part D Summary score.
  - Overall rating - weighted average of both Part C and D individual measure stars into a single rating.
  - Contracts are rewarded for high and stable performance (reward-factor).
  - ½ stars provide more differentiation.

# Summary of Multiple Levels of Stars



# Goals for Star Ratings Enhancements

CMS continuously reviews the Star Ratings methodology and seeks to enhance it to:

- improve the process and transparency surrounding the calculations.
- incentivize plans to foster continuous quality improvement in the MA and Part D programs.
- provide information that is a true reflection of the quality of care provided.

# Recent Enhancements

- 2011 Star Ratings (Fall 2010)
  - Added Overall rating for MA-PDs.
  - Modified calculation of measure stars by adding pre-set 4-star thresholds (for select measures).
  - Star Ratings used for 1st QBPs.
- 2012 Star Ratings (Fall 2011)
  - Differential weighting of measures
    - Weight outcomes more
    - Weight process and new measures less
  - Reduction of sanctioned contracts' Star Ratings.
- 2013 Star Ratings (Fall 2012)
  - Quality Improvement recognized in Summary/Overall Ratings.

# Recent Enhancements (cont'd)

- 2014 Star Ratings (Fall 2013)
  - Increased the weight of improvement measures from 1 to 3.
- 2015 Star Ratings (Fall 2014)
  - Increased the weight of improvement measures from 3 to 5, to further reward contracts for the strides they have made to improve care, especially for those serving challenging populations.
- 2016 Star Ratings (Fall 2015)
  - Eliminated pre-set 4-star measure thresholds.
  - Added contracts with enrollment from 500-999 to Star Ratings.

# Medicare Advantage Performance (2016 Star Ratings)

- MA-PD quality ratings continue to rise.
  - Average Star Rating\* is 4.03 in 2016, compared to 3.92 in 2015.
- Approximately 49% of MA-PDs that will be active in 2016 earned four stars or higher for their 2016 overall rating.
- Close to 71% of MA-PD enrollees are in contracts with four or more stars.

\*weighted by enrollment

# PDP Performance

## (2016 Star Ratings)

- PDP average Star Rating\* is 3.40 for 2016, compared to 3.75 for 2015.
  - For 2016 Part D Ratings, one measure was retired (Diabetes Treatment), and 3 measures were included that were not used in the prior year. Given the smaller number of measures for PDPs, these changes have a more significant impact.
- Approximately 41% of PDPs received 4 or more overall stars; this represents close to 32% of PDP enrollees.

\*weighted by enrollment



# **Operations & Support for Star Ratings**

# Protecting Data Integrity

- Data used for Star Ratings must be accurate and objective.
- Errors may exist with data reported or processed by Sponsors.
  - QA processes include data from claims, surveys, audits, and other surveillance activities by CMS.
  - CMS may require focused reviews of Plans' data.
- If a measure's data are erroneous, CMS assigns the contract a 1 star in the measure, and reports the measure data as "CMS found issues with plan's data".

# Communications about Measures, Data, Calculations & Ratings

- CMS provides Sponsors with opportunities to:
  - Provide feedback for potential new measures or changes to current specifications.
  - Review their raw measure data and Star Ratings.
  - Provide comment on future directions, including methodology changes to support quality initiatives.
- Star Ratings is a year-round process for both CMS and Sponsors.

# More information

- CMS Resources for Star Ratings (technical notes, fact sheets, raw data):
  - <http://www.cms.gov/Medicare/Prescription-Drug-Coverage/PrescriptionDrugCovGenIn/PerformanceData.html>
  - CMS Resource mailbox:
  - [PartCandDStarRatings@cms.hhs.gov](mailto:PartCandDStarRatings@cms.hhs.gov) (Part C & D Questions)