

Medicare Advantage Quality: Star Rating

FACT SHEET JANUARY 2021

Key Facts

- The Star Rating System sets quality measures for Medicare Advantage and Part D plans and helps beneficiaries pick a plan based on quality performance.
- The Star Ratings are based on plan performance on 44 measures ranging from managing chronic conditions to member experience.
- Plans with Star Ratings of at least 4 Stars receive bonus payments that are used to offer additional benefits to enrollees.
- 77% of beneficiaries in Medicare Advantage plans are projected to be in 4 or 5-Star plans.
- CMS should improve Stars quality measures and align them with other public programs.
- CMS should release Star Ratings and measurement targets prospectively.

Policy Recommendation

CMS should continue to improve quality measures in the Star Rating System to better measure outcomes, and incentivize value based care. CMS should work to align quality measures across public programs to seamlessly integrate incentive structures, ease clinician burden, and increase overall system transparency. CMS should also release Star Rating System measurements and targets prospectively.

Quality care in Medicare Advantage is measured and reported through a Star Rating System. The system plays a critical role in promoting quality, ensuring public accountability, and giving beneficiaries the tools to choose high quality plans.

The Star Rating System in Medicare Advantage:

The Centers for Medicare & Medicaid Services (CMS) created the Star Rating System for Medicare Advantage plans in 2007. Star Ratings evaluate Medicare Advantage plans on 1-5 scale, with a 5-Star rating being the highest quality. Performance is based on health plan and prescription drug specific measures.

The Star Rating System Measures Quality:

Ratings are based on 44 unique measures, across 9 categories or domains: Staying Healthy, Managing Chronic Conditions, Member Experience, Member Complaints, Customer Service, Drug Plan Customer Services, Drug Plan Member Complaints and Audits Findings, Member Experience with Drug Plan, and Drug Pricing and Patient Safety. CMS establishes raw score thresholds – “cut-points” – that define the Medicare Advantage score.

The Star Rating System Rewards Quality:

If a Medicare Advantage plan bids below the benchmark, the plans receive a rebate on part of the difference between the bid and the benchmark. The rebate must be used to lower out-of-pocket costs or provide enrollees extra benefits, such as dental or vision care.

Medicare Advantage Plans with at least 4 Stars receive quality bonus payments on the rebates. Rebates, along with quality bonuses must directly benefit beneficiaries. Rebates and bonus payments enable Medicare Advantage plans to invest in innovations, including home based care, risk stratification to identify high need patients, care management, wellness programs, and telemedicine.

Star Ratings Are Critical for Program Accountability and Beneficiary Choice:

- **Beneficiary Choice:** Star Ratings allow beneficiaries to make choices based on plan performance. Ratings are displayed online on Medicare Plan Finder to assist beneficiaries and their caregivers in comparing plan options.
- **Quality Incentives:** 77% of beneficiaries in Medicare Advantage are projected to be in 4 or 5 Star plans. Bonuses from Star Ratings are to be used to offer additional benefits to enrollees such as hearing, dental or vision, reduce cost sharing, or provide innovations in care.
- **Compliance Tool:** Regulations authorize CMS to terminate contracts with plans that fail to achieve at least 3 Stars for 3 consecutive years.

Improvements Needed in the Stars Rating System

- The Stars system is often not aligned with other public and private measurement systems, creating competing measurements and adding to administrative burdens on plans and providers.
- CMS should publish Star Rating performance target cut points in advance of determining Star Ratings to allow health plans and clinicians to integrate performance targets into value-based contracting.