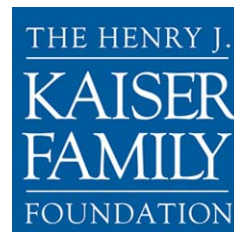

Issue Brief



What's in the Stars?

Quality Ratings of Medicare Advantage Plans, 2010

December 2009

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The Centers for Medicare and Medicaid Services (CMS) rates the relative quality of the private plans that are offered to Medicare beneficiaries through the Medicare Advantage program. CMS rates Medicare Advantage plans on a one to five-star scale, with five stars representing the highest quality. The summary score provides an overall measure of a plan's quality, and is a cumulative indicator of the quality of care, access to care, responsiveness, and beneficiary satisfaction provided by the plan. Ratings are posted on the Medicare website to provide beneficiaries with additional information to help them choose among the Medicare Advantage plans offered in their area.¹ In October 2009, CMS updated the ratings for the 2010 open enrollment period. The quality ratings are also used by CMS in its oversight of plans. In addition, health care reform legislation proposes using these quality ratings to help identify and reward high-quality plans.²

The five-star quality scores for Medicare Advantage plans are derived from four sources: (1) CMS administrative data on plan quality and member satisfaction, (2) the Consumer Assessment of Healthcare Providers and Systems (CAHPS[®]), (3) the Healthcare Effectiveness Data and Information Set (HEDIS[®]), and (4) the Health Outcomes Survey (HOS). The individual measures and the scores comprising the summary score are adjusted for skewness, to avoid a clustering of scores at either the high or low end. The individual measures are also adjusted for patient characteristics, to make the survey results more representative of all beneficiaries enrolled in Medicare Advantage.³

CMS does not publish quality ratings for a plan if it is missing too much data to calculate a score for a given measure or component of the summary score. Relatively newer plans are less likely than older plans to have ratings because of missing data. All plans offered for the first time in 2009 or 2010 do not have quality ratings for the 2010 plan year, because the plans would be missing data from the earliest survey, HEDIS[®], which collected data from January to December 2008.⁴ Very few plans offered for the first time in 2008 were rated for 2010. Plans with relatively low enrollment are also more likely to be missing data because contracts with less than 1,000 enrollees are not required to report HEDIS[®] data to CMS.⁵ Private Fee-For-Service (PFFS) plans are more likely than other plan types to be missing data, and therefore not have quality ratings, because they are not required to report HEDIS[®] data until 2010, and many PFFS plans are relatively new.⁶

This analysis uses this five-star rating system and additional information from the CMS Plan Directory and enrollment files⁷ to examine the variation in quality ratings across the 2010 Medicare Advantage plans,⁸ based on the information available to beneficiaries on the Medicare Compare website. The brief also examines the variation in quality ratings across plans, based on whether they were fined or suspended by CMS due to marketing or other violations.⁹ The analysis does not attempt to assess the validity of the quality ratings; instead, it examines the data posted by CMS to consider the implications for consumers and policymakers. The term "plan" is used in this analysis to mean a Medicare contract because Medicare Advantage organizations report the quality data at the contract level. Most of the findings for 2010 are weighted by plan enrollment in each county in 2009. All reported differences are significant at the 95 percent confidence level.

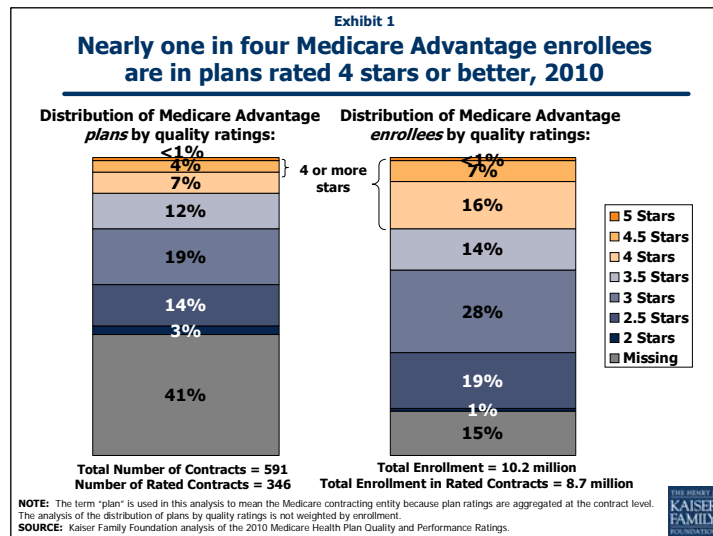
KEY FINDINGS

Enrollment

- More than half (59 percent) of 2010 Medicare Advantage plans received quality ratings; these plans account for 85 percent of all beneficiaries in Medicare Advantage plans, based on 2009 enrollment.

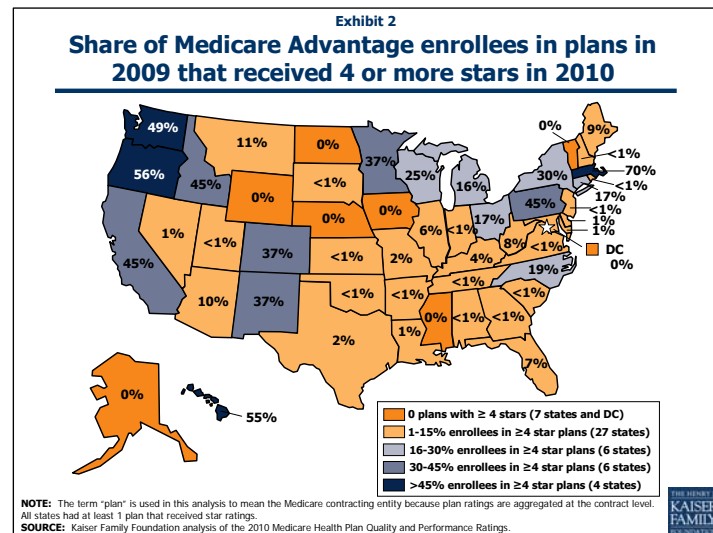
(Exhibit 1)

- Conversely, 41 percent of plans, accounting for just 15 percent of all Medicare Advantage enrollees, did not receive quality ratings.
- Nearly one in four Medicare Advantage enrollees (23 percent) is in a plan with four or more stars. On average, Medicare Advantage plans received 3.27 stars.
 - One in five Medicare Advantage enrollees is in a plan with fewer than three stars.



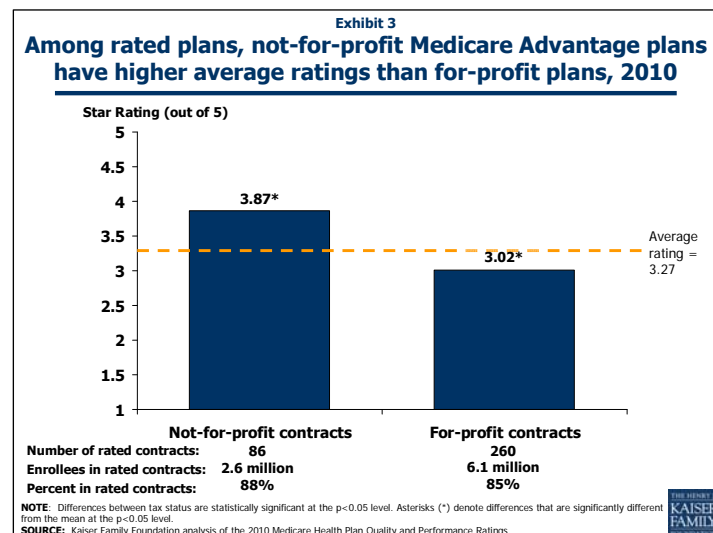
Geographic Differences

- The share of Medicare Advantage enrollees in plans that received four or more stars for 2010 varies greatly by state, based on 2009 enrollment. **(Exhibit 2)**
 - In the majority of states (25 states and DC), less than 2 percent of Medicare Advantage enrollees are in plans with four or more stars.
 - More than half of Medicare Advantage enrollees in Massachusetts, Oregon, and Hawaii are enrolled in plans with four or more stars. California and Pennsylvania account for nearly half (49.2 percent) of all enrollees of Medicare Advantage plans with four or more quality stars, but only a quarter (26.5 percent) of all Medicare Advantage enrollees nationwide (data not shown).



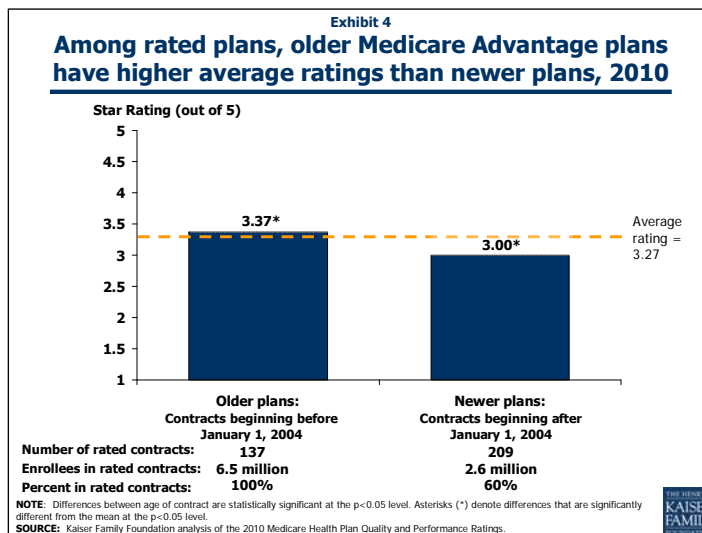
Tax Status

- Not-for-profit rated Medicare Advantage plans have significantly higher ratings than for-profit rated Medicare Advantage plans. **(Exhibit 3)**
 - As previously noted, this analysis excludes plans without ratings in 2010; 37 percent of non-profit plans (accounting for 12 percent of all Medicare Advantage enrollees in non-profit plans) and 43 percent of for-profit plans (accounting for 15 percent of all Medicare Advantage enrollees in for-profit plans) did not receive quality ratings.



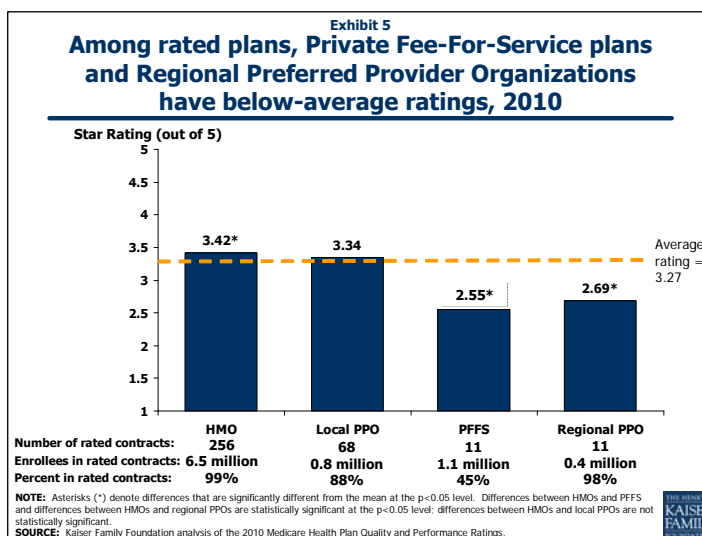
Plan Experience

- More experienced rated plans (with contracts beginning before 2004) have higher ratings than plans first offered on or after January 2004. **(Exhibit 4)**
 - The majority (60 percent) of beneficiaries enrolled in relatively new Medicare Advantage plans (first offered on or after January 2004) are in plans with quality ratings. It is not clear whether the difference between experienced and newer plans would narrow or widen if all plans were rated. The analysis can not be generalized to all plans first offered on or after 2004 because, as previously noted, most plans first offered on or after 2008 are not rated for 2010.



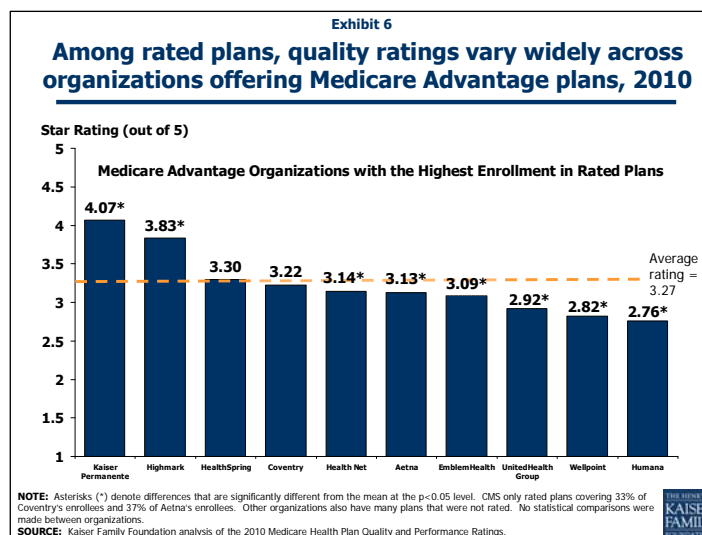
Plan Type

- PFFS plans and regional PPOs have below average ratings — significantly lower than HMOs and local PPOs. However, more than half (55 percent) of PFFS enrollees are in plans that did not receive quality ratings for 2010, as compared to 12 percent of local PPO enrollees, 2 percent of regional PPO enrollees, and 1 percent of HMO enrollees. As a result, findings may not be applicable to all PFFS plan enrollees in 2010, particularly those in plans with contracts beginning on or after January 2008. Over time, a larger share of PFFS plans will receive quality ratings, as reporting requirements phase in. **(Exhibit 5)**
 - 53 HMOs, 15 local PPOs, one PFFS plan, and zero regional PPOs received four or more stars for 2010.



Parent Organization

- Average quality ratings vary widely among the largest organizations offering Medicare Advantage plans that were rated, ranging from an average of 4.07 stars among rated Kaiser Permanente plans, to an average of 2.76 stars among rated Humana plans. **(Exhibit 6)**
 - Among most of these large organizations, a relatively small share of Medicare Advantage enrollees is in unrated Medicare Advantage plans. However, for two of the organizations, Coventry and Aetna, more than half of all Medicare Advantage enrollees (67 percent and 63 percent, respectively) are in plans without quality ratings for 2010. Conversely, just 3 percent of Humana enrollees and zero percent of Kaiser Permanente enrollees are in unrated plans. (See Table A1)



- Quality ratings also vary among the largest organizations with Medicare Advantage enrollees, by specific type of plan. (See Table A2)
 - Among HMOs, average quality ratings ranged from 4.07 among Kaiser Permanente plans to 3.02 among rated UnitedHealth Group plans. Other types of plans can not be directly compared across the largest organizations because many non-HMO plans were not rated due to missing data.

Enforcement Actions

- Quality ratings are lower, on average, among plans that were fined or suspended by CMS between July 2006 and July 2009. (**Exhibit 7**)

Changes from 2009 to 2010

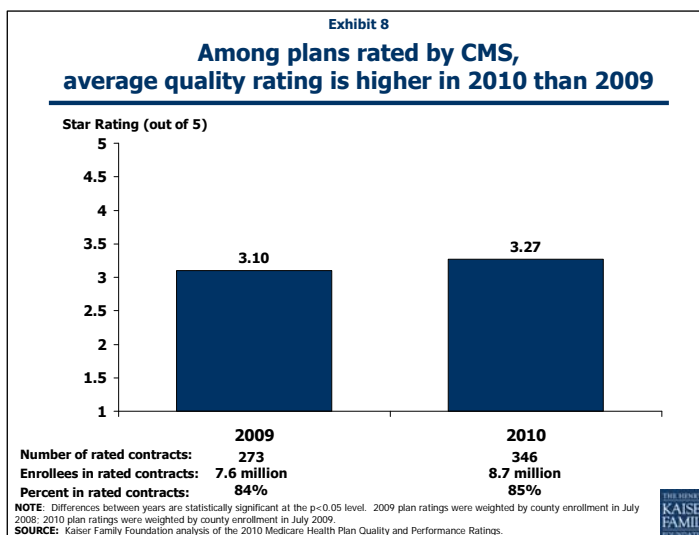
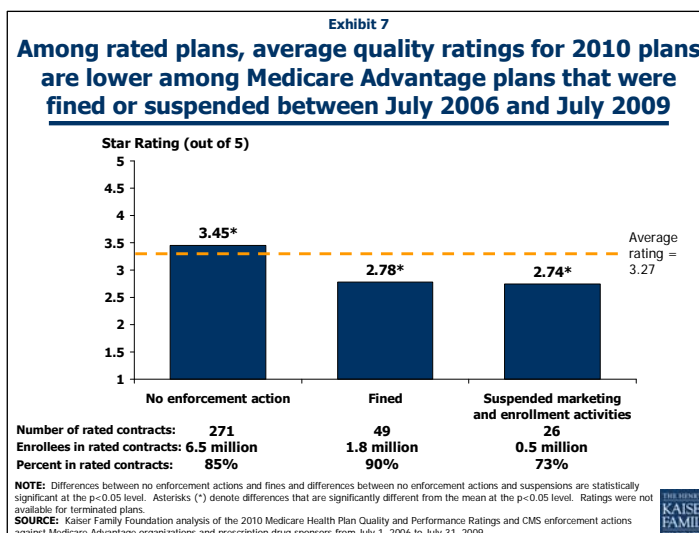
- The average number of stars for rated Medicare Advantage plans increased modestly between 2009 and 2010, from 3.10 to 3.27. (**Exhibit 8**)

IMPLICATIONS

The analysis provides some insight into the information available to beneficiaries about plan quality based on the five-star system published by CMS. This data, used in conjunction with other plan information, provides information that may help consumers compare Medicare plans offered in their area.

The analysis does not assess the validity of the quality ratings and the ratings may not include all of the factors that influence the quality of Medicare Advantage plans. The analysis only examines the summary scores for the plans, and the scores from the individual measures, which CMS makes available to beneficiaries, may be more relevant to some beneficiaries than the summary score. As the HEDIS[®] reporting requirements are phased-in, consumers will have more information about PFFS plans currently lacking star ratings. Our analysis finds the vast majority of Medicare Advantage enrollees are in plans with quality ratings, even though almost half of the Medicare Advantage plans offered in 2010 are not rated by CMS due to data limitations.

Our analysis finds that quality ratings are closely tied to plan type, plan experience, and the governance structure of the plan (tax status). If the star ratings are used in payment policy for Medicare Advantage plans, non-profit plans and more experienced plans would be more likely to be rewarded. Almost one in four Medicare Advantage enrollees nationwide are in plans that received four or more stars, but enrollment in plans with four or more stars varies greatly by state. In most states, a small share of Medicare Advantage enrollees are in plans that received four or more stars, and in seven states and the District of Columbia, beneficiaries do not have the option to enroll in a plan with four or more stars. With one in five Medicare Advantage enrollees in plans with fewer than three stars, policymakers may want to focus greater oversight and attention on plans with relatively low quality ratings.



This issue brief was prepared by Gretchen Jacobson, Anthony Damico, Tricia Neuman, and Jennifer Huang of the Kaiser Family Foundation.

The Kaiser Family Foundation is not associated with Kaiser Permanente or Kaiser Industries.

¹ See www.medicare.gov

² H.R. 3962, "Affordable Health Care for America Act of 2009," as passed by the House of Representatives on November 7, 2009, would provide bonus payments to high-quality qualifying plans in qualifying counties equal to an increase in the blended benchmark amount of 1.5% in 2011, 3% in 2012 and 5% in 2013 and subsequent years. A qualifying plan would be defined as a plan that had a quality ranking of 4 stars or more in a preceding year, and a qualifying county would be defined as a county that (1) ranked within the lowest third of counties in the FFS costs for an area, for a year to be specified by the Secretary of HHS; and (2) had at least 20 percent of Medicare beneficiaries in the county enrolled in Medicare Advantage plans as of June of the specified year. The Secretary of HHS would be required to determine a methodology for computing quality performance scores that will be based on HEDIS[®], CAHPS[®], and other risk-adjusted quality measures, and would be required to collect outcome measures for Medicare Advantage plan enrollees. Quality bonus payments would be based on a blend of the quality performance scores and the outcomes of care. H.R. 3590, "Patient Protection and Affordable Care Act," as introduced on November 18, 2009, would provide 2% bonuses to Medicare Advantage plans with 3 or more stars, and 4% bonuses for plans with 4 or more stars, beginning in 2014. Plans would be eligible to receive a 1 percent bonus if their rating is below 3 stars and improves from the previous year, beginning in 2014. New plans would be eligible for a 2% bonus, if they meet certain conditions. The Secretary of HHS would have the authority to design a different quality metric to rate the quality of the plans, and may make low enrollment plans not otherwise eligible for bonuses eligible based on the average regional or local plan quality.

³ The CAHPS[®] responses to all questions, except those regarding flu and pneumonia shots, are adjusted for patients' age, education, mental and physical health status, eligibility for Medicaid, eligibility for Medicare Part D low-income subsidies, state of residence, and whether the survey was completed by a proxy.

⁴ Data was collected for CAHPS[®] and HOS between February and June 2009, and April and August 2008, respectively.

⁵ See letter to all Medicare Advantage HMOs, PPOs, PFFS, 1876 Cost contractors and Special Needs plans from the Center for Drug and Health Plan Choice, Centers for Medicare and Medicaid Services, "2009 HEDIS[®], HOS, and CAHPS[®] Measures for Reporting by Medicare managed care contractors," December 9, 2008.

⁶ HMOs are allowed to perform medical record review for some HEDIS[®] questions, whereas PPOs and PFFS plans can not, which would bias the results in favor of HMOs; however, it is not clear whether the questions subject to medical record review are included in the calculation of the Medicare Advantage quality ratings.

⁷ See the Centers for Medicare and Medicaid Services, "Plan Directory for Medicare Advantage, Cost, PACE, and demonstration organizations," July 2009, available at [<http://www.cms.hhs.gov/MCRAAdvPartDEnrolData/PDMCPDO/List.asp>]. See also the Centers for Medicare and Medicaid Services, "Medicare Advantage/Part D Contract and Enrollment Data," available at [<http://www.cms.hhs.gov/MCRAAdvPartDEnrolData>]. Last accessed November 17, 2009.

⁸ The analysis excludes employer-direct contracts, Medical Savings Accounts plans (MSAs), 1876 cost contracts, Health Care Prepayment Plans (HCPPs), demonstrations, Program of All Inclusive Care for the Elderly (PACE) plans, Religious Fraternal Benefit (RFB) plans, Special Needs Plans (SNPs), Provider Sponsored Organizations (PSOs), and Medicare Advantage plans only available in the U.S. territories.

⁹ Information about the plans that were terminated by CMS was not available for this analysis.

Table A1. Average star quality ratings for Medicare Advantage plans in 2009 and 2010

	2009					2010					Difference between 2009 and 2010?
	Plans rated	Enrollees in rated plans	Mean Star rating	Percent of enrollees in plans not rated	Different from reference?	Plans rated	Enrollees in rated plans	Mean Star rating	Percent of enrollees in plans not rated	Different from reference?	
Overall	273	7,623,393	3.10	16%	N/A	346	8,725,174	3.27	15%	N/A	Yes
Tax status											
For-profit	199	5,303,942	2.85*	17%	Reference	260	6,102,778	3.02*	15%	Reference	Yes
Non-profit	74	2,319,451	3.67*	13%	Yes	86	2,622,396	3.87*	12%	Yes	Yes
Plan began before 2004											
No	137	1,267,917	2.82*	53%	Reference	209	2,257,753	3.00*	40%	Reference	Yes
Yes	136	6,355,476	3.16	0%	Yes	137	6,467,421	3.37*	0%	Yes	Yes
Plan type											
HMO/POS	207	5,866,108	3.23*	3%	Reference	256	6,466,481	3.42*	1%	Reference	Yes
Local PPO	51	518,616	3.19	16%	No	68	783,557	3.34	12%	No	Yes
PFFS	8	1,027,290	2.45*	52%	Yes	11	1,065,302	2.55*	55%	Yes	Yes
Regional PPO	7	211,379	2.55*	24%	Yes	11	409,834	2.69*	2%	Yes	Yes
Organizations with the largest share of Medicare Advantage enrollment in rated plans in 2009											
UnitedHealth Group	50	1,399,258	2.87*	4%	N/A	61	1,755,016	2.92*	1%	N/A	No
Humana	24	1,362,856	2.62*	1%	N/A	29	1,422,309	2.76*	3%	N/A	Yes
Kaiser Permanente	6	819,934	3.99*	0%	N/A	6	863,962	4.07*	0%	N/A	Yes
Wellpoint	12	395,928	2.61*	10%	N/A	15	371,958	2.82*	10%	N/A	Yes
Highmark	3	243,944	3.49*	7%	N/A	4	280,638	3.83*	0%	N/A	Yes
Health Net	4	249,391	3.11	9%	N/A	4	262,424	3.14*	7%	N/A	No
HealthSpring	5	151,584	2.81*	3%	N/A	6	179,798	3.30	1%	N/A	Yes
EmblemHealth	2	140,519	2.95*	2%	N/A	3	166,287	3.09*	0%	N/A	Yes
Coventry Health Care	9	123,607	3.30	66%	N/A	10	163,362	3.22	67%	N/A	No
Aetna	8	134,800	3.17	61%	N/A	12	154,537	3.13*	63%	N/A	No
All other organizations	156	2,577,034	3.27*	29%	N/A	196	3,084,883	3.53*	20%	N/A	Yes
Any enforcement action July 2006 – July 2009											
No action	212	5,490,462	3.29*	16%	Reference	271	6,452,327	3.45*	15%	Reference	Yes
Suspension	18	507,648	2.55*	26%	Yes	26	491,814	2.74*	27%	Yes	Yes
Fine	43	1,625,283	2.63*	12%	Yes	49	1,781,033	2.78*	10%	Yes	Yes
Market share of largest plan in county											
Less than 30%	206	1,253,386	2.91*	17%	Reference	292	2,238,403	3.10*	16%	Reference	Yes
30-39%	232	2,039,954	3.05	16%	No	298	2,071,126	3.22	12%	No	No
40-49%	229	1,885,362	3.06	13%	Yes	283	1,896,843	3.34	12%	Yes	Yes
50% or more	222	2,444,691	3.28*	18%	Yes	258	2,518,802	3.42*	16%	Yes	Yes

NOTE: Asterisks (*) denote values that are significantly different from the respective year's overall mean star rating, at the 95% confidence level. N/A denotes when the comparison to the reference group is not applicable; no organization was designated as the reference group and no statistical comparisons were made between organizations. 2009 plan ratings were weighted by county enrollment in July 2008; 2010 plan ratings were weighted by county enrollment in July 2009.

SOURCE: Kaiser Family Foundation analysis of the 2010 Medicare Health Plan Quality and Performance Ratings.

Table A2. Star ratings of the organizations with the largest share of Medicare Advantage enrollment in rated plans in 2009, by plan type, 2009 and 2010

		2009				2010				2009 vs. 2010
		Plans rated	Enrollees in rated plans	Mean star rating	Percent of enrollees in plans not rated	Plans rated	Enrollees in rated plans	Mean star rating	Percent of enrollees in plans not rated	
HMOs	UnitedHealth Group	34	1,189,100	2.95*	2%	40	1,292,465	3.02*	1%	No
	Humana	11	532,620	2.74*	0%	11	571,242	3.06*	0%	Yes
	Kaiser Permanente	6	819,934	3.99^	0%	6	863,962	4.07*	0%	Yes
	Wellpoint	5	178,035	3.13	1%	6	173,458	3.14*	0%	No
	Highmark	1	176,040	3.50^	0%	1	169,341	4.00^	0%	N/A
	Health Net	3	228,302	3.12	0%	3	239,254	3.11^	0%	No
	HealthSpring	5	151,584	2.81*	3%	6	179,798	3.30	0%	Yes
	EmblemHealth	1	127,176	3.00^	2%	2	145,842	3.11*	0%	No
	Coventry Health Care	7	99,851	3.37^	3%	8	117,241	3.23	2%	No
	Aetna	7	124,194	3.15	5%	10	139,611	3.11*	5%	No
All Other Organizations	127	2,239,272	3.25*	5%	163	2,574,267	3.55*	2%	Yes	
Local PPOs	UnitedHealth Group	12	76,705	2.62*	27%	16	124,547	2.78*	5%	Yes
	Humana	10	72,031	2.97*	13%	14	118,087	2.89*	23%	No
	Wellpoint	3	14,153	2.92*	18%	4	21,958	3.00^	12%	N/A
	Highmark	2	67,904	3.45*	0%	2	92,877	3.50^	0%	N/A
	Health Net	1	21,089	3.00^	3%	1	23,170	3.50^	3%	N/A
	HealthSpring	-----	-----	-----	-----	0	0	N/A	100%	N/A
	EmblemHealth	1	13,343	2.50^	0%	1	20,445	3.00^	0%	N/A
	Coventry Health Care	2	23,756	3.00^	10%	2	46,121	3.19	20%	Yes
	Aetna	1	10,606	3.50^	60%	2	14,926	3.35	54%	No
All Other Organizations	19	219,029	3.46	14%	26	321,426	3.74*	9%	Yes	
PFFS plans	UnitedHealth Group	1	72,572	2.00^	2%	1	245,809	2.50^	1%	N/A
	Humana	2	683,536	2.50^	0%	3	572,217	2.51*	0%	N/A
	Wellpoint	2	153,296	2.00^	21%	3	114,053	2.50^	26%	N/A
	Highmark	0	0	N/A	100%	1	18,420	4.00^	2%	N/A
	Health Net	0	0	N/A	100%	0	0	N/A	100%	N/A
	EmblemHealth	0	0	N/A	100%	-----	-----	-----	-----	-----
	Coventry Health Care	0	0	N/A	100%	0	0	N/A	100%	N/A
	Aetna	0	0	N/A	100%	0	0	N/A	100%	N/A
	All Other Organizations	3	117,886	3.01*	84%	3	114,803	2.72*	86%	Yes
Regional PPOs	UnitedHealth Group	3	60,881	2.48*	3%	4	92,195	2.89*	4%	Yes
	Humana	1	74,669	2.50^	0%	1	180,763	2.50^	0%	N/A
	Wellpoint	2	50,444	2.50^	0%	2	62,489	2.42*	0%	No
	Health Net	0	0	N/A	100%	0	0	N/A	100%	N/A
	Aetna	0	0	N/A	100%	0	0	N/A	100%	N/A
	All Other Organizations	1	25,385	3.00^	70%	4	74,387	3.15*	0%	Yes

NOTE: Asterisks (*) denote values that are significantly different from the respective year's overall mean star rating, at the 95% confidence level. Carets (^) denote values that were not tested due to no variance. N/A denotes when the statistical comparison is not applicable; no statistical comparisons were made between organizations. 2009 plan ratings were weighted by county enrollment in July 2008; 2010 plan ratings were weighted by county enrollment in July 2009. HealthSpring did not offer a local PPO in 2009 and EmblemHealth will not offer a PFFS plan in 2010.

SOURCE: Kaiser Family Foundation analysis of the 2010 Medicare Health Plan Quality and Performance Ratings.



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