

## Changes to the star payment system: implications for plans



The Affordable Care Act of 2010 directed the Centers for Medicare & Medicaid Services (CMS) to pay a quality bonus payment of 5 percent to Medicare Advantage organizations that achieve quality benchmarks. To qualify for the quality bonus payment (QBP), health plans need to attain four out of a possible five stars on the Medicare Health and Drug Plan Quality and Performance Ratings. This system, known as the star ratings system, is intended to focus the industry on quality improvement.

### **2015 payment will be determined by clinical performance in 2012**

The first payments under the star system will be made to plans in January 2012. From 2012 through 2014, plans attaining fewer than four stars will receive partial payments—bonuses equivalent to 3–4 percent of revenue. In 2015, it will be all or nothing. Those earning three or fewer stars will receive no bonus payment, while those receiving four or more stars will receive a QBP of 5 percent.

On July 27, 2011, CMS released its 2012 star ratings measures, which added new measures and removed or recalibrated others. While there were few surprises beyond a less-than-expected HEDIS inflation, it still has a material impact on plans' strategies for monitoring, intervening, and improving performance.

---

*Webinar presented Sept. 20, 2011*

#### **Expert presenters**

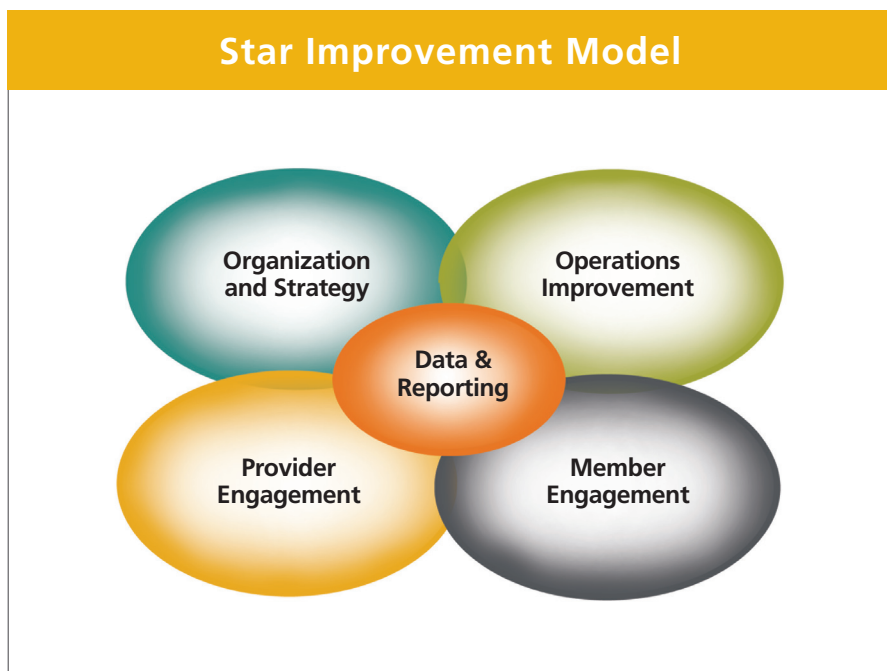
Eric Cahow, Ph.D., Senior Director,  
Government Program Management  
and Strategy, OptumInsight

Scott Fries, Vice President,  
Government Program Management  
and Strategy, OptumInsight

---

## Best practices

Medicare Advantage plans can take many actions to improve their star rating. OptumInsight has identified five critical domains that determine success in star improvement: organization and strategy, operations improvement, provider engagement, member engagement, and data and reporting.



Five domains for star rating improvement.

**Organization and strategy:** Many plans begin their star improvement programs assigning measures to individual owners, much like the chapter owners in an NCQA accreditation exercise. This can be limiting. OptumInsight recommends a more rounded strategy that begins by increasing the knowledge of the organization. Educate staff about the goals and processes of the star program. It should also examine benefits design. With medication adherence measures and other Part D components making up a larger portion of star scores, it is important to carefully address drug tier levels and pricing. Finally, plans need to realize that not all measures are equal. Because they will be able to impact some, they should focus on a meaningful number of measures.

**Operations improvement:** Two areas can have a substantial impact on operational measures:

- **Member satisfaction surveys**—Don't be caught off guard. To better understand an ongoing process, use mock member satisfaction surveys to detect variations.
- **PBM optimization**—Operational excellence is especially important for Part D, in which administrative measures predominate. OptumInsight recommends facilitating collaborative efforts with pharmacy benefits managers (PBMs).

**Provider and member engagement:** To close the clinical gaps in quality as well as risk adjustment, plans must focus on engaging providers and members. That can be done directly with interventions (e.g., mail, telephone, email, etc.) or by working directly with providers combining both interventions into a single point of contact.

- **Member engagement**—CAHPS and HOS measures appear to be particularly resistant to intervention by plans. OptumInsight recommends that clinical programs should be designed in alignment with the star system and take a regimented approach to getting members assigned to programs that improve care quality and satisfactions.
- **Provider engagement**—The selection, growth and alignment of high-performing providers has never been more important. OptumInsight recommends developing a customized provider incentive and clinical quality program that is aligned to the needs of the organization and marketplace. It must be realistic and align with financial and clinical objectives.

OptumInsight Star Provider/Member Engagement Model		
Network Stratification	Provider Approach	Member Approach
High Volume, High Commitment	Collaborative Partnerships	Through Provider
Low Volume, High Commitment	Pay for Activities	Through Provider and then Member Direct
Low Volume, Low Commitment	Remediation	Member Direct
High Volume, Low Commitment	Pay for Activities	Member Direct and then Through Providers

Using quantitative analysis to plot providers, groups, and their related membership into groupings that support logical outreach strategies, OptumInsight partners with plans and providers to develop customized provider incentive and clinical quality programs that fit the needs of the organizations and their marketplace.

**Data and reporting:** Data collection, organization, and reporting allows for maximum impact of member and provider touch points. OptumInsight recommends evaluating current reporting and data sources and developing a reporting system that is integrated into a dashboard with other star data streams. This creates a management tool with the ability to drill down and understand poor-performing markets, provider groups, and measures. It should integrate data from utilization, pharmacy, risk adjustment, HEDIS, and operations.

Star performance monitoring needs to include internal measurement reports to track year-to-date progress of HEDIS performance, based on paid claims data. Data analytics requirements need to:

- Identify members eligible for HEDIS measures
- Determine if eligible members are compliant with HEDIS measures
- Compare performance in current period to past periods
- Have drill-down capabilities to track member/provider engagement touch points and close rates

OptumInsight is dedicated to helping Medicare Advantage organizations achieve quality benchmarks and brings demonstrated success to the star improvement process. Through an integrated network and member engagement strategy, driven by data, we have helped numerous health plans achieve desired results.



13625 Technology Drive, Eden Prairie, MN 55344

Optum and its respective marks are trademarks of Optum, Inc. All other brand or product names are trademarks or registered marks of their respective owner. Because we are continuously improving our products and services, Optum reserves the right to change specifications without prior notice. Optum is an equal opportunity employer.

11-27063 10/11 © 2011 Optum. All Rights Reserved.