



## Medicare Star Ratings Position Plans for Success or Failure

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by LuAnne Farrah

Medicare Advantage and Part D companies are in the midst of heavily promoting their products as they strategize how to attract more seniors while maintaining reasonable retention rates during the annual election period (AEP). This year, Medicare experts within these companies have definitely been more focused on the *star quality ratings*. Since the last open enrollment, they've been invested in maximizing star ratings to increase market share and qualify for CMS bonus payments. Now the leaders are promoting the fruits of their labor. Undoubtedly, plans that achieved 4 and 5 star ratings have a competitive advantage in the marketplace. CMS even flags the best and worst performers on the Medicare.gov website. Seniors using the Plan Finder will see a gold star icon designating the top rated 5-star plans and a cautionary icon for those plans who have been consistently poor performers.

This brief takes a look at how the 2013 star ratings have positioned some MA-PD plans (Medicare Advantage plans with Part D benefits) for success and others for potential failure.

### Background of Medicare Star Quality Ratings

CMS has posted quality ratings of managed Medicare plans for several years to provide beneficiaries with additional information about plans in their service areas. In the rating system, Medicare plans are given an overall rating on a 1 to 5 star scale, with 1 star representing poor performance and 5 stars representing excellent performance. As a result of provisions in the Affordable Care Act, CMS is now doing more to promote enrollment in high quality plans and alert beneficiaries who are enrolled in lower quality plans. In 2012, plans began to receive bonus payments for high performance ratings. Additionally, 5-star plans are rewarded by being allowed to continuously market and enroll beneficiaries throughout the year. Medicare plans flagged as "high performers" have a competitive advantage during open enrollment while those flagged as "poor performers" will be at a disadvantage. Beneficiaries enrolled in consistently low performing plans (those receiving less than 3 stars for at least the past 3 years) receive notifications to let them know they can change to a higher quality plan if they choose to do so.

2013 Medicare Advantage (MA) and Part D (PDP) plan profiles with premiums and benefit details as well as the latest star quality ratings were recently updated by CMS in the Plan Finder on Medicare.gov. Some 50 million Americans enrolled in Medicare have a chance to change their health and prescription drug coverage through December 7<sup>th</sup>, when the open-enrollment period ends for this year. Despite looming reimbursement cuts and uncertainty in the political landscape, Medicare is still one of the most attractive business opportunities in the health insurance sector.

### Medicare Leaders and Laggards Based on 2013 Star Quality Ratings

In an October 12<sup>th</sup> press release, Health and Human Services Secretary Kathleen Sebelius announced that people with Medicare have more high quality choices and the performance of Medicare Advantage plans is improving. HHS also released the 2013 quality ratings for Medicare health and drug plans on the web-based Medicare Plan Finder. ([People with Medicare have More High Quality Choices](http://www.cms.gov/apps/media/press/release.asp?Counter=4459&intNumPerPage=10&checkDate=&checkKey=&srchType=1&numDays=3500&srchOpt=0&srchData=&keywordType=All&chkNewsType=1%2C+2%2C) (<http://www.cms.gov/apps/media/press/release.asp?Counter=4459&intNumPerPage=10&checkDate=&checkKey=&srchType=1&numDays=3500&srchOpt=0&srchData=&keywordType=All&chkNewsType=1%2C+2%2C> released by CMS on 10/12/2012)

Here are a few highlights regarding high and low performing plans from the Fact Sheet that accompanied the ratings data files.

- Nineteen contracts are marked on Medicare Plan Finder with a high performing (gold star) icon; eleven are MA-PD contracts, four are MA-only contracts, and four are PDPs.
- Twenty-six contracts are marked with the low performing icon (LPI) for consistently low quality ratings in the past three years (i.e., 2.5 or fewer stars for the 2011, 2012 and 2013 Plan Ratings for Part C and / or Part D).
- Ten of the low performer contracts received the icon for low Part C ratings and 16 received it for low Part D ratings.
- Twenty-one of the 30 contracts receiving the LPI in 2012 either improved their ratings in 2013 or their contract was withdrawn or consolidated.

Taking a closer look at MA-PD plan performance, six of the eleven "gold star" performers were Kaiser Foundation Health Plans. Kaiser retains a leading market position in California and has significant enrollment in its other core markets. Group Health Cooperative is a leader in the Washington market. These plans and others on the "gold star" list, e.g. Health New England in Massachusetts, Group Health's HealthPartners in Minnesota and Gundersen Lutheran in Wisconsin, are well positioned to gain MA-PD market share in 2013. These high performers are putting out press releases and promotional materials touting their 5-star ratings.

2013 High Performers Part C: Medicare Advantage with Part D (MA-PD)						
Contract	Contract Name	Core Markets	Part C Rating	Part D Rating	Overall Rating	Enrolled as of 10/1/12
H5050	Group Health Cooperative	WA	4.5	5	5	75,502
H2462	Group Health Plan, Inc. (HealthPartners)	MN	5	4.5	5	43,099
H5262	Gundersen Lutheran Health Plan	WI	5	5	5	13,348
H8578	Health New England, Inc.	MA	5	4.5	5	7,398
H6622	Humana WI Hlth Org Ins Corp	WI	5	4.5	5	8,306
H2150	Kaiser Foundation HP Mid-Atlantic	DC-MD-VA	5	5	5	48,076
H0630	Kaiser Foundation HP of CO	CO	5	5	5	80,307
H6360	Kaiser Foundation HP of OH	OH	4.5	5	5	18,126
H9003	Kaiser Foundation HP NW	OR	4.5	5	5	65,101
H0524	Kaiser Foundation HP, Inc.	CA	5	5	5	863,506
H1230	Kaiser Foundation HP, Inc.	HI	5	5	5	26,853
<b>Total</b>						<b>1,249,622</b>

Source: Medicare Benefits Analyzer™ presenting data from the Medicare Plan Finder and CMS.

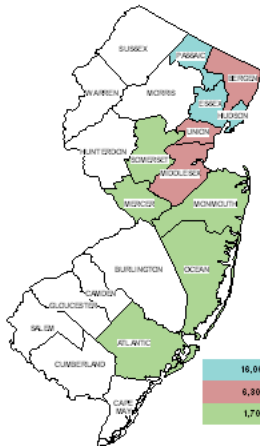
To further demonstrate the impact of the star ratings on local market competition, consider that four out of ten MA-PD plans labeled with the Part C low performer icon (LPI) are doing business in New Jersey. Healthfirst, WellCare, UnitedHealth's Americhoice and Amerigroup (pending acquisition by WellPoint) were recently assigned Part C ratings of 2.5 and flagged as low performers by CMS.

2013 Low Performers Part C: Medicare Advantage with Part D (MA-PD)						
Contract	Contract Name	Core Markets	Part C Rating	Part D Rating	Overall Rating	Enrolled as of 10/1/12
H3164	AmeriChoice of New Jersey, Inc.	NJ	2.5	2.5	2.5	9,061
H3240	AmeriGroup New Jersey, Inc.	NJ	2.5	2.5	2.5	4,666
H5649	Central Health Plan of California, Inc.	CA	2.5	3.5	3	12,876
H1216	Harmony Health Plan of Illinois, Inc.	MO	2.5	2.5	2.5	3,335
H7015	Healthfirst Health Plan of New Jersey, Inc.	NJ	2.5	3	2.5	8,275
H6411	Humana Insurance Company	NM	2.5	3.5	3	8,245
H3337	Liberty Health Advantage, Inc.	NY	2.5	3	2.5	4,805
H3920	Unitedhealthcare of Pennsylvania, Inc.	PA	2.5	2.5	2.5	20,295
H0913	WellCare Health Plans of New Jersey, Inc.	NJ	2.5	3	2.5	2,267
H0117	WellCare of Ohio, Inc.	OH	2.5	3	3	5,243
<b>Total</b>						<b>79,068</b>

Source: Medicare Benefits Analyzer™ presenting data from the Medicare Plan Finder and CMS.

Collectively, these poor performers in New Jersey represent more than 24,000 members who may very well be shopping for a new Medicare plan after being notified of their current plan's poor ratings. This affords a significant opportunity for competing New Jersey Medicare plans to pick up members and market share.

**New Jersey MA-PD Members in Poor Performing Plans Open Enrollment Opportunity**  
(#24,046 Medicare Enrollees)



About 16,000 MA-PD members in the poor performing plans reside in Passaic, Essex and Hudson counties. Bergen, Union and Middlesex counties account for another 6,300. The remaining 1,700 members are scattered throughout Atlantic, Ocean, Monmouth, Mercer and Somerset counties.

A plan's quality rating isn't the only consideration when seniors are shopping for plans. They also evaluate premiums, co-payments, out-of-pocket costs, provider networks and the overall richness of the benefits package.

During this time of year, Medicare companies nationwide are conducting deep dive market assessments to make the best of AEP opportunities. Mark Farrah Associates (MFA) offers the Medicare Benefits Analyzer™ to make competitive and market analysis easier. As CMS updates star ratings and benefit profiles in the Plan Finder, MFA and data partner Strenuus organize information for competitive analysis down to county-level markets. The 2013 datasets are available online in the Medicare Benefits Analyzer™. MFA is in the process of refreshing these datasets to reflect CMS changes and updates posted after the early October 2013 plan information and star ratings releases. [Click here to visit our product page and preview this product \(/products/medicare-benefits-analyzer.aspx\)](#) or call Mark Farrah Associates at 207.985.8484 for more information.

Source: Medicare Benefits Analyzer™ presenting data from the Medicare Plan Finder and CMS.

**About Mark Farrah Associates (MFA)**

Mark Farrah Associates (MFA) is a leading data aggregator and publisher providing health plan market data and analysis tools for the healthcare industry. MFA's Medicare Business Online™ (MBO) product simplifies the tracking of Medicare Advantage and PDP growth and competition on a monthly basis. MBO coupled with Medicare Benefits Analyzer™

provides a full suite of business intelligence for the competitive Medicare Advantage market. Committed to simplifying analysis of health insurance business, our products include Medicare Business Online™, Medicare Benefits Analyzer™, Health Coverage Portal™, County Health Coverage™, Health Insurer Insights™, and Health Plans USA™.

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