WHITEPAPER

How to Avoid Falling From Grace

Strategies for MA Plans to Sustain and Improve Performance

AUTHORED BY TEJAS SINGH, BUSINESS DEVELOPMENT AT STELLAR HEALTH

If you would like more information on Stellar Health, please contact us at gotVBC@stellar.health or visit our website at https://stellar.health/

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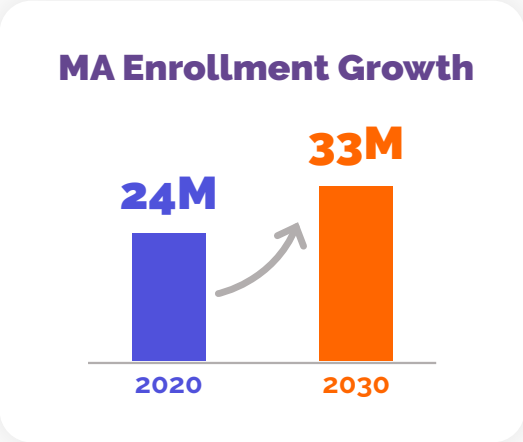
Introduction

Having helped several Medicare Advantage plans achieve significant quality performance improvements (up to 1.1 stars improvement YoY in 2020 alone), Stellar Health (Stellar) is sharing its perspective on what it takes to sustain and improve Star Ratings for health plans and why there is a need for action despite even a few years of success.

There is an ever-growing number of Americans (24 million) currently enrolled in a Medicare Advantage (MA) plan, doubling over the past decade, and expected to rise significantly by 2030[1]. In light of this growth, MA payors are fighting to accommodate such volume, while remaining competitive. To capture the high demand for MA, payors are finding it imperative to make their plans more appealing by improving their Star Ratings – a Centers for Medicare and Medicaid Services (CMS) scoring system (1 – 5 stars) based on each plan's performance across several measures that focus on customer satisfaction and quality of care the plan delivers.



CMS has designed the Star rating system to reward those health plans that drive greater quality of care and help Medicare beneficiaries select a higher quality product. Health plans that achieve a 4 Star rating or above receive up to a 5% increase to their monthly per-member payments. In addition, plans achieving a 5-star rating can also enroll members throughout the year, as opposed to only during the late fall Annual Election Period (October 15 to December 7 each year). In 2020, about 13 million Medicare beneficiaries had access to a CMS 5-Star quality rated plan and could use the 5-star Special Enrollment Period[2]. Additionally, over 57% of all MA members are enrolled in a plan with 4-stars or more. These added benefits along with the ever-increasing competition from new entrants and established names have made it extremely important for payors to achieve, maintain, and most importantly, improve performance on a yearly basis, even perhaps despite their historical success.

Falling from Grace—Definition, Analysis and Findings

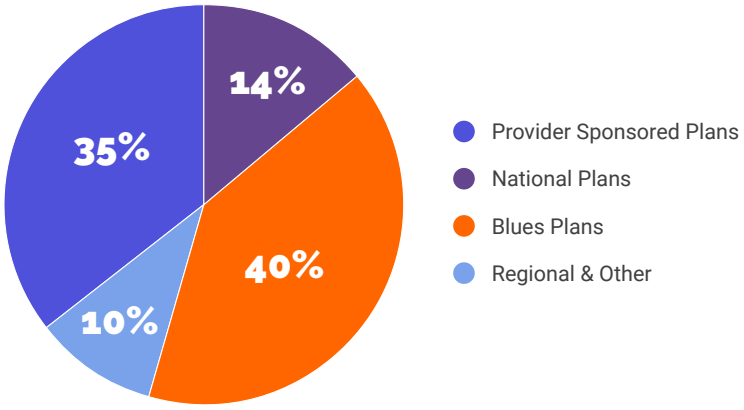
Overall, health plans receive significant financial and marketing benefits from receiving greater than 4 Stars from CMS. On average, roughly 40% of MA plans receive 4+ Star Ratings and benefit from these incentives.[3] To better understand the performance of these plans, Stellar Health looked at the Star Ratings published by CMS for MA plans from 2015 – 2021, creating a longitudinal view of performance over a robust time frame. To screen for those considered 'high-performing plans', Stellar created a cohort of the plans that have at least three or more consecutive years of 4+ Star Ratings. **The results of this analysis yielded 193 high-performers, excluding 989 plans that didn't meet that criteria** (See Figure 1 and 2 below for more detail on constituents of the cohort and additional data characteristics).

FIGURE 1: ***COHORT DATA CHARACTERISTICS***

	Data Characteristics - Plans with 3+ years of 4+ stars (Fallen from Grace)						
	2015	2016	2017	2018	2019	2020	2021
Average Star Rating	4.13	4.18	4.17	4.18	4.19	4.23	4.19
Standard Deviation of Overall Star Rating	0.45	0.40	0.45	0.42	0.42	0.42	0.46
Variance of Overall Star Ratings	0.20	0.16	0.20	0.18	0.18	0.19	0.21

n = 193

FIGURE 2: ***COHORT BREAKDOWN BY PLAN TYPE***



Based on the data, Stellar is defining a plan that has 'Fallen from Grace' as a plan that drops below 4 Stars after establishing performance (being greater than 4 Stars) in the last three years. Findings from this analysis show that the likelihood of a plan to have 'Fallen from Grace' **ranges from 8 – 17% in the measurement period** (See Figure 3 below). When seen on aggregate, the likelihood of a high-performer to have 'Fallen from Grace' is **approximately 10%**. The results from Stellar's analysis elucidate that MA plans are at a constant risk of losing the benefits that come from being a so-called high-performer. The impact of falling from grace can meaningfully affect health plans. Studies have shown that falling from a 4-Star Rating to a 3-Star Rating can lead to a loss of revenue between 13.4% and 17.6% through decreased enrollment and loss of additional bonus payments.[4]

FIGURE 3: ***RESULTS FROM STELLAR ANALYSIS OF STAR RATINGS***

	Likelihood of Movement Type							
	2014	2015	2016	2017	2018	2019	2020	2021
Down				15%	26%	15%	17%	18%
Up				15%	15%	13%	23%	14%
No Change				54%	49%	63%	53%	61%
Fallen from Grace				17%	9%	9%	8%	7%
Total				100%	100%	100%	100%	100%

~10% on aggregate

n = 193

High-performing plans need to stay wary of complacency bias too! Sustaining a plan's performance requires immense work because the cut points for achieving 4 Stars are increasing every year[5] and measures and data sets are ever-evolving. From 2009 to 2018, cut points have increased for 8 of the 14 consistent measures[6] that plans were rated on, making it exceptionally important to improve on all measures every year to sustain performance. Just because you had success one year does not necessarily mean success in the following one. In addition, Star Ratings published in a given year are a measure of performance and activities done almost three years prior. Plans need to be apperceptive of this lag, intentional about their strategy, and receive real-time feedback on their current performance.

To further understand what led to some of this downward pressure, Stellar looked at plans in the cohort that 'Fell from Grace' at least once and how those plans did on the 5 main MA plan domains – HD1: Staying Healthy: Screenings, Tests and Vaccines, HD2: Managing Chronic (Long Term) Conditions, HD3: Member Experience with Health Plan, HD4: Member Complaints and Changes in the Health Plan's Performance, and HD5: Health Plan Customer Service. As seen in Figure 4 below, they did poorly on the first three domains. These domains are predominantly skewed towards measures that are reliant on clinical care provided by physicians as well as administrative support of practice staff that require precise workflow steps to do well on and eventually lead to a better member experience. The data also shows that Blues plans performed the worst on clinical domains compared to other plan types which could be due to their expansive networks. Provider sponsored plans on the other hand performed the best on the same clinical domains which may be due to their clinical focus and less expansive networks.

Overall, health plans need to do more than just providing open care gap spreadsheets, educational pamphlets and investing in vendor analytics and data highways in order to have workflow impact at the practice level.

FIGURE 4: ***DOMAIN SCORES OF PLANS IN THE COHORT THAT FELL FROM GRACE AT LEAST ONCE***

	Domain Scores of plans that Fell from Grace at least once				
	HD1: Staying Healthy: Screenings, Tests and Vaccines	**HD2: Managing Chronic (Long Term) Conditions**	**HD3: Member Experience with Health Plan**	**HD4: Member Complaints and Changes in the Health Plan's Performance**	**HD5: Health Plan Customer Service**
Provider Sponsored Plans	3.9	3.6	3.7	4.3	4.4
National Plans	3.7	3.6	3.5	4.1	4.4
Blues Plans	3.5	3.4	3.6	4.4	4.2
Regional & Other	**3.7**	**3.4**	**4.1**	**4.3**	**4.2**
OVERALL	**3.7**	**3.5**	**3.7**	**4.2**	**4.3**

Strategies to Sustain and Improve Performance:

Stellar has worked with several health plans on improving their MA performance and has expertise in implementing strategies for improvement at the point of care. Here are a few recommendations and ways to help plans stay above the 4-Star mark:

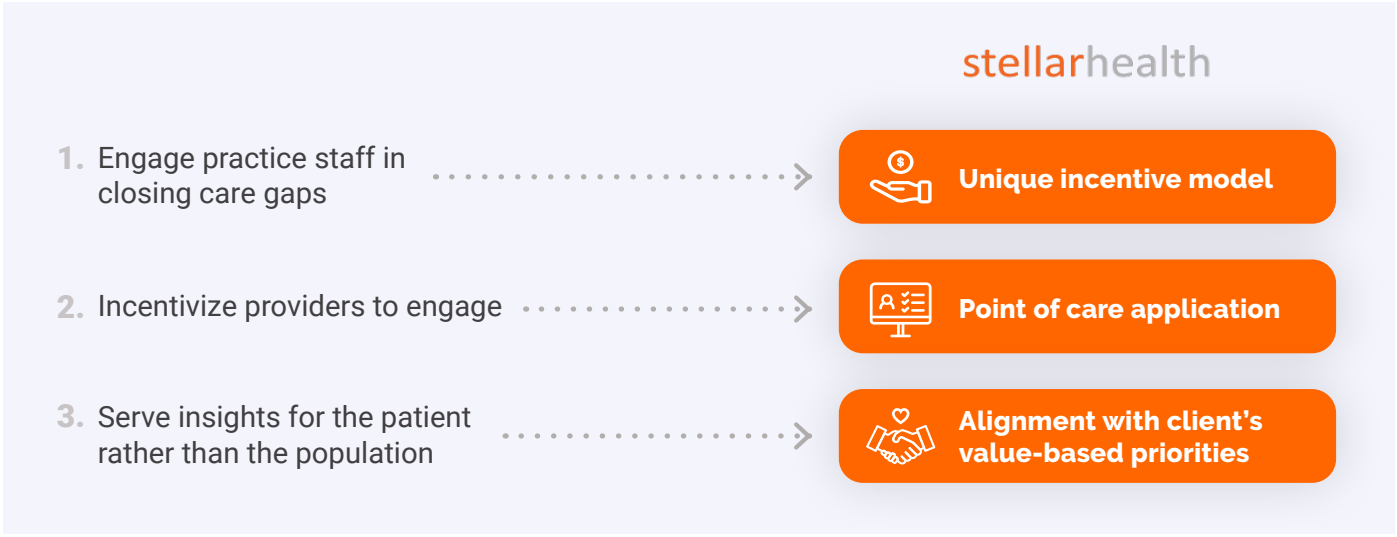
1. **Engage practice staff in closing care gaps:** Engaging practice staff or care teams is a crucial piece for plans to succeed at improving and sustaining their Star Ratings. Care teams can help close gaps in care by following up with patients, recording data accurately so plans do not need to review medical charts to gather information, and promoting a positive experience for beneficiaries. Most VBC programs have been designed keeping only the physician in mind, without activating or rewarding staff for their efforts to improve VBC outcomes. Based on Stellar's experience in the MA VBC space, most incentives or resources rarely get passed down to the practice and the doers of the work leading to an unengaged care team.

2. **Incentivize providers to engage:** Engaging providers can have a ripple effect on improving patient experience and outcomes. However, the current incentive strategies adopted by plans have failed to truly engage providers due to the long lag times in payment and the mounting pressures of FFS visits. Even if providers are incentivized to take the time to address value-based care (VBC) actions that improve Star Ratings, they receive rewards 12-18 months after putting in the additional effort. This lag in payment creates an unengaged provider cohort whose objectives are misaligned with the payor. The current system asks much more of the physician during their time with the patient, without paying for the time that could be spent earning additional fee-for-service reimbursement. A weak incentive structure, coupled with increasing financial strain due to the pandemic, has created a need for more tangible real-time incentives.

3. **Serve insights for the patient rather than the population:** Payors continue to invest on providing a data-analytics engine and dynamic reporting at the population level. However, providers lack insights and data on how to support care for patients on an individual level. Payors have not been able to really solve the problem of, "what do I do today?" for the provider when the patient is directly in front of them. To support care for patients individually, relevant patient-specific data on outcomes should be available to providers at the point of decision-making, not retroactively.

Stellar has navigated these problems for MA plans through its unique incentive model, point of care application, and through dynamically fitting into its client's value-based priorities. The Stellar approach to practice engagement has been through (1) a real-time incentive structure for all those involved in care delivery including nurses, medical assistants, care coordinators, and other practice office staff to create alignment and a path to VBC activation, and through a (2) high-touch approach with a direct line-in with care teams to support and modify each practice's

unique workflow. Stellar's incentive model advocates for paying providers monthly for the VBC actions that they complete using the Stellar Application. While working with a regional payor in New York, Stellar **activated ~100 medical groups by paying out real-time incentives, leading to a 1.1 Star increase in Part C measures and 0.75 increase in Part D measures year-over-year.** Through its user-friendly point-of-care technology, Stellar provides a simple check-list to practices of the highest value clinical actions that needed to be completed when a patient is sitting in front of them, or requires coordination of care. These actions include, addressing chronic conditions, scheduling a mammogram, reminding a patient that their colonoscopy screening is in two days, switching a patient's medication script from 30 to 90 days, completing a transitional care visit post-discharge etc. All these actions add-up to improve measure scores in a targeted manner rather than the archaic process of receiving care gap spreadsheets or retroactive tools to improve Stars performance. Stellar isn't a 'one-size fits all' solution for health plans. The dynamic nature of the technology and incentive structure allows Stellar to tie closely to the health plan's value-based priorities and allows the plan to be nimble as performance and objectives change year over year.



Conclusion

Learning from our diverse experience in VBC from both the payor and provider perspectives, Stellar believes that it is important for health plans to take an active role in investing in and executing on innovative strategies to sustain quality performance.

If you don't act, your plan can be penalized as other plans will continue to invest and deploy the strategies above (as seen in the analysis above). In healthcare today, health plans will need to be intentional with how they continue to stay competitive in the swelling MA market.

Sources:

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