

## EXECUTIVE SUMMARY

Recent revisions in the Centers for Medicare & Medicaid Services (CMS) Star Rating system for Medicare Advantage and Part D plans could have a significant impact on healthcare payers' revenue, reimbursement and enrollment. Among changes in the federal quality measurement system is a 2015 proviso that only health plans that achieve at least four stars in the stringent five-star structure will receive quality bonus payments.

Though star ratings are not assigned to pharmacies, retailers and pharmacy benefit management (PBM) organizations play a key role and may feel the pressure as plans more closely scrutinize the performance of their network providers. This could be exacerbated by a 2015 Star Ratings report indicating that private Medicare Plans are failing on a number of levels, particularly when it comes to prescription drug benefits.<sup>1</sup>

Change is a constant with the Star Rating System, which makes navigating them a daunting task. Payers, PBMs and retail pharmacies must not only understand the ratings and keep current with them, but also quickly adjust to modifications and take action to maintain and enhance the scores related to their operations.

*About half of all health plans for 2016 received four stars, according to a Modern Healthcare analysis of 2016 Medicare Advantage star-rating data. In 2015, 40 percent of all plans received four stars. Standalone Part D plans, which are managed by pharmacy benefit management (PBM) companies and insurers, have fared worse year over year.<sup>2</sup>*

Acknowledging that success under the Star Rating System is a critical part of doing business today; stakeholders are seeking solutions that keep them top-of-mind with consumers and top-of-list for CMS. This has led health insurers, PBMs and retail pharmacies increasingly to work together to formulate strategies to achieve top ratings. To do this, they need access to high-quality information and educational resources in order to deliver patient-centric care and engage members in managing their care.

*Pharmacies' role in improving medication safety and adherence is more critical than ever before. As trusted health care advisors, pharmacists are expanding their role to influence the medication-use measures outlined in the star ratings, as it relates to medication safety and medicine adherence.*

## DERIVATION AND DEVELOPMENT

CMS created the Star Rating System in 2007, with goals of driving improvements in Medicare quality and making insurers more accountable for the care provided. Under the System, health plans offering Medicare Advantage (MA) plans, Prescription Drug Plans (PDPs) and the combination of both (MAPD) are rated on the quality of care and customer service they provided to their members. As noted, the ratings range from one to five stars, in half-star increments, with five representing the highest possible ranking.

These ratings are prominently posted on the CMS consumer website, [www.medicare.gov](http://www.medicare.gov), to help beneficiaries choose among the MA and MA-PD plans offered in their areas during the Medicare open enrollment period each year. The ratings also serve as the basis for bonuses and enrollee rebates.

<sup>1</sup><http://www.modernhealthcare.com/article/20151008/NEWS/151009922>

<sup>2</sup>Ibid.

Medicare reviews plan performances each year and releases new ratings each fall. Thus, plan ratings can change from year to year, as can Star Rating parameters and methodologies for measuring results. Changes for 2016 reflect this fluidity, with some scoring measures eliminated, others added and still others subjected to different scoring methodologies. In addition, some thresholds have changed and contracts with 500 or more enrollees (as of July 2014) will be eligible for inclusion in 2016 Star Ratings and MA Quality Bonus Payments to be made in 2017.<sup>3</sup>

## BY THE NUMBERS

Medicare health plans are rated on their performance in five categories:

1. Staying healthy: screenings, tests and vaccines
2. Managing chronic (long-term) conditions
3. Plan responsiveness and care
4. Member complaints, problems getting services and choosing to leave the plan
5. Health plan customer service

Medicare drug plans are rated on their performance in four categories:

1. Drug plan customer service
2. Member complaints, problems getting services and improvement in the health plan's performance
3. Member experience with the drug plan
4. Patient safety and accuracy of drug pricing

Various formulae and weighting techniques are employed by CMS to the Star rankings, in order to assign scores to each contract for each individual measure, based on relative performance as compared to other contracts. The overall summary scores for each contract are calculated by averaging the star ratings for each individual measure.

## IMPACTS AND IMPLICATIONS

The impacts, both negative and positive, can be profound.

### **The Lows**

Lower performers can suffer in a variety of ways, from the competitive disadvantage and reputational damage of not stacking up to exclusion from bonuses, in the form of compensation, and rebates, which higher performers can pass on as elevated services to members.

In addition, CMS now issues notices to individuals enrolled in plans with fewer than three stars for three consecutive years. The notices inform enrollees of an opportunity to contact CMS to request a special enrollment period (SEP) to move into a higher-quality plan. Plans are not able to effectuate enrollments for this one-time SEP; all requests must come to CMS from the beneficiary and will be handled on a case-by-case basis.<sup>4</sup>

The CMS also has the option of terminating a plan for a variety of reasons, including failure to meet Star Ratings requirements.<sup>5</sup>

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<sup>3</sup>[https://www.cms.gov/Medicare/Prescription-Drug-Coverage/PrescriptionDrugCovGenIn/Downloads/2016-Star-Ratings-User-Call-Slides-v2015\\_08\\_05.pdf](https://www.cms.gov/Medicare/Prescription-Drug-Coverage/PrescriptionDrugCovGenIn/Downloads/2016-Star-Ratings-User-Call-Slides-v2015_08_05.pdf)

<sup>4</sup><https://www.cms.gov/Medicare/Eligibility-and-Enrollment/MedicareMangCareEligEnrol/>

<sup>5</sup><https://www.law.cornell.edu/cfr/text/42/422.510>

*The CMS has levied millions of dollars in fines on Medicare insurers [in 2015], many of which have been tied to pharmacy benefits violations and poor appeals processes for members who have complaints. Analysts predict those penalties, which are being doled out at a record-level pace . . . will continue to proliferate.<sup>6</sup>*

## **The Highs**

Plans achieving at least four stars obviously have a marketing advantage. For those with five stars, the benefits are greater, as they can market year-round, unconstrained by open-enrollment periods, and beneficiaries can switch to them at any time.

Such plans also can garner significant financial incentives, including a 5-percent increase in their monthly per-member payments from Medicare. In addition, as noted above, high performing plans receive rebates to be returned to beneficiaries. These can be in the form of additional services, lower co-pays or other benefits.

These boons together promote market growth for higher performers, as U.S. baby boomers (and their loved ones) seek the best possible Medicare Advantage plans.

For pharmacies, this represents an opportunity, as MA plans seek out those that can help them maintain or boost their ratings in areas such as medication adherence associated with chronic disease categories, customer service and effective care transition. Pharmacies also can affect star ratings by promoting medication safety and identifying gaps in therapy.<sup>7</sup>

*Of 10 triple-weighted ratings, 8 are related directly and indirectly to medication therapy and thus have the potential to be improved by pharmacist intervention.<sup>8</sup>*

Helping ensure compliance and supporting MA plans in improving their star ratings is not a stand-alone effort for pharmacies. It fits with the other activities retailers already are undertaking to improve drug adherence and to become a more comprehensive provider of healthcare information and services.<sup>9</sup>

## **FIVE-STAR SOLUTIONS**

As stakeholders work to achieve top ratings, they need access to high-quality information and educational resources in order to deliver standardized, patient-centric care and transform members into active participants in their own health and wellness.

Clinical resources and patient education materials must be current, accurate and entirely relevant to the patient's condition. Clinicians and other stakeholders will save time and money, while vastly reducing the chance of errors and misinformation, by using a trusted drug information provider that constantly updates information based on the latest research and best practices. It is also important to have flexibility in format and the ability to customize content as needed.

Key solution areas include:

### **Drug Database**

The best drug database solutions combine current, accurate content and sophisticated CDS logic to drive smarter drug decisions in every healthcare setting. Features to look for:

- Intelligent Decision Support Logic that filters the noise that leads to alert fatigue, protecting against false negative and false positive alerts by considering factors such as route of administration and accepted duplicate therapies, and screening all ingredients of multi-compound products and multi-dose products.
- Daily updates for product, pricing and clinical information, including weekends and holidays, to assure 24/7 access to the latest information.

<sup>6</sup><http://www.modernhealthcare.com/article/20151008/NEWS/151009922>

<sup>7</sup><http://www.aprx.org/issues-advocacy/star-ratings-overview>

<sup>8</sup><http://www.ncbi.nlm.nih.gov/pubmed/24770440>

<sup>9</sup><http://smartretailingrx.com/regulatory-public-affairs/star-ratings-explained/>

- Drug information that is current, accurate and available with no cut-off times for uploading new data.
- Easy to access and free from laborious manual updates and repairs.
- Ease of integration and a module-based structure that provides only the information needed.

### **Clinical Reference**

The goal of a Clinical Reference solution should be to drive better outcomes by putting comprehensive, accurate and current information in the hands of physicians, pharmacists and other clinicians. Features to look for:

- Speed-to-answer, quick-search functionality and an advanced drug-identifier tool.
- A mobile app that goes where clinicians go for anywhere/any time access to small, usable segments with helpful infographics, as well as drug interactions.
- Flexible, comprehensive search technology that enables users to find drug data based on a wide range of clinical criteria.

### **Patient Engagement and Education**

Educating patients with the right information, at the right time, using the right technology has the power to improve outcomes and transform healthcare. The right information means the same content all clinicians use and trust. The right time is during their teachable moments in the patient journey – those moments when patients are ready to learn and take action in a way that will impact their care for the better. And the right technology means easily understood resources that can be accessed wherever patients are.

### **DATA COLLECTION**

Today's advanced patient data collection tools eliminate paper forms and manual data entry, replacing it with easy-to-use, highly engaging, technology-based solutions. This approach results in the collection of more accurate information to support enhanced care and improve patient satisfaction. Such solutions collect patient-reported outcomes and other data that doesn't exist anywhere else and leverages it to push information to patients and caregivers. Among features to look for:

- Interactive technology that eliminates the drudgery, repetition and frustration associated with paper-based forms.
- Direct integration into the EHR to provide real-time data that can help promote safer, patient-centered care.
- Advanced analytic screening and scoring capabilities to evaluate and flag patients while in intake areas.

### **INTERACTIVE PATIENT EDUCATION**

Patients are more committed to their care plans when they understand their options and participate in the decisions. Keeping patients engaged helps them stay focused, which leads to better outcomes. When properly aligned with the patient's individual needs, interactive videos, educational handouts and medication management tools help care teams build meaningful connections with their patients, promoting better questions and more effective communication. Among features to look for:

- The ability to share information not only in the format in which the patient learns best, but also appropriate for his or her language and health literacy level.
- Access to credible, peer-reviewed, evidence-based medical information.
- Ease of use for learners.

## HEALTH LIBRARY

By giving patients access to authoritative, accurate and easy-to-understand health information through the corporate website or patient portal, providers can build long-term patient loyalty and a strong reputation for service. Through such an online resource, patients can learn about their conditions, medications, procedures, diseases and wellness initiatives – either in preparation for, or to get more details after a visit. Among features to look for:

- Clinician-approved information on thousands of topics with helpful illustrations.
- A patient-friendly interface that promotes active participation.
- The ability to integrate and reinforce institutional branding, in order to distinguish the organization in the community.

## LOOKING AHEAD

As noted, the Star Rating System is by no means a static process. Ongoing proposed and finalized changes will continue to require constant vigilance and adaptability to change.

At this writing, revisions are being considered or finalized for a variety of components. These include payment increases for eligible MA plans that offer health benefits to elderly and disabled Americans, payment variances based on regional sales, automatic reductions in star ratings for contracts under sanctions and changes related to dually Medicare/Medicaid-eligible individuals and persons with complex socioeconomic needs. In addition, health plans soon will receive ratings based on the number of doctors and hospitals in their networks.

## CONCLUSION

CMS's Star Rating System for Medicare Advantage and Part D plans continues to be a moving target that health plans are expected to hit every time. Working together, insurers, PBMs and retail pharmacy can take positive steps to boost their scores, while providing better service to members.

This requires close attention, an action plan and the appropriate tools and resources.

Among all the changes posed and posited for the future of the Star Rating System, none suggests that it is going away any time soon. Thus, stakeholders should feel a sense of urgency in finding the solutions – and solutions partner – that can help them meet their long-term needs for superior ranking.

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Elsevier's patient engagement solutions include interactive videos, educational handouts and illustrations that can be integrated into any application or system. These materials are prepared by health literacy experts to ensure that they are engaging and easy for patients to understand. Elsevier's clinical solutions help chronic care teams build meaningful connections with their patients, fueling better questions, better conversations and better outcomes.

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