

WHITE PAPER



Policy Revisions in Response to COVID-19: Temporary Changes to the Medicare Star Rating Program

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Background

The spread of the Coronavirus (COVID-19) has already presented serious threats to the healthcare industry. On March 30th, CMS announced a series of temporary regulatory waivers to better position the healthcare system for dealing with COVID-19. As part of this Interim Final Rule (IFR)¹, CMS will modify the calculation of 2021 and 2022 Part C and D Star Ratings to combat the anticipated administrative and healthcare quality burdens in the coming years.

Changes to 2021 Star Ratings

Changes due to Administrative Burden

The 2021 Star Ratings are scheduled to be released by CMS in October 2020. These Star Ratings will impact marketing for contracts in 2021 and determine payment for contracts in 2022. Traditionally, 2019 plan performance is the basis for these star ratings. The clinical and pharmacy data for many of these measures is collected in early 2020, with additional measures

gathered through two separate member surveys administered in the spring/summer of 2019 (HOS) and spring of 2020 (CAHPS).

Because of the administrative difficulties in collecting quality data at this time, CMS has decided to default certain measures for the 2021 Star Ratings to the prior year, or 2020 Star Ratings.

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HEDIS and CAHPS Measures

These measures make up roughly 40% of weights in the Overall Star Rating. CMS has indicated they will not be collecting 2019

¹ <https://www.cms.gov/files/document/covid-final-ifc.pdf>

measurement year data for the 2021 Star Ratings (impacting 2022 payments) and will use the prior year's star ratings instead.

“Other” Star Rating Measures

Other measures make up roughly 48% of the Overall Star Rating (with Improvement Measures accounting for the remaining 12%). CMS has indicated that they are currently planning on collecting updated data for these measures, but this may change if the COVID-19 outbreak results in either data quality issues with these measures or inability on CMS's part to re-calculate star ratings for 2021.

“New” Contracts effective 1/1/2019

Any new contracts that would normally receive their first star rating in 2021 (these are contracts with a start date of 1/1/2019), would be in a special circumstance for 2021 Star Ratings, as they do not have data from the 2020 Star Ratings to revert to. These contracts are split into two categories:

- **“New Contract Under New Parent Organization” Status** – these are contracts whose Parent Organization has not had any other MA contracts with a Star Rating over the past 4 years. These contracts will remain “New” for 2021 Star Ratings, and for their 2022 will receive a 3.5% Quality Bonus Payment and 65% rebate.
- **“New Contract Under an Existing Parent Organization” Status** – CMS has not specified in the IFR how these contracts will be handled.

The treatment of this second category of “New Contracts” is still unclear, and we anticipate that further guidance will be released soon regarding the treatment of these contracts.

Additional Potential Changes

CMS has indicated the following: in the event that the COVID-19 pandemic gets to a point that the office becomes only focused on continued performance of essential agency functions, they may decide to not calculate 2021 Star Ratings at all. In this event, CMS will use the 2020 Star Ratings as the 2021 Star Ratings. This change would have significant impacts on expected Medicare Advantage payments.

Changes to 2022 Star Ratings

Concerns of Poor Quality Performance

The 2022 Star Ratings will be released by CMS in October 2021. These Star Ratings will impact marketing for contracts in 2022 and determine payment for contracts in 2023. Traditionally, 2020 plan performance is the basis for these star ratings. The clinical and pharmacy data for many of these measures is collected in early 2021, with additional measures gathered through two separate member surveys administered in the spring/summer of 2020 (HOS) and spring of 2021 (CAHPS).

CMS recognizes that the COVID-19 pandemic is likely to have a negative effect on Medicare plan performance in quality measures and therefore measure scores are likely to deteriorate for the 2020 performance year, impacting 2022 Star Ratings. CMS believes that, although plan performance is likely to deteriorate in 2020, the impact will be realized nationwide and measure level cut-points (targets against which plans are measured) will decrease as well, offsetting the decrease in performance.

CMS has, however, made two adjustments to the 2022 Star Ratings to safe-guard plan Star Ratings.

CMS believes although plan performance is likely to deteriorate in 2020, the impact will be realized nationwide and measure level cut-points will decrease as well, offsetting the decrease in performance.

5% Guardrail on Cut Points

In the 2019 Final Rule, CMS announced that 5% guardrails would be implemented in the 2022 Star Ratings to limit the movement of cut points from one year to the next. CMS recognizes that COVID-19 will drive potential decreases in measure-level scores in 2020, so they will delay the implementation of the guardrails for one year. This will allow cut points to change by more than 5% in order to keep pace with changes in national performance that result from COVID-19.

Improvement Measures

Potential decreases in 2020 measure-level performance means that the 2020 improvement measures may be lower than historical years, or even unfavorable. To minimize the negative effect of COVID-19 on improvement measures, CMS will implement a “hold harmless” arrangement for all contracts. Overall Star Ratings will be calculated *with* and *without* the improvement measures, and the contract will receive whichever Star Rating is higher.

Additional Potential Changes

The HOS survey has been delayed to late summer 2020. In the event that the COVID-19 pandemic compromises the ability to collect this survey in 2020, CMS will use the 2021 Star Ratings and measure scores for the measures that use the HOS data as the 2022 Star Ratings and measure scores.

Conclusion

2022 Medicare Advantage Payments

Based on 2021 Star Ratings and 2019 plan performance

CMS has acknowledged administrative issues preventing the collection of 2019 plan performance data and will default to prior year performance data (2018) for at least 40% of measures.

For each MA contract, 2021 Star Ratings still have the potential to change, but are more likely to remain the same as the prior year because many of their measure-level Star Ratings will not change. Contracts that started in 2019 will stay “new” for an additional year.

2023 Medicare Advantage Payments

Based on 2022 Star Ratings and 2020 plan performance

CMS acknowledges that plan performance may decline for plans across the nation due to COVID-19. CMS will implement a “hold harmless” provision on the improvement measures in the 2022 Star Ratings to recognize the potential decline in 2020 plan performance.

Overall, CMS is applying some protections against potential declines in quality performance; however, **CMS still intends to measure health plan Star Ratings using their 2020 performance**. Therefore, plan should continue to monitoring their performance in these quality measures.

Please contact Suzanna-Grace Sayre at SuzannaGrace.Sayre@wakely.com or Dani Cronick at Dani.cronick@wakely.com with any questions or to follow up on any of the concepts presented here.

Appendix

See below for a timeline for 2020, 2021, and 2022 Star Ratings. Key dates that were impacted by the Interim Final Rule are noted in red, with a description of the change included below.

	2018	2019	2020	2021	2022	2023
Star 2020 <i>(Payment Year 2021)</i>	Clinical, RX & Operational Measurement Apr–Jul HOS Survey <i>(with 2 yr cohort)</i>	Mar–May CAHPS Survey Sept/Oct Star 2020 Announced	Impacts Marketing & Sales Incorporated into June bid	\$ Payment Received		
Star 2021 <i>(Payment Year 2022)</i>		Clinical, RX & Operational Measurement² Apr–Jul HOS Survey <i>(with 2 yr cohort)</i>	Mar– May CAHPS Survey³ Sept/Oct Star 2021 Announced⁴	Impacts Marketing & Sales Incorporated into June bid	\$ Payment Received	
Star 2022 <i>(Payment Year 2023)</i>			Clinical, RX & Operational Measurement⁵ Apr–Jul HOS Survey <i>(with 2 yr cohort)</i>	Mar– May CAHPS Survey Sept/Oct Star 2022 Announced⁶	Impacts Marketing & Sales Incorporated into June bid	\$ Payment Received

² **HEDIS data is not collected** - HEDIS measures for 2021 Star Ratings will no longer be collected (due to COVID-19)

³ **CAHPS data is not collected** - CAHPS measures for 2021 Star Ratings will no longer be collected (due to COVID-19)

⁴ **"New" Contracts stay "New"** - Contracts will be paid in 2022 based on their 2021 Star Ratings. "New" contracts under a New Parent Organization that would have otherwise received a star rating for 2021 will keep their "New" Status. These are contracts new effective 1/1/2019.

⁵ **Performance declines** – CMS expects that COVID-19 will overall quality performance for plans down in 2020 - decreasing performance for contracts Nationwide.

⁶ **Cut points** - When CMS determines cut points, they expect cut points to decrease and will not put any guardrails on cut point changes. The hope here is that star ratings will not decrease

Improvement Measures - Since plans are likely to see a deterioration in performance from 2019 to 2020, CMS will also implement a "hold harmless" that gives the contracts the better of their star ratings with or without the improvement measures.