



SNP Alliance Position Statement

MAY 2016

Accounting for Social Determinants of Health in MA Star Ratings

Background

In 2012, CMS began to implement the MA Star Rating system, which makes quality incentive payments to plans that obtain at least a 4-star rating under a 5-star rating system. Higher payments are provided in the form of higher MA benchmarks in each county. A financial penalty comes in the form of lower benchmarks. Currently, plan ratings are based on 47 performance measures derived from HEDIS, CAHPS, and HOS instruments, and from CMS administrative data.

The SNP Alliance supports pay-for-performance as a tool to improve care for Medicare beneficiaries. However, the current system ignores the reality (exposed by research) of poverty, low levels of education, and a host of other social determinants of health (SDOH) and their effects on healthcare outcomes. Research shows that socio-economic status (SES), for example, independently affects an individual's use of healthcare services and health outcomes. Additional studies provide new evidence that the socio-economic status of MA enrollees affects Star measure outcomes and thus adversely impacts a health plan's ability to achieve excellence under the Star Rating system. The effects are significant for Special Needs Plans (SNPs) serving dual eligibles and low-income beneficiaries who live in poverty, are frail and/or disabled, and have complex chronic illness.

Evidence that Dual/Low SES Contributes to Poorer Health Outcomes

In September 2015, CMS released findings from a RAND study that provides scientific evidence that a beneficiary's dual-eligible status significantly lowered outcomes on 12 of 16 Star Rating measures. It also found that disability status significantly lowered outcomes on 11 of 16 measures. An Inovalon study found similar results. Characteristics of dual-eligible enrollees explained 70% or more of the disparity in outcomes compared to non-dual eligible enrollees on five of eight measures. Significantly, dual-eligible status lowered performance on the "all cause hospital readmission" measure, the only Star Rating measure that is already adjusted for age, gender, and co-morbidities. Lastly, even after adjusting for dual status and other factors, living in poverty further increased likelihood of readmission.

In August 2014, the National Quality Forum (NQF) noted in its report *Risk Adjustment for Socioeconomic Status or Other Sociodemographic Factors* that, "There is a large body of evidence that various sociodemographic factors influence outcomes, and thus influence results on outcome performance measures."

Congress Requires HHS to Study Impact of SES in Medicare

In the IMPACT Act of 2014, Congress recognized the potential effects of SES and dual eligible populations on the MA Star Ratings system by requesting the HHS Assistant Secretary for Planning and Evaluation to undertake studies on this population and the Medicare program at large before October 2016.

Congress Urges CMS to Modify Stars to Account for SES

In the 114th Congress, many members of Congress urged CMS to modify the Star Ratings system to better account for the clinical and socio-demographic risk factors that are out of a plan's control, arguing that MA performance measurement should accurately reflect the challenges in caring for low-income, chronically ill people. Also, S. 2104 would increase funding for MA plans that are penalized with poor ratings because they enroll a high percentage of dual eligible or low-income persons.

CMS Adopts CAI Method as Interim Adjustment to Stars

In April 2016, CMS finalized plans to adopt a Categorical Adjustment Index (CAI) in FY 2017 as an interim adjustment to Stars. The methodology accounts for selected SES factors on 6 of 47 measures, reporting to affect a total of 11 plans nationwide. The SNP Alliance supports this initial step but believes CMS must assume a larger and more expeditious leadership role.

Recommendation

The current Star Rating system penalizes plans that specialize in care of dual eligible persons. Congress should require CMS to:

1. Include additional Star measures and additional data on SDOH and SES factors in the CAI and subsequent methods to more fully account for the impact on Star Ratings.
2. Implement a more meaningful plan to account for the social determinants of health on Star ratings to be implemented no later than FY 2018, beginning with adjustment of SDOH/SES factors for plan all-cause hospital readmission.
3. Define a standard set of scientifically sound criteria and transparent methods for use by measure developers/stewards in reviewing, evaluating and adjusting for the presence of SDOH/SES.
4. Re-examine the validity and reliability of self-reported survey data for persons who do not speak English, have low health literacy, or significant cognitive/memory impairment.

