SNP Alliance Position Statement

Social Determinants of Health and Medicare Advantage Performance Evaluation

April 2015

Background

Beginning in 2012, Congress required CMS to make quality incentive payments to Medicare Advantage (MA) plans that obtain at least a 4 star rating under a 5-star rating system. In 2015, plans' ratings are based on 46 Part C and D performance measures derived from HEDIS, CAHPS, and HOS instruments, and from CMS administrative data.

Since implementation of the Star rating system, the SNP Alliance has expressed concerns that the Star methodology excludes adverse effects that poverty, low levels of education, and a host of other socio-demographic factors have on an individual's use of health services and healthcare outcomes. MA plan quality ratings are affected by clinical and non-clinical characteristics of poor, frail, disabled, and chronically ill persons. This is particularly true for MA Special Needs Plans (SNPs) that serve these populations exclusively or in large proportions.

CMS' 2016 Draft Call Letter acknowledged a potential relationship between characteristics of dual eligible and low-income beneficiaries and plans' Star ratings. CMS outlined a plan for further analysis and proposed reducing by 50% the weights of six measures seen as related to performance differences in order to provide relief for plans specializing in the care of dual and low-income subsidy beneficiaries.

The SNP Alliance believes there is irrefutable evidence that plans serving a comparatively large number of dual eligible beneficiaries are disadvantaged in obtaining quality incentive payments as long as the current Star rating system does not take into account the effect of beneficiaries' socio-demographic characteristics on measure performance. Further, the Alliance believes that more impactful short-term relief is needed to avoid the negative financial effects of excluding these factors from the Star ratings, while studies and longer-term solutions are being developed.

Evidence that low socio-economic status contributes to poorer health and healthcare outcomes

In August 2014, the National Quality Forum (NQF) released a report titled, *Risk Adjustment for Socioeconomic Status or Other Sociodemographic Factors*. The report noted, "a large body of evidence that various sociodemographic factors influence results on outcome performance measures." In 2013, SB Health Policy conducted a review of literature on social determinants of health and found that socio-economic status and a host of related factors (such as health literacy, neighborhood environment, availability of social supports, and transportation) can affect a person's use of care and health outcomes.

Evidence worse outcomes for dual eligibles on Star measures not linked to plan quality

A recent study by Inovalon, Inc. found dual-eligible enrollees have significantly worse outcomes than non-dual eligible enrollees in the same plan on 5 of 8 Star measures, regardless of plan characteristics, and that worse outcomes for dual eligible enrollees compared to non-dual eligible enrollees are not related to performance of plans. For example, the results showed statistically significant lower Star performance for duals vs non-duals on the 'all cause hospital readmission' measure, the only HEDIS measure that is adjusted for age, gender, and co-morbidity.

Congress and CMS should address socioeconomic impacts on quality measures

Persons who are poor, frail, disabled, and with complex chronic conditions are among healthcare's most vulnerable, costly, and complex care beneficiaries. Improved quality and cost performance requires fundamental changes in payment, policy and performance evaluation for plans that specialize in their care. Although CMS proposed modest changes to Stars in the 2016 Draft Call Letter, these changes do not provide adequate short-term relief for MA plans disadvantaged by the Stars methodology.

Recommendations

To address impacts of socio-demographic factors on Star ratings, CMS should:

1. Establish a meaningful short-term policy to compensate for the adverse effects of Stars on quality incentive payments for plans specializing in care of poor Medicare beneficiaries.
2. Advance research on socio-demographic factors and performance evaluation and on changing the Star methodology to address performance disparities.
3. Delay termination of low performing plans until an equitable and permanent solution for addressing performance disparities is established.

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