Potential Implications of the Medicare Advantage Stars Methodology for Plans Serving Low Socioeconomic Status Communities

Author
Goodman, Elizabeth Cahn

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Abstract
Medicare Advantage (MA) now serves nearly one-third of all Medicare beneficiaries. Many MA participants have low socioeconomic status (SES). The Affordable Care Act (ACA) modified the five-star quality measurement program applied to MA plans (“Medicare stars”) imposing substantial financial incentives and penalties based on plan performance.

This study uses a mixed methods approach to examine (1) whether and how serving low-SES participants impact an MA plans’ ability to achieve high Medicare stars scores, (2) whether plans are using enhanced and supplemental benefits to offset SES-related barriers to high performance under the Medicare stars program, and (3) changes policy makers should consider to offset SES-related barriers to high-quality performance under the Medicare stars program.

Thirty key informants were interviewed in phase one. Each expressed support, often qualified, for the Medicare Stars program. Each concurred that beneficiary SES factors impact the level of effort required of MA plans to achieve a high Medicare stars scores. They identified a number of specific SES factors that form barriers to high-quality performance and an array of recommended policy changes designed to acknowledge and to offset those barriers.

Phase two uses a multivariate analysis of publicly available plan filing data for the years 2014 and 2015 to examine the effect of the percentage of low-income subsidy (LIS) eligible beneficiaries and the level of deprivation in the county in which the plan was offered on the inclusion of benefits and plan design features identified by phase one respondents as likely to offset SES-related barriers to quality care. Neither the percentage of LIS-eligible membership nor county-level deprivation were consistently found to be significantly associated with the inclusion of any of the studied benefits, other than supplemental meals. Designation as a Special Needs Plan (SNP) was significantly associated with the inclusion of nearly all of the studied benefits.

In phase 3, five of the phase one respondents participated in follow-up surveys and interviews to evaluate the policy recommendations most commonly made by the phase 1 key informants. Those recommendations form the basis for the plan for change presented in the final chapter.