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## CMS Ratings Push Pressures Medicare Plans To Improve

By **Rachel Slajda**

Law360, New York (October 12, 2012, 6:32 PM ET) -- The federal Medicare agency announced Friday that it will begin encouraging beneficiaries in low-performing, low-rated Medicare Advantage and prescription drug plans to switch to better plans, making it increasingly critical that insurers meet the government's quality measures or risk losing members.

Starting at the end of October, the Centers for Medicare and Medicaid Services will send letters directly to beneficiaries enrolled in poor-performing plans, urging them to make the switch to better plans.

"We're making it more difficult for beneficiaries to sign up for low-performing plans," said Jonathan Blum, the CMS acting principal deputy administrator and director of the Center for Medicare. CMS is "giving strong signals to beneficiaries to enroll in plans with a high star rating," he said.

In 2012, the Centers for Medicare and Medicaid Services started a pilot program seeking to improve the quality of the private plans that provide benefits under Medicare Advantage. Under the program, CMS pays bonuses to plans earning at least three stars in a five-star rating system based on quality measures and patient satisfaction.

Theresa Carnegie, a member at Mintz Levin Cohn Ferris Glovsky & Popeo PC who represents insurers, says the letters are a key incentive for insurers to meet CMS's standards.

"It's of critical importance for plans, because if they're in low performance thresholds they're at risk of losing significant numbers," Carnegie told Law360. "It's why the plans have to have even more focus toward achieving those results."

Beneficiaries will receive the letters if their plans have been rated at less than three stars for the past three years, CMS said.

Beneficiaries who want to switch to a three- or four-star plan will be able to do so before the open enrollment period ends in December. But as an added bonus for five-star plans, beneficiaries can enroll in those policies year-round.

The standards CMS is evaluating include coverage for preventative care, such as breast cancer screenings and flu shots; managing chronic diseases such as diabetes; access to care; and customer service measures, such as timely response to complaints and appeals.

Carnegie noted that many of these care goals are echoed in other parts of health care

reform, making it even more important for insurers to make them a priority.

"These things tie into where the health care system is going overall, in terms of delivery and payment reform," she said. "It's another piece of the puzzle to move everyone in that direction."

CMS also announced Friday that the number of Medicare Advantage plans rated at least four stars for 2013 increased about 20 percent, from 106 plans to 127. Of those plans, 15 received five stars, up from nine in 2012.

The plans rated four stars and higher currently cover 37 percent of Medicare Advantage beneficiaries. In 2012, four- and five-star plans covered 28 percent of beneficiaries.

For Part D, the number of highly rated plans doubled, from 13 to 26. The percentage of Part D enrollees covered by those plans also doubled, from 9 percent to 18 percent.

The Medicare Advantage bonus program has come under criticism for doling out bonuses to plans rated at 3 or 3.5 stars, which under the rating system is considered "average" and which make up a majority of the plans. The Government Accountability Office has recommended shutting down the pilot program altogether, noting that instead of rewarding high-performing plans, most of the estimated \$8 billion in bonus payments will go to average-performing plans.

After 2014, provisions of the Affordable Care Act that dole out bonuses only to four-star plans and above are scheduled to replace the pilot program.

CMS officials conceded Friday that a majority of the plans are rated "average" and will still be eligible for those controversial bonuses. More than 250 plans are rated at three or three and a half stars, according to CMS data. Less than 140 Medicare Advantage plans are rated at four stars or above.

Another 124 plans are either too new or don't have enough data to be evaluated, CMS said.

--Editing by John Quinn.

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