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CLIENT BRIEFING

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REACHING FOR THE (CMS) STARS

QUALITY STRATEGIES FOR MEDICARE ADVANTAGE

CMS star ratings are vitally important to MA plans. But you need to understand which providers you can actually motivate—and which will make a difference in your quality bonus. Here's an approach that works.

AUTHORS
Jim Fields
Partner

Martin Graf
Partner

It's increasingly clear that healthcare's future will be rooted in competition based on quality and price, with unprecedented levels of transparency about both. Medicare Advantage (MA) is moving to that point more quickly than most segments of the industry, thanks to the star rating system used by the Centers for Medicare and Medicaid Services (CMS) to assess health plans on the quality of the care their patients receive, the quality of their interactions with members, and member satisfaction. Plans have recently received their ratings for the 2014 enrollment period, and though average scores in MA as a whole have been increasing steadily, most plans still have room for improvement and need to plan for the next round of new (and higher) standards.

What many have learned is that it is not simple to manage a score generated from dozens of individual metrics across your entire network of providers. You can easily spend an enormous amount of time and money on incentives and engagement programs and still fall short of your goals, and it is especially difficult to achieve results as quickly as you need to in order to respond to competitive marketplaces.

MARSH & McLENNAN COMPANIES

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Judging by this year's scores, the most successful strategy for getting high star scores is to integrate the payer and the provider system—as 13 of this year's 14 five-star plans have done. When the doctors' and the health plan's interests are well aligned and the network is relatively closed, there are clear performance benefits. Unfortunately, integration is not a strategy most major health plans can pursue. Second-best, we expect, will be health plans created with a single accountable care organization as their network—though the concept is too new to allow us to evaluate results. The rest of the market will have to find ways to build their scores with diverse and often less-willing provider networks.

What is the best way to improve star scores without losing your shirt? We suggest the following steps:

SQUEEZE ALL THE VALUE OUT OF THE THINGS YOU CONTROL

Roughly one-third of the metrics that make up your star score are things you control directly—turnaround time on appeals, etc. They aren't weighted as highly as the clinical measures, but they are still significant. There is no excuse not to do well on these plan-controllable metrics. And in fact most health plans that we work with are either receiving high scores in these measures or have an improvement plan with clear accountability.

EVALUATE GEOGRAPHIES

It is already clear that some markets provide better star scores than others. A senior in Minneapolis has access to nine MA plans rated at four stars or better. A senior in New York City has access to none. In some markets you need to do almost nothing to score well. In others, almost nothing will help. Consolidation seems to be the key. In an area dominated by a single payer (Philadelphia, for instance), that payer will tend to represent a larger share of each provider's panel, giving them additional leverage, though not the direct control found in integrated payer/providers. In an area in which hospitals are highly consolidated (such as Pittsburgh), large integrated delivery networks have the clout to change physician and hospital behavior.

In this process you are looking for several things: Markets with a structure that will make it easy to move doctors' behaviors (even if scores there are already acceptably high), markets where another payer is already handling the job (allowing you to minimize investment), and fragmented markets where you will be able to move some providers and not others.

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The key to raising star scores is to identify the providers who actually make a difference in your scores –and the ones capable of delivering quality.

SEGMENT PROVIDERS

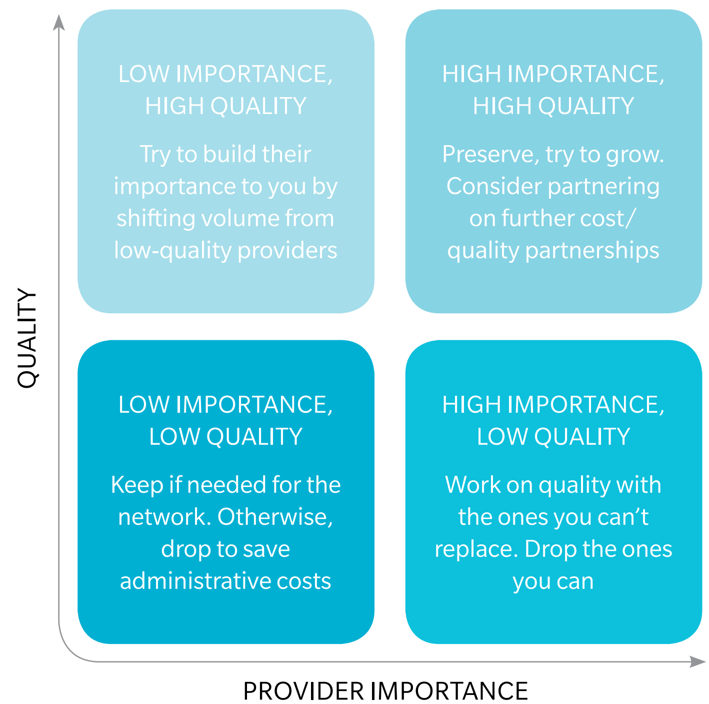
The chart on this page illustrates a useful way to think about your providers.

On the X axis is the providers' importance to you. For purposes of this exercise, look at two factors: (1) How many of your patients are attributed to them. The more they treat, the greater their impact on your star scores. (Because of the way CMS calculates stars, the relationship won't be precise, but it should be close.) (2) Their importance in maintaining the completeness of your network.

The Y axis is quality, specifically quality in the metrics that feed into the star ratings.

SEGMENT YOUR WORK

The key to raising star scores is to identify the providers who actually make a difference in your scores—and the ones capable of delivering quality.



Source: Oliver Wyman analysis

The advantage of this step is that it helps you identify providers to drop from your network, providers you want to steer members to, and providers you want to invest in improving. Of these three things, the one with the greatest, fastest short-term impact is dropping low performers from your network.

Interestingly, it's not very important to drop the providers in the lower left quadrant—unimportant and low quality—because they aren't costing you much in your weighted average. But it may make sense to eliminate them based on the balance of their contribution to greater perceived network choices and the administrative cost of

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Dropping low performers is one of the most important steps you can take to improve your star scores.

including them. The important, high-quality providers are keepers. And you should make an effort to move volume to the high-quality, low-importance providers in the upper-left quadrant. (It is almost always easier to move volume than to raise quality.)

But what about those problematic people in the lower right—low in quality but high in importance?

SEGMENT THE HIGH-IMPORTANCE, LOW-QUALITY PROVIDERS

Some of the providers in the high-importance, low-quality quadrant can be improved. Others will have to be dropped (and dropping them is one of the most important steps you can take to improve your star scores). The trick is to figure out which are which and to choose appropriate, cost-effective strategies for the ones you will try to improve.

This part of the process is complex. Some of the providers that you regard as important because they play an important role in your network can be replaced by other providers with higher quality, if they're available. Some providers may have high numbers of your patients—but high rates of dissatisfaction, which would make it easier to guide patients to alternatives. Some providers will respond well to the right sort of financial incentives and education, while others won't, and still others are following the lead of a different health plan that is more important to them.

IMPLEMENT AN IMPROVEMENT PLAN WHERE IT MAKES SENSE

In the end, you will be shedding some low performers and trying to improve others. Clearly contracting and incentives are important levers to use. But here are a few cautions:

- It is nearly impossible to get doctors to treat different groups of patients differently. What they do for one, they tend to do for all. That means two things: (1) If you are not sufficiently important to the provider, your incentives and contracting strategies may fail through lack of interest. (2) You should expect to see a lot of the "free rider effect", either in your favor or in your competitors' favor.
- Don't underestimate the importance of sharing data with providers. In many cases poor quality stems from poor coordination of care and providers' lack of visibility into the whole patient picture. Your data is an invaluable tool in providing that visibility.
- Sometimes incentives will be less valuable than help in implementing better care. For some providers, especially those you need for network purposes, it may make sense to place a nurse or care coordinator in the provider's office.
- Remember that physicians are competitive. Be sure they know how they are performing. In many cases, they will be motivated to improve performance for the

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You need to choose the metrics where you can make the maximum difference in your final star score (and your performance bonus) for the lowest investment.

sake of their own business rather than yours. This is especially effective with large provider organizations where some doctors deliver high quality while others lag.

Finally, as we have argued elsewhere, rationalize your strategy for improving provider metrics. You cannot afford to go after every CMS quality metric at the same time, and you would not succeed in improving all of them if you did. You need to choose the metrics where you can make the maximum difference in your final star score (and your performance bonus) for the lowest investment. Stars is one of the most important activities to optimizing MA performance. (See our full list of musts for Medicare Advantage plans here.) It requires some analytic skill, but in our experience it is well worth the effort.

AUTHOR BIOS

Jim Fields is a partner in Oliver Wyman's Health & Life Sciences practice group, the head of the Chicago office, and co-leads the practice's work in government programs. Jim has guided several companies in the development and implementation of Exchange strategies, Seniors strategies, and Medicaid expansion plans. He has deep experience in strategic planning and has worked with health plans of all sizes, as well as healthcare technology companies and health delivery systems. He can be reached at jim.fields@oliverwyman.com

Martin Graf is a partner in Oliver Wyman's Health & Life Sciences practice group. He has extensive experience advising managed care, provider organizations, private equity firms, and a wide range of companies that enable healthcare services. His areas of expertise include growth strategy development, business planning, assessing and managing operations, establishing/leveraging partnerships, and maximizing on M&A opportunities. He can be reached at martin.b.graf@oliverwyman.com.

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