

The Centers for Medicare & Medicaid Services (CMS) made three significant announcements today: (1) updated star plan ratings for 2011 Medicare health and drug plans, (2) a 3-year demonstration to provide Medicare Advantage plans financial incentives to provide high-quality care, and (3) proposed regulations to implement several provisions of the Affordable Care Act to strengthen and improve the Medicare Advantage and Medicare prescription drug programs.

The 5-star rating system is used by CMS to monitor plans to ensure that they meet Medicare's quality standards. The ratings provide Medicare beneficiaries with a tool to compare the quality of care and customer service that Medicare health and drug plans offer. In addition, a "low performer" icon is to be placed next to the names of plans that have received less than three stars for the past three years. CMS' star rating system considers 53 quality measures, such as success in providing preventive services, managing chronic illness, and keeping consumer complaints to a minimum. All ratings can be found on Medicare's Plan Finder at www.Medicare.gov.

Further, the 2011 ratings released today will serve as the basis for a quality bonus payment in the demonstration for Medicare Advantage plans in Calendar Year 2012. The demonstration builds on the quality bonus payments authorized in the Affordable Care Act by providing stronger incentives for plans to improve their performance thereby accelerating quality improvements. Medicare Advantage plans earning the highest performance rating—5 stars—are eligible to receive the largest bonuses equal to 5 percent. Additionally, all Medicare Advantage plans that have a score of three stars and higher will qualify for a bonus payment in 2012.

"The 5-star rating system helps people with Medicare make meaningful distinctions between high-performing and low-performing health plans. They also allow plan sponsors to see how they compare to other plans and encourage them to improve care and customer service, so their plans are more attractive to Medicare beneficiaries," said CMS Administrator Donald M. Berwick, M.D. "The demonstration rewards high performers more than low performers, creating an incentive for all performers to improve."

The notice of proposed rulemaking published today also includes other policies that aim to improve the Medicare Advantage and Medicare prescription drug programs. They include codifying clarifications to CMS authority to negotiate plan bids, expanding restrictions on charging higher cost-sharing than traditional Medicare for certain services, and limiting long-term care pharmacy waste by specifying efficient dispensing practices.

"For 2011, the vast majority of Medicare beneficiaries who wish to enroll in the Medicare Advantage program will continue to see a wide array of plan choices with stable premiums and benefit levels," said Jonathan Blum, CMS Deputy Administrator and Director for the Center for Medicare. "The demonstration and proposed rules CMS has announced today continue our commitment to make the program stronger than ever before for our beneficiaries."

More detailed information on this year's current and previous ratings scores is available on a master table at the Federal Register at:

www.cms.gov/PrescriptionDrugCovGenIn/06_PerformanceData.asp

A link to the proposed rulemaking changes for Medicare drug and health plans cost sharing and bid process can be found at http://www.ofr.gov/OFRUpload/OFRData/2010-28774_PI.pdf

The proposed rule has a 60-day public comment period, which closes on January 10, 2010. The final rule is scheduled to publish in early spring 2011 to allow appropriate timing for the 2012 contract year bids.

More information can be found at www.HealthCare.gov, a web portal made available by the U.S. Department of Health and Human Services.