

Higher quality rating for Medicare Advantage plan linked with increased likelihood of enrollment

January 15 2013

In a study that included nearly 1.3 million Medicare beneficiaries who were either first-time enrollees or enrollees switching plans, researchers found a positive association between enrollment and publicly reported Medicare Advantage star ratings reflecting plan quality, according to a study appearing in the January 16 issue of *JAMA*.

"To inform enrollment decisions and spur improvement in the Medicare Advantage [marketplace](#), the U.S. Centers for Medicare & Medicaid Services (CMS) provides star ratings reflecting Medicare Advantage plan quality. A combined Part C and D overall rating was created in 2011 for Medicare Advantage and prescription drug (MAPD) plans," according to background information in the article. The star ratings incorporate data from several sources. "In 2011, MAPD star ratings ranged from 2.5 to 5 stars. Only 3 MAPD contracts received 5 stars; some were unrated because they were too new or small," the authors write. "While star ratings clearly matter to insurers, it is unclear whether they matter to beneficiaries."

Rachel O. Reid, M.S., of the Centers for Medicare & Medicaid Services, Baltimore, and colleagues conducted a study to assess the association between publicly reported Medicare Advantage plan quality ratings and enrollment. Of the 7.6 million beneficiaries with an eligible 2011 MAPD enrollment, the study population consisted of 952,352 first-time enrollees and 322,699 enrollees switching plans. The analysis controlled

for beneficiary and plan characteristics.

Among the key characteristics of included plans by star rating, the highest-rated plans more often had higher premiums, while unrated plans more often had higher out-of-pocket costs or were private fee-for-service or local PPO plans.

The researchers found that among first-time enrollees, higher star ratings were associated with increased likelihood to enroll in a given plan (9.5 percentage points per 1-star increase). The highest rating available to a beneficiary was associated with a 1.9 percentage-point increase in likelihood to enroll. Star ratings were less strongly associated with enrollment for the youngest, black, low-income, rural, and Midwestern enrollees.

Among beneficiaries switching plans, higher star ratings were associated with increased likelihood to enroll in a given plan (4.4 percentage points per 1-star increase). A star rating at least as high as a beneficiary's prior plan's rating was associated with a 6.3 percentage-point increase in likelihood to enroll. "Star ratings were less strongly associated with enrollment among the youngest, low-income, and rural beneficiaries and negatively associated among Midwestern beneficiaries. Compared with other races/ethnicities, star ratings were more strongly associated with enrollment for white beneficiaries," the authors write.

"We found a positive association between CMS's 5-star Medicare Advantage quality ratings and enrollment. Bolstering the business case for quality in the [Medicare Advantage](#) market, these findings may provide firms with additional incentive to cultivate higher quality, CMS with justification to continue to advance public reporting, and policy makers with a rationale to pursue quality reporting in other health insurance markets," the authors conclude.

"Despite the limitations in this study, it is valuable to see some evidence that [Medicare](#) Advantage enrollees may be using ratings as one factor in making choices," writes Jack Hoadley, Ph.D., of Georgetown University, Washington, D.C., in an accompanying editorial.

"It is critical for the program to keep improving the available plan ratings and to make them increasingly available and relevant to the needs of consumers. Key questions for future study include what tools and what measures do consumers seek when they select plans? How do consumers use ratings as part of a plan selection strategy? How can the plan selection process be simplified and streamlined?"

More information: *JAMA*. 2013;309(3):267-274
JAMA. 2013;309(3):287-288

Provided by JAMA and Archives Journals

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