

Avalere Health /

**2012 CMS Star Ratings: Availability of
High Performing Plans for Medicare
Beneficiaries**

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CMS Implemented Key Changes to Star Ratings Methodology for 2012

- The Centers for Medicare & Medicaid Services (CMS) star ratings measure the quality of Medicare Advantage (MA) plans and Part D plans
 - » The star ratings can be used by beneficiaries to guide enrollment decisions. In addition, the star ratings will also be used to adjust MA plan payments beginning in 2012
- On October 12, CMS released the 2012 star ratings for Medicare Advantage (MA) and Part D plans ahead of the October 15 open enrollment period for beneficiaries

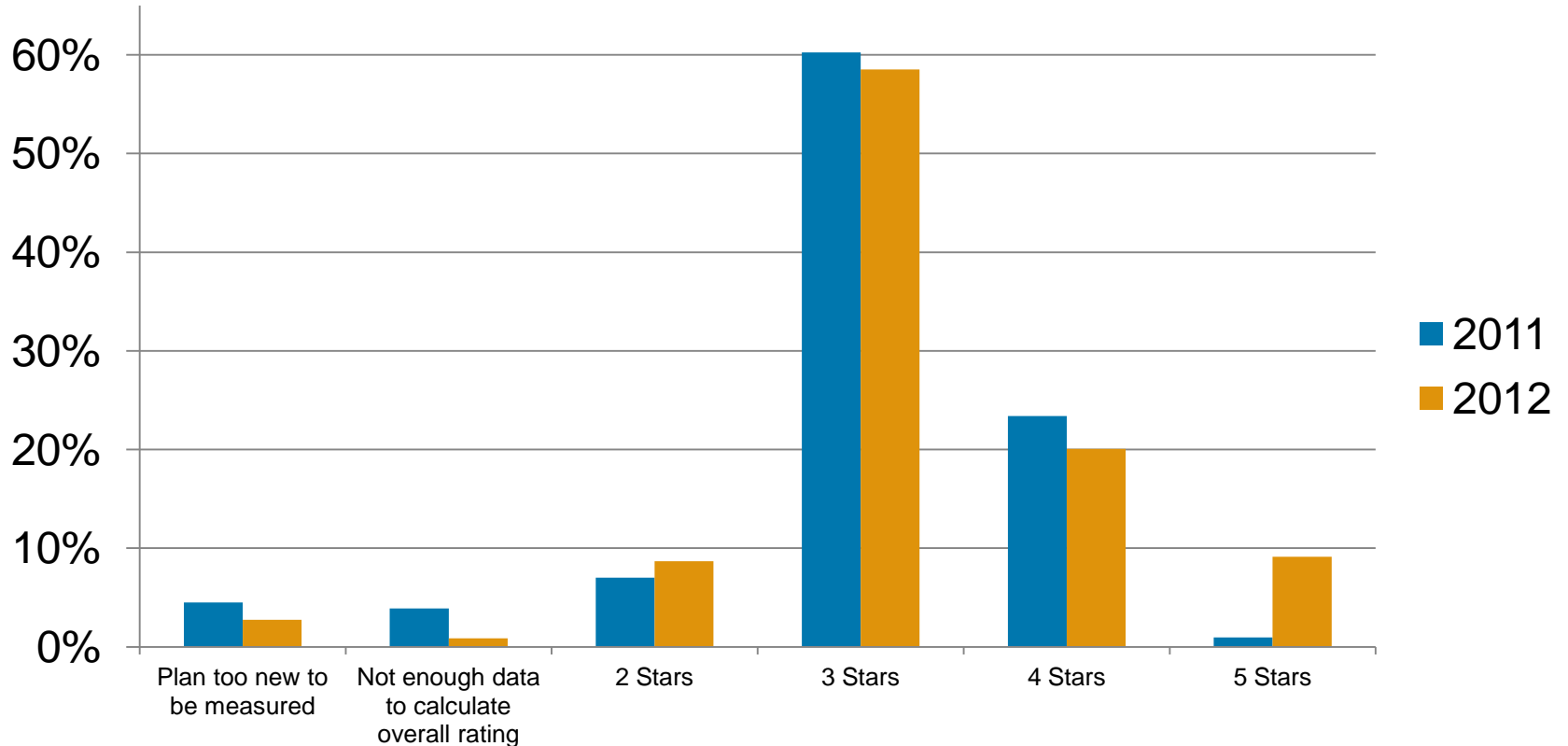
Key Features of the 2012 Star Ratings Methodology*:

- There are a total of 53 measures for 2012. There are 36 MA measures and 17 Part D measures. For MA-PD plans, there will be a total of 50 measures since three of the MA and Part D measures overlap.
- CMS retired eight measures that were used in 2011. Data on these measures will still be collected and included on CMS' Display page.
- CMS added six new MA specific measures for 2012 and four new Part D measures for 2012.
- In 2012, CMS instituted differential weighting of measures based on the type of measure. In 2011, all performance measures had equal value in the calculation of the overall plan score. In 2012, CMS will weight measures that look at outcomes and intermediate outcomes 3 times as much as plan process measures. They will weight measures that look at patient experience and access 1.5 times as much as process measures.

*Source: CMS Fact Sheet "2012 Part C and D Plan Ratings" available at http://www.cms.gov/PrescriptionDrugCovGenIn/06_PerformanceData.asp#TopOfPage

CMS Reports Increases in MA-PD Plan Performance in 2012...

Percent of Beneficiaries in Plans with Specified Quality Score, 2011-2012*

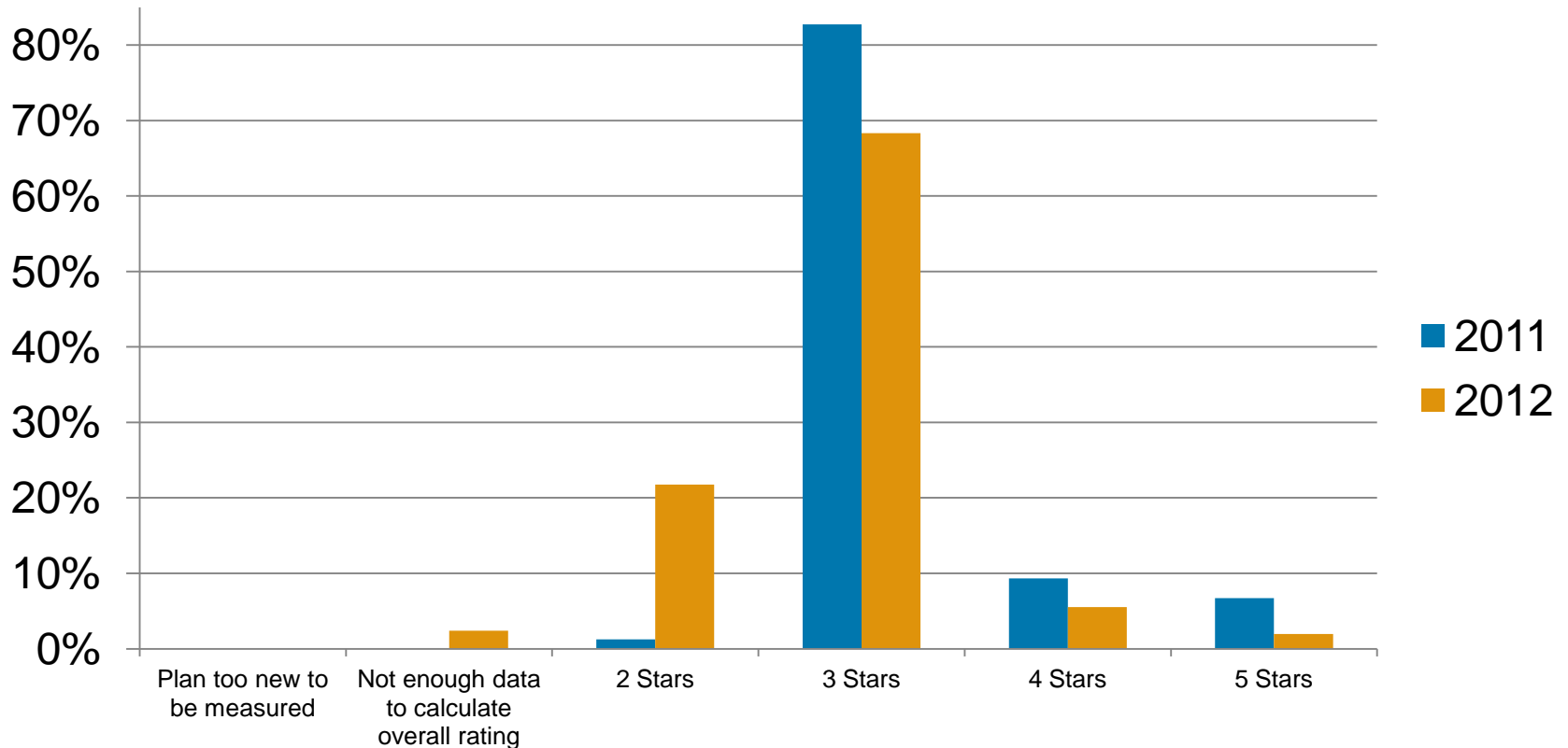


The average star rating weighted by enrollment for MA-PDs increased to 3.44 in 2012 from 3.18 in 2011.

*Source: Enrollment weighted data from CMS Fact Sheet "2012 Part C and D Plan Ratings" available at http://www.cms.gov/PrescriptionDrugCovGenIn/06_PerformanceData.asp#TopOfPage
MA-PD Plan = Medicare Advantage prescription drug plans

...While PDP Ratings Decreased in 2012

Percent of Beneficiaries in Plans with Specified Quality Score, 2011-2012*



The average star rating weighted by enrollment for PDPs decreased to 2.96 in 2012 from 3.49 in 2011.

*Source: Enrollment weighted data from CMS Fact Sheet "2012 Part C and D Plan Ratings" available at http://www.cms.gov/PrescriptionDrugCovGenIn/06_PerformanceData.asp#TopOfPage
PDP = Standalone prescription drug plans

Over Half of Beneficiaries Will Have Access to 4-5 Star MA Plans

Medicare Advantage Plan Availability:

- CMS reports that there is geographic variation on the availability of 4-5 star MA-PD plans
- Avalere analysis finds that 51 percent of beneficiaries nationwide will have access to a 4-star or 5-star MA-PD plan, excluding employer plans

Part D Plan Availability:

- All beneficiaries across the nation will have access to a 4-star PDP
- Beneficiaries in eight states (Iowa, Minnesota, Montana, Nebraska, New York, North Dakota, South Dakota and Wyoming) will have access to a 5-star PDP, representing only 11 percent of total beneficiaries

A Majority of PDPs Eligible to Retain or Receive Low-Income Subsidy Beneficiaries in 2012 are 2-Star Plans

In 2012, 52 percent of LIS eligible plans are 2 star plans. This is dramatically up from 3 percent in 2011.

Star Rating	Number of LIS Plans 2011	% of LIS Plans 2011	Number of LIS Plans 2012	% of LIS Plans 2012
2 Stars	0	0%	6	2%
2.5 Stars	10	3%	163	50%
3 Stars	125	38%	118	36%
3.5 Stars	150	45%	24	7%
4 Stars	1	0%	16	5%
4.5 Stars	30	9%	0	0%
5 Stars	16	5%	0	0%
Total	332		327	

Avalere analysis of CMS data on 2012 Star Ratings (available at http://www.cms.gov/PrescriptionDrugCovGenIn/06_PerformanceData.asp#TopOfPage), 2012 Part D Landscape files (available at <https://www.cms.gov/PrescriptionDrugCovGenIn/>)

LIS= Low-income subsidy



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