

Analysis: Number of Plans with High Star Ratings Will Increase in 2014

Washington, D.C. – The share of Medicare Advantage (MA) plans with a star rating of 4 stars or higher in 2014 (43 percent) will increase substantially relative to 2013 (27 percent) according to a new Avalere Health analysis of the Centers for Medicare & Medicaid Services' (CMS) recently released data on 2014 plan quality performance. The number of counties in which Medicare beneficiaries will have access to a high performing plan (4 stars or higher) in 2014 will also increase, though fewer counties will have 5-star plans in 2014 compared with 2013.

Star Ratings	Number of Plans, 2013 *	% of Plans, 2013**	Number of Plans, 2014*	% of Plans, 2014**
2 (below average)	5	0%	1	0%
2.5	286	11%	29	1%
3 (average)	495	19%	325	13%
3.5	787	31%	730	30%
4 (above average)	306	12%	492	20%
4.5	342	13%	490	20%
5 (excellent)	52	2%	60	2%
Not enough data available	136	5%	124	5%
Plan too new to be measured	155	6%	178	7%
Grand Total	2564		2429	

*Includes MA-PDs and MA-only plans. Does not include plans in Puerto Rico. Does not include Cost plans, medical savings account plans, or plans participating in the dual eligible demonstrations.

**May not total to 100% due to rounding.

The Avalere analysis found that MA plan performance is improving overall, as plans appear to be investing more in quality in anticipation of the payment reductions due at the end of the star ratings demonstration in 2015. The Affordable Care Act (ACA) linked plan payments to quality beginning in 2012 by awarding plans with ratings of 4 stars or higher bonus payments. However, CMS began a demonstration, which expanded the use of quality bonus payments to plans with 3 to 3.5 stars until 2015.

“This is good news for Medicare beneficiaries who have more high-quality plans to choose from and overall greater access to those options,” said Matthew Eyles, executive vice president at Avalere. “MA plans have responded to the strong incentives in the ACA to improve quality and made investments that look to be paying off.”

The analysis also shows that 133 counties in 2014 will have at least one 5-star plan available, a decrease from the 252 counties that had 5-star plans available in 2013. However, the total number of counties with at least one plan with a rating of 4 stars or greater will increase from 2013 to 2014 by 51 percent.

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	2013*	2014*
Number of Counties with 5 Star Plan Available	252	133
Number of Counties with 4 or 5 Star Plan Available	1337	2022

* Includes MA-PDs and MA-only plans. Does not include plans in Puerto Rico. Does not include Cost plans, medical savings account plans, or plans participating in the dual eligible demonstrations.

In 2013, 13 states and Washington D.C. had a 5-star plan available. While 12 states and Washington D.C. have a 5-star plan in 2014, the states with these options have changed. Illinois, Massachusetts, Minnesota, and Ohio all lost 5-star plans in 2014, while Florida, Georgia, and Texas gained. California, Colorado, Hawaii, Iowa, Maryland, Oregon, Virginia, Washington, Washington D.C., and Wisconsin all retained 5-star plan options.

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