MAY 2024

THE INEQUITABLE HEALTH EQUITY INDEX:
IMPROVEMENTS ARE NEEDED TO MA STAR RATINGS

Health equity is a core priority for policymakers — and the member companies of the Alliance of Community Health Plans. To address widespread disparities in the nation's health care system, the Administration created a new Medicare Advantage quality reward called the Health Equity Index (HEI). The goal is to close the gaps in care delivery that result in poor health outcomes for beneficiaries affected by social risk factors.

But the new HEI reward may end up creating a prisoner's dilemma for some of the health plans most invested in its success. Technical shortcomings in the design of the program and conflicting state contracting requirements will result in millions of Americans — and the health plans that serve them — being left out of this important new initiative. For policymakers and stakeholders committed to a fair and equitable health system for all, there's a narrow window of opportunity to correct the problems and deliver improved equity for all beneficiaries.

Background

Beginning in 2027, CMS will implement a HEI reward which is a composite of multiple star rating outcome measures. The HEI identifies and rewards eligible health plans improving care quality for socially at-risk beneficiaries.

Only beneficiaries who are dually eligible for Medicaid, receive a low-income subsidy or who joined Medicare under age 65 due to disability will be counted as having social risk factors in the HEI calculation. This leaves out millions of beneficiaries who struggle with health literacy, access and other social needs.

The HEI will replace the current reward factor for MA Star Ratings, further challenging health plans which have long led the industry in delivering high-quality care. CMS has sent a clear directive that health plans should achieve clinical outcomes for beneficiaries with social risk factors that are as good if not better than outcomes for other beneficiaries.

The Problem

In devising the new index, CMS took a narrow view on what qualifies a beneficiary as having social risk factors. This arbitrarily limits many beneficiaries in underserved areas who struggle with health literacy, access and other social needs. Further, while all MA plans will be evaluated under the new HEI, only MA contracts with the ***minimum threshold*** of beneficiaries with the defined set of social risk factors will be eligible for the HEI reward. In many communities, especially in rural regions, there are simply not enough beneficiaries meeting the limited social risk factor criteria to allow health plans to qualify for the HEI reward.

This issue is further exacerbated in states such as California, Michigan and Pennsylvania that require separate MA contracts for dual eligible special needs plans (D-SNPs) and traditional MA plans. With the HEI reward calculated by MA contract, having separate D-SNP and traditional MA plan contract makes it nearly impossible for many MA plans to reach the enrollment threshold in traditional contracts and qualify for the HEI reward. Health plans should not be put at a disadvantage by state requirements that vary across the country.

THE INEQUITABLE HEALTH EQUITY INDEX:
IMPROVEMENTS ARE NEEDED TO MA STAR RATINGS

The Prisoner's Dilemma

The HEI's well-intentioned goal presents a prisoner's dilemma for health plans to choose between supporting enrollment in D-SNPs, which offer unique care coordination for dual eligibles, and failing to meet the HEI threshold in traditional MA contracts. Choosing one will, by default, neglect the other.

Instead of addressing the quality of care provided for beneficiaries with social risk factors, the HEI reward, as constructed, prioritizes the volume of beneficiaries with those risk factors. Qualifying for the reward becomes a numbers game, rather than measurable success at improving care outcomes for vulnerable beneficiaries.

The Health Equity Index reward should be tied to closing care gaps regardless of whether a plan has one or 1,000 beneficiaries with social risks.

CMS projects that star ratings for most health plans will fall under the current HEI methodology. A drop in stars due to a narrow methodology will only confuse seniors who shop for a plan based on quality ratings and diminish a health plans' investment in striving for the highest star rating.

A Technical Change to Effectively Measure Equity

To appropriately measure health equity outcomes, CMS must eliminate the enrollment threshold and let all health plans compete in every community. CMS has the authority to make this change and should do so in the Calendar Year 2026 MA regulation.

CMS must eliminate the social risk factor enrollment threshold, allowing all health plans to showcase their focus on addressing disparities.

The Alliance of Community Health Plans (ACHP) represents the nation's top-performing non-profit health plans to improve affordability and outcomes in the health care system. ACHP member companies provide high-quality coverage and care to millions of Americans in nearly 40 states and D.C.

In 2024 MA Star Ratings, ACHP members outperformed the industry on nearly 84 percent of measures, leading the way in quality for consumers nationwide.

For more information, contact
ACHPadvocacy@achp.org.