



WHITE PAPER



Medicaid Quality Rating System Methodology Considerations

WHAT IS A HEALTH PLAN QUALITY RATING SYSTEM?

A health plan quality rating system (QRS) is a rating scale designed to increase health plans' transparency and accountability for the quality of services they provide. Consumers use ratings as a tool to help them choose a plan. States use ratings for plan oversight, to inform contracting decisions with managed care plans and to refine state goals for the state's quality strategy.

➤ NCQA AND QUALITY RATINGS

The National Committee for Quality Assurance (NCQA) is a private, not-for-profit organization dedicated to improving health care quality through measurement, transparency and accountability. NCQA has the nation's largest health plan accreditation program, with over 181 million Americans in NCQA-accredited plans. In fact, 26 Medicaid managed care states exclusively require contracted plans be NCQA Accredited.

NCQA has significant experience with health plan quality ratings and report cards, including the Centers for Medicare & Medicaid Services (CMS) Exchange Qualified Health Plan (QHP) Quality Rating System, California Office of the Patient Advocate Health Plan Report Cards and New York Health Insurance Consumer Guides. Additionally, NCQA releases annual **Health Insurance Ratings** that include private (commercial), Medicare and Medicaid health insurance plan ratings based on their combined HEDIS^{®1}, CAHPS^{®2} and NCQA Accreditation standards scores.

➤ OVERVIEW OF FEDERAL EXPECTATIONS

In April 2016, CMS released the first major overhaul of managed care regulations for Medicaid and the Children's Health Insurance Program (CHIP). The rule added a new requirement for states contracting with comprehensive, risk-based Medicaid managed care organizations, prepaid inpatient health plans or prepaid ambulatory health plans to implement a Medicaid QRS³. States may adopt the federal Medicaid quality ratings developed by CMS, which is expected to largely align with the Exchange QHP Quality Rating System. Medicaid quality ratings will also include a defined core set of performance measures largely drawn from the CMS Scorecard, including adult and child core set measures.

States also have the flexibility to adopt an alternative quality rating methodology, contingent on yielding substantially comparable results, to the extent feasible, to enable meaningful comparison across states⁴. This flexibility presents an opportunity for states to design a more robust Medicaid QRS that includes performance measures addressing unique state quality priorities such as vulnerable populations and behavioral health.

States are required to implement Medicaid QRS within three years of when final guidance is issued (as of April 2019, final guidance has not been released). State Medicaid agencies must also publicly display Medicaid QRS results on their websites.

➤ CURRENT LANDSCAPE

State experience with Medicaid quality ratings varies. Few states have established quality ratings (Table 1); several states are in the development process. Most, however, are waiting until the federal Medicaid QRS methodology is released to determine an approach. NCQA anticipates that early-adopter states will need to reassess their alternative methodologies, to comply with CMS guidance.

¹ HEDIS[®] is a registered trademark of the National Committee for Quality Assurance (NCQA).

² CAHPS[®] is a registered trademark of the Agency for Healthcare Research and Quality (AHRQ).

³ §438.334 Medicaid managed care quality rating system.

⁴ <https://s3.amazonaws.com/public-inspection.federalregister.gov/2018-24626.pdf>

Existing Medicaid quality ratings include two models for representing health plan quality data: statewide and aggregated by region. Larger states are better positioned to pursue a regional model if managed care plans are not available statewide. The regional model is likely to be more meaningful for consumers, as it clearly identifies available plan options and removes unnecessary distractions.

Table 1. Medicaid Quality Ratings (as of April 2019)⁵

State	State or Region-Specific	Rating Scale	Domains	Individual Measures or Composites
FLORIDA Medicaid Health Plan Report Card 2019	Region	5 Stars	<ul style="list-style-type: none"> • Pregnancy-Related Care • Keeping Kids Healthy • Children’s Dental Care • Keeping Adults Healthy • Living with Illness • Behavioral Health Care 	Composite
ILLINOIS Choosing a HealthChoice Illinois Plan 2018	Statewide	5 Stars	<ul style="list-style-type: none"> • Doctors’ Communicate • Access to care • Women’s Health • Living with Illness • Behavioral Health • Keeping Kids Healthy 	Composite
KENTUCKY A Guide to Choosing a Medicaid Health Plan	Statewide	5 Stars	<ul style="list-style-type: none"> • Preventive Care • Getting Help When Needed 	Individual Measures
MARYLAND A Performance Report Card for Consumers 2018	Statewide	3 Stars	<ul style="list-style-type: none"> • Access to Care • Doctor Communication and Service • Keeping Kids Healthy • Care for Kids with Chronic Illness • Taking Care of Women • Care for Adults with Chronic Conditions 	Composite
MICHIGAN A Guide to Michigan Medicaid Health Plans 2019	Statewide	3 Apples	<ul style="list-style-type: none"> • Doctor Communication and Service • Getting Care • Keeping Kid Healthy • Living with Illness • Taking Care of Women • Accreditation Organization 	Composite
NEW YORK Managed Care Regional Consumer Guide 2018	Region	5 Stars	<ul style="list-style-type: none"> • Overall • Quality of Care: Members with Illness • Preventive, Well-Care for Adults/Children • Patient Satisfaction with Access/Service 	Composite
TEXAS Managed Care Report Cards 2018	Region	5 Stars	<ul style="list-style-type: none"> • Overall Health Plan Quality • Experience with Doctors & Health Plan • Staying Healthy • Controlling Chronic Diseases 	Individual Measures

⁵ NCQA analysis of publicly available data.

➤ CRITICAL COMPONENTS

For states considering or actively pursuing federal flexibility to adopt an alternative Medicaid QRS, NCQA—a national expert in designing and implementing health plan quality ratings—offers the following five critical components for consideration.

1. Measure Framework.

A critical initial step is identifying a measurement framework or organizational structure for presenting and scoring performance measures. Frameworks generally align with the aims of the National Quality Strategy (NQS): better care, healthy people/healthy communities and affordable care. For example, CMS used the following domains in its 2018 Medicaid Scorecard, which are also based on six priorities of the NQS:

- Promote effective communication and coordination of care.
- Make care safer by reducing harm caused in the delivery of care.
- Promote effective prevention and treatment of chronic diseases.
- Strengthen engagement in care.
- Make care affordable.
- Work with communities to promote best practice of healthy living.

The November 2018 MMC Proposed Rule clarifies that the federal Medicaid QRS will align with the summary indicators in the federal Exchange QHP quality ratings system and Medicare Advantage Star Ratings, where appropriate and feasible. States pursuing an alternative Medicaid QRS should consider additional domains that align with state quality goals such as patient safety, women’s health, population health, communication and care coordination, prevention and chronic conditions. Because the QRS is designed to help Medicaid beneficiaries select a health plan, domains should be intuitive and easy to understand. Refer to Table 1.

2. Measure Selection.

As described in the November 2018 MMC Proposed Rule, both the CMS-developed QRS framework and alternative state quality ratings will include a set of mandatory performance measures that will largely align with measures in the CMS Scorecard. CMS further clarified that states retain the flexibility to include additional measures important to serving their quality goals and to meeting the needs of beneficiaries and stakeholder communities.

When selecting additional quality measures for Medicaid quality ratings, it is critical to consider the state’s larger quality priorities and alignment with the measurement framework. At a minimum, measures should be relevant to beneficiaries, scientifically sound and feasible to report. Given the abundance of quality measures, states should to the extent possible, align measures already required for state and federal programs to streamline administrative reporting efforts. For example, NCQA recommends leveraging measures from the adult and child core measure sets, as well as HEDIS and CAHPS measures required for NCQA Health Plan Accreditation for Medicaid. In addition to these sources, states may have specific priority areas or goals that generate potential measures. Common topics include lead screening, dental sealants, behavioral healthcare and maternal care.

To select additional quality measures for an alternative Medicaid QRS, states should array the available quality measures, determine criteria for selection, evaluate the measures according to the criteria and review

recommendations with stakeholders. States should also consider applying risk-adjustment methods. NCQA recommends determining which social risks will be adjusted for, and how they will be collected and integrated into performance data.

3. Data Sources.

The availability of meaningful and accurate data sources is critical to the success of alternative Medicaid quality ratings. States should consider the availability and validity of data sources, including the ability to capture such data without undue burden. A sustainable strategy for regularly obtaining data must account for various data sources (e.g., administrative claims, medical records, EHRs, immunization registries, member-experience surveys) for calculating performance measures. Data will come from different systems and will need to be combined to produce quality ratings.

Measure specifications must be clear, standardized and auditable to ensure the validity and accuracy of reported performance. All health plans submitting HEDIS data to NCQA (for Accreditation or otherwise) must undergo a HEDIS Compliance Audit to verify the integrity of the collection and calculation processes. NCQA strongly recommends using validated data sources to ensure apples-to-apples comparisons.

When selecting additional quality measures, sampling methodologies must ensure collection of adequate and comprehensive data that represent the population of interest. States should also identify methods to address situations where entities do not have sufficient data for reliable reporting. Reasons for insufficient data include differences in offered benefits and reporting requirements, and small denominator size.

4. Scoring Approach.

States pursuing alternative Medicaid quality ratings should consider how to summarize performance across measures to produce a summary rating of the program or health plan. Unique features of health plan quality rating scoring approaches include developing composites, weighting measures, and benchmarking. Such a rating system may also consider approaches to accounting for year over year improvement on measures and/or achieving a performance level on key measures.

In addition to an overall quality rating, states may consider creating composite or subcomposite scores by combining and sorting measures into conceptually related categories. Table 1 highlights current Medicaid QRS' that produce composite and indicator-level ratings.

Measure weighting is a common practice in health plan quality rating methodology design and is used to drive quality improvement in specific areas. Because outcomes measures continue to be a federal priority, NCQA recommends weighting these measures more heavily than measures of process and structure. States can also emphasize other areas of interest, such as patient experience or prevention.

Benchmarking compares performance with an external standard. States can use relative benchmarks from a peer group to evaluate plans or leverage national, regional or historical benchmarks. NCQA recommends leveraging widely adopted performance benchmarking data sources such as **NCQA Quality Compass**^{®6}. States can then compare measure results to benchmarks, and if desired, evaluate plans according to improvement and/or achievement goals.

5. Rating Display.

Medicaid quality ratings must be clear, salient and meaningful if they are going to drive consumer empowerment. Traditionally, health plan quality ratings display stars, symbols or descriptive categories.

State and federal health plan QRS usually rely on star ratings. NCQA recommends the five-star rating approach, to align with prominent national ratings such as the CMS Exchange QHP Quality Ratings, Medicare Advantage Star Ratings and NCQA Health Insurance Ratings. Alternatively, states might consider descriptive categories (e.g., exceeds, meets, does not meet) to convey meaningful thresholds.

States should consider the level of detail they make available to consumers. Some consumers want only the overall scores; some want details. We also recommend using consumer-friendly names for quality measures. For example, the HEDIS Comprehensive Diabetes Care – HbA1c Control measure is more easily understandable for consumers when displayed as “Glucose Control”.

In conclusion, NCQA recommends packaging Medicaid QRS results with Accreditation results, so consumers can more easily capture the full scope of Medicaid plan quality review activities. The 2016 MMC final rule requires state websites to display whether managed care plans are accredited, and if they are, to display the name of the accrediting entity and the accreditation level.

➤ **STAKEHOLDER ENGAGEMENT AND TRANSPARENCY**

The health care consumer is vital to the success of the alternative Medicaid QRS. We recommend soliciting consumer feedback and conducting consumer testing to enhance QRS usability and experience, as well as considering diverse consumer audiences and display options (e.g., level of detail, data descriptions). We have found that user guides are practical and meaningful resources for explaining health care options to consumers.

NCQA also recommends engaging managed care plans as early as possible, offering multiple opportunities for feedback and being transparent about modifications. Investing in stakeholder engagement will increase the likelihood of plan satisfaction when the rating system is implemented.

All materials, such as methodology manuals and user guides, should be publicly available. We encourage annual reassessment of the quality rating methodology, including consumer and stakeholder engagement, to ensure that all components are consistent with evolving state and national health priorities.

➤ **NCQA STATE QUALITY SOLUTIONS**

NCQA is eager to support state Medicaid agencies with technical assistance on health plan quality rating methodology design and implementation. NCQA offers over 20 years’ experience supporting states through direct contract arrangements, as well as teaming with state contractors and vendors.

MEDICAID QRS CONSIDERATIONS	DELIVERABLES
<ul style="list-style-type: none">• Measure Framework• Measure Selection• Data Sources• Scoring Approach• Rating Display	<ul style="list-style-type: none">• Alternative Medicaid QRS• Methodology Manual• Consumer User Guide

STAKEHOLDER ENGAGEMENT


To learn more,
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⁶Quality Compass® is a registered trademark of the National Committee for Quality Assurance (NCQA).



The National Committee for Quality Assurance (NCQA) is a 501(c)(3) not-for-profit that uses measurement, transparency and accountability to improve health care. NCQA creates standards, measures performance and highlights organizations that do well. All this helps drive improvement, save lives, keep people healthy and save money.

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