



Nonprofit Publisher
of Consumer Reports

December 4, 2006

The Honorable Leslie V. Norwalk
Acting Administrator
Centers for Medicare and Medicaid Services
Department of Health and Human Services
Washington, DC 20201

Dear Administrator Norwalk:

On behalf of Consumers Union, the independent, non-profit publisher of *Consumer Reports*, we want to thank you and the CMS staff, again, for making Prescription Drug Plan performance information available to consumers. The ratings and raw data provided on the Medicare.gov website November 15th can begin to provide consumers a better basis for comparison of plans. We understand that data will also soon be available on a plan's generic drug dispense rate—a tool which could help consumers understand which plans are best at encouraging savings when generic substitution is appropriate and safe.

We fully understand that this is the initial effort at providing quality comparison information in the first year of a massive new program involving literally billions of pieces of information, and that the system will evolve in future years. So again, we thank you for starting this effort, and we have examined a sample of this data and offer the following observations in the hope that future 'editions' will be even more valuable for beneficiaries and those who assist them.

--Ensure that price stability monitoring of plans is accurate and up-to-date. Consumers need to have accurate information about which plans continually increase their prices for drugs, and CMS should do more to warn consumers away from plans that are egregious in price increases.

--Initial quality standards have been set too low. Too many plans qualify for the best 3-star rating, and we urge criteria be tightened so the star rating system is more meaningful for consumers.

--Clear explanation of rating criteria. It is unclear how plans are rated and the criteria involved. A clearer explanation on the Medicare.gov website will help consumers understand the difference between plan rankings.

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Attached is some information drawn from the consumer comparison data on the Medicare.gov website for the companies offering PDPs in zip codes 00501 (Long Island, NY) and 94246 (Northern California). Laying the data out this way points to several areas where this new tool could be made more useful for beneficiaries who are shopping for the best plan.

Initial Quality Standards have been set too low; too many plans qualify for the best ‘three star’ category. Therefore, Consumers Union recommends that consumers click to look behind the ‘star system’ and examine the raw data used to rate each plan. That raw data often shows that, while the vast majority of plans receive the highest 3-star rating, there is, in fact, a wide range of quality between plans (even within the same star rating). For example, despite numerous anecdotal reports of extraordinarily long ‘time on hold’ when the program started, CMS gave 3-star ratings to all of the plans (for which sufficient data were available) in zip codes 00501 and 94246 for telephone customer service performance. Yet, in zip code 00501, the customer service wait time ranged from 11 seconds to 1:38 minutes and the pharmacist support wait time ranged from 24 seconds to 2:47 minutes. The Medicare.gov website indicates that the only criterion for the 3 star rating is that call wait times do not exceed 5 minutes. Given the fact that the longest wait time does not approach 5 minutes, Consumers Union recommends that the ratings be reset to reflect the information that is available in the Data View. Perhaps plans with wait times less than 1 minute should receive the 3-star rating, plans with wait times between 1 to 2 minutes should receive a 2-star rating, and plans with wait times over 2 minutes should receive a 1-star rating. When one is sick or frail, a wait time of over two minutes deserves no more than one star. In addition, in future years, we hope that the issue of the accuracy of the answers one gets from the call centers could be addressed. The GAO this year reported some shockingly poor accuracy rates, and we hope that type of quality could be measured in the future.

For the 2007 open enrollment period, we urge that the criteria for this category (and the “Information Sharing, Updates Available on Medicare Prescription Drug Plan Finder” category where every plan in the two zip codes also received three stars) be tightened so that the ‘star system’ is more meaningful.

As the data shows, overall most plans received three stars most of the time. While Mr. Garrison Keillor’s line, “that in Lake Wobegon all the children are above average,” always gets a smile, not all Medicare plans are above average. It is essential where there are so many choices for beneficiaries to pick among, that tougher quality standards be set. Only if the quality criteria are drawn tighter will consumers be able to see which plans are really worth rewarding.

Clearly establish and articulate ratings criteria on the Medicare.gov website. An explanation of the criteria might give insight into why the range *within* the 3-star rating is often greater than the range *between* the 3-star rating and the 1-star rating. For example, in zip code 00501, Unicare (S5960) received a 3-star rating in appeals performance when the independent review entity agreed with the plan’s decision only 50.0% of the time. The range between Unicare (S5960) and UnitedHealthcare (S5921)--the plan with the highest percentage of agreement and which also received three stars--results in a difference of 28.1 percentage points. Yet, the difference between Unicare (S5960) and GHI Medicare Prescription Drug Plan (S5966)--rated 1-star--is only 13.5

percentage points. Attachment #4 is our effort to understand the range of service within each category of stars (one star, two stars, three stars). As you can see, it is confusing, and some of the ranges and/or differences between star categories are difficult to understand. For example, if our understanding of the analysis is correct, it appears to either be impossible or relatively meaningless to get a 2-star rating in Pricing and Coinsurance Complaints Performance in zip code 00501. Plans with 3-star ratings range from a rate per 1000 enrollees of 0.1 to 0.3, and plans with 1-star ratings range from a rate of 0.4 to 0.6. This leaves little or no room for a two star rating? An explanation of the ranges and criteria would be very useful to better assess the ratings.

Many plans did not have sufficient data to be rated, and some relatively big name plans had insufficient data in a number of fields and could not be rated. We hope more could be done in 2007 to ensure some reporting by all plans.

The importance of monitoring for price stability. We want to especially thank you for listing price stability in plans. Consumers Union believes it is unfair that consumers must shop for a plan in the autumn and stay with that plan for an entire year, yet the plan can change the cost of the drugs anytime it wants to.

As you know, each month between December 2005 and now, we have been monitoring the price of five common prescription drugs in five large states. We consistently found that many plans were changing prices—sometimes downward, but generally upward. Some plans changed prices almost every month. And some price increases were enormous. For example, using the Medicare.gov website we found a number of plans where the price of the drug appeared to go up over \$800 from the price shown in 2005's initial enrollment season. In discussions with your staff, it appears that many of these price changes were due to errors in what was reported to the website. We appreciate the fact that you went to many of those plans with grossly erroneous data and 'took them off the web' until the data was corrected.

We will finish our year-long review of these five drugs in five state zip codes shortly and will forward the final results. The key point from this year's effort is that (1) prices are not stable, and (2) consumers need to double check with plans as to what are the real co-payments on a particular drug. This is obviously a serious consumer problem, and we hope that CMS will continue to focus on ensuring that this pricing data is reasonably accurate. We also urge CMS to do more to warn consumers away from plans that are particularly egregious in their pricing increases. For example, according to the current CMS website, one plan in the New York zip code appears to have raised its prices to consumers on over 36 percent of its formulary, more than justifying its 'one star rating'. Because consumers have so many plans to choose from, we hope that in the future a plan that raises its prices to beneficiaries on over a third of its drugs will be discontinued from the program. Again, in this example, we hope that the quality distinctions could be tightened up. For example, HIP Insurance Company of New York received three stars for only increasing its drug prices on 2.9 percent of its formulary (the best price stability in the New York data) while Health Net gets one star for increasing prices on more than a third of its drugs. Rather than getting one star in this example, a plan should get zero stars?

December 1, 2006

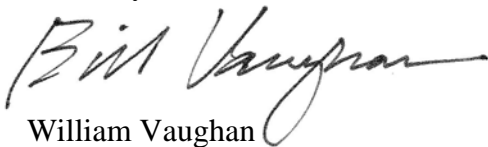
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Earlier Posting of Data: Finally, Consumers Union recommends that performance information be made available by at least October 15th of every year, so that beneficiaries can take full advantage of this information while they are in the open enrollment shopping period. Due to your development of this tool, Consumers Union has been able to identify the best and worst performing plans in these two zip codes, which we have included as Attachments #1 and #2.

If a person has been enrolled in and had a good experience with a plan that received a number of 2- or 1- star ratings, they may want to stay with that plan. But for new beneficiaries and people switching plans, we believe this first year's quality standards have been set so low, that people should avoid plans that have repeatedly failed to receive a 3-star rating

Thank you for your consideration of these recommendations. We look forward to working with you to improve this new quality tool for consumers.

Sincerely,

A handwritten signature in black ink that reads "Bill Vaughan". The signature is written in a cursive, flowing style.

William Vaughan
Senior Policy Analyst
Washington Office

A handwritten signature in black ink that reads "Delani Gunawardena". The signature is written in a cursive, flowing style.

Delani Gunawardena
Health Policy Analyst
Washington Office

Attachment 1

**Number of Times a Company's Plans Received Various Star Ratings
(Maximum Potential Ratings = 11, which would equal a maximum number of stars of 33)**

CALIFORNIA (zip 94246)

Organization Name	3 Stars	2 Stars	1 Star	Total Ratings	Total Stars
Aetna Medicare	9	1	1	11	30
Blue Cross of California	10	0	0	10	30
Blue Shield of California	9	2	0	11	31
Bravo by Elder Health	0	0	0	0	0
CIGNATURE Rx	7	2	2	11	27
Coventry Advantra Rx	11	0	0	11	33
EnvisionRx Plus	0	0	0	0	0
First Health Part D	10	1	0	11	32
Health Net	8	0	2	10	26
HealthSpring Prescription Drug Plan	10	0	1	11	31
Humana Insurance Company	11	0	0	11	33
Medco YOURx PLAN	9	2	0	11	31
MEMBERHEALTH	9	2	0	11	31
NMHC Group Solutions	0	0	0	0	0
Pennsylvania Life Insurance Company	11	0	0	11	33
RxAmerica	7	2	1	10	26
SAMAscript	0	0	0	0	0
Sierra Rx	11	0	0	11	33
SilverScript Insurance Company	10	0	1	11	31
Unicare	9	1	0	10	29
United American Insurance Company	11	0	0	11	33
UnitedHealthcare (S5820)	11	0	0	11	33
UnitedHealthcare (S5921)	9	2	0	11	31
WellCare	7	2	2	11	27

RED= Plans with 3 or more ratings below 3 stars

BLUE= Plans with perfect ratings

Plans with less than 11 "total ratings" had insufficient data in all or various data fields

Attachment 2**Number of Times a Company's Plans Received Various Star Ratings
(Maximum Potential Ratings = 11, which would equal a maximum number of stars of 33)****NEW YORK (zip 00501)**

Organization Name	3 Stars	2 Stars	1 Star	Total Ratings	Total Stars
Aetna Medicare (S5810)	9	1	1	11	30
American Progressive Life & Health Ins Co of NY (S5825)	7	2	1	10	26
Bravo by Elder Health	0	0	0	0	0
CDPHP Medicare RxCare	0	0	0	0	0
CIGNATURE Rx	7	2	2	11	27
Coventry Advantra Rx	9	0	1	10	28
EnvisionRx Plus	0	0	0	0	0
First Health Part D	10	1	0	11	31
First United American Life Insurance Company	9	1	0	10	29
GHI Medicare Prescription Drug Plan	10	0	0	10	30
Health Net	8	0	2	10	26
HealthNow New York Inc.	4	0	0	4	12
HealthSpring Prescription Drug Plan	10	0	1	11	31
HIP Insurance Company of New York	5	0	0	5	15
Humana Insurance Company of New York	10	0	0	10	30
Medco YOURx PLAN	7	0	3	10	24
MEMBERHEALTH	9	2	0	11	31
NMHC Group Solutions	0	0	0	0	0
RxAmerica	7	2	1	10	26
SAMAscript	0	0	0	0	0
SilverScript Insurance Company	10	0	1	11	31
Simply Prescriptions	9	0	1	10	28
Sterling Life Insurance Company	8	2	0	10	28
Unicare	9	1	0	10	29
UnitedHealthcare (S5805)	11	0	0	11	33
UnitedHealthcare (S5921)	9	2	0	11	31
WellCare	7	2	2	11	27

Plans with 3 or more ratings below 3

RED= stars

BLUE= Plans with perfect ratings

Plans with less than 11 "total ratings" had insufficient data in all or various data fields

Attachment 3

Grade Creep: Most Plans Get Very High Scores, Making it Difficult to Shop Among Them
(Table excludes plans with insufficient data in each field; i.e., if plan did not get a star rating in a field, it is not included in this table)

NEW YORK 00501

	Plans with:		
	3 stars	2 stars	1 star
Telephone Customer Service			
Customer Service Wait Time	100% (22/22)	0% (0/22)	0% (0/22)
Pharmacist Support Wait Time	100% (22/22)	0% (0/22)	0% (0/22)
Complaints per 1000 Enrollees			
Benefits/Access Complaints	60% (12/20)	35% (7/20)	5% (1/20)
Enrollment/ Disenrollment Complaints	65% (13/20)	25% (5/20)	10% (2/20)
Pricing and Coinsurance Complaints	80% (16/20)	0% (0/20)	20% (4/20)
Other Complaints	60% (12/20)	25% (5/20)	15% (3/20)
Appeals per 10,000 Enrollees			
Did Not Make Timely Appeals Decision	90% (18/20)	5% (1/20)	5% (1/20)
Independent Review Entity Agreement ¹	80% (8/10)	0% (0/10)	20% (2/10)
Information Sharing with Pharmacists			
	91% (20/22)	0% (0/22)	9% (2/22)
Drug Pricing			
Price Updates Available on Medicare Prescription Drug Plan Finder	100% (22/22)	0% (0/22)	0% (0/22)
Percent of Drugs with Displayed Price Increases	95% (19/20)	0% (0/20)	5% (1/20)

¹ This category is not intuitive in that it shows the percentage rejection rate of beneficiary's appeals. But by showing how the independent appeal entity agrees or disagrees with a PDP, it can be said to show whether the plan's initial decision on the complaint was reasonable and in line with common practice—that the plan was proceeding according to the law and regulations. Consumers Union has not looked at the quality of the independent review process and takes no position on whether this quality indicator is a good one.

Attachment 4

The Range of Quality as Reflected in the Star System for the New York Market, which raises questions about the distinctions between various Star Ratings

NEW YORK 00501**Apparent Category Range**

Category	1 Star²	2 Stars	3 Stars
Telephone Customer Service Performance			
Customer Service Performance	???	> 5 minutes	< 5 minutes
Pharmacist Support Wait Time	???	> 5 minutes	< 5 minutes
Complaints Performance per 1000 Enrollees			
Benefits/Access Complaints	> 0.9 (?)	0.2 -- ?	0.0 -- 0.1
Enrollment/ Disenrollment Complaints	2.9 -- 4.2	1.6 -- 1.7	0.2 -- 1.4
Pricing and Coinsurance Complaints	0.4 -- 0.6	???	0.1 -- 0.3
Other Complaints	0.3 -- 0.7	0.2	0.0 -- 0.1
Appeals (Rate per 10,000 Enrollees)			
Did not make Timely Appeals Decision	91	10.2	0.0 -- 4.4
Independent Review Entity Agreement	34.1% -- 36.5%	???	50.0% -- 78.1%
Information Sharing with Pharmacists			
	82.7% -- 86.1%	???	96.3% -- 100%
Drug Pricing			
Percent of Updates Available on Medicare Prescription Drug Plan Finder	???	???	95.3% -- 100%
Percent of Drugs with Displayed Price Increases	36.6%	???	2.9% -- 21.0%

² Obviously, the 1 Star rating could be much worse than what is listed here. This is the quality (or range of quality) in this New York zip code reflected on the Medicare.gov website for plans receiving one star. In the Benefits/Access Complaints category, for example, the worst plan was listed as having 0.9 complaints per 1000 enrollees, and any rate above 0.9 (for example, 1.2) would also get a one star rating.