

Why GAO Did This Study

In 2008, in an effort to provide helpful information to consumers and improve provider quality, the Centers for Medicare & Medicaid Services (CMS) developed and implemented the Five-Star Quality Rating System (Five-Star System). The Five-Star System assigns each nursing home an overall rating and three component ratings—health inspections, staffing, and quality measures—based on the extent to which the nursing home meets CMS’s quality standards and other measures. The rating scale ranges from one to five stars, with more stars indicating higher quality.

The Patient Protection and Affordable Care Act directed GAO to review CMS’s Five-Star System. This report examines (1) how CMS developed and implemented the Five-Star System and what key methodological decisions were made during development, (2) the circumstances under which CMS considers modifying the Five-Star System, and (3) the extent to which CMS has established plans to help ensure it achieves its goals for the Five-Star System. To conduct this work, GAO reviewed CMS documents, interviewed CMS officials and others, and assessed whether CMS uses certain strategic planning practices.

What GAO Recommends

GAO recommends that the Administrator of CMS use strategic planning to establish how its planned efforts will help meet the goals of the Five-Star System, and develop milestones and timelines for each of its planned efforts. CMS agreed with these recommendations.

NURSING HOMES

CMS Needs Milestones and Timelines to Ensure Goals for the Five-Star Quality Rating System Are Met

What GAO Found

CMS developed and implemented the Five-Star System largely during an 8-month period in 2008 with input from long-term care stakeholders, CMS’s Five-Star System contractor, and members of a technical expert panel—a panel composed of nine individuals that CMS identified as experts in long-term care research. CMS made numerous methodological decisions during the development of the Five-Star System, including three key methodological decisions. GAO defines key methodological decisions as those that at least six technical expert panel members—of the nine that GAO contacted—recalled as eliciting the most intense review and discussion during the development of the Five-Star System. One key methodological decision was how to combine the component ratings to create an overall rating. The other two key methodological decisions pertained to how to create ratings that account for variation in the type of care provided across nursing homes.

CMS generally considers modifying the Five-Star System in response to (1) methodological issues raised by stakeholders, (2) its routine monitoring of the system, and (3) the availability of new data sources. CMS officials explained that when a methodological issue is raised by long-term care stakeholders, they review the Five-Star System to determine whether modifications should be made. Officials said that each issue raised does not always result in modifications to the Five-Star System, although some minor modifications have been made. CMS also considers making modifications to the Five-Star System based on its periodic analyses of trends of the system; however, to date, no modifications have been made based on these analyses. Lastly, CMS is currently determining how to modify the staffing and quality measure ratings of the Five-Star System based on newly available data.

CMS has several planned efforts intended to improve the Five-Star System, including evaluating the usability of the system, adding nursing home capability information, revising the staffing component, and developing additional quality measures. However, CMS lacks GAO-identified leading strategic planning practices—the use of milestones and timelines to guide and gauge progress toward achieving desired results and the alignment of activities, resources, and goals—that could help the agency to more efficiently and effectively accomplish its planned efforts intended to improve the Five-Star System. While CMS officials have given us broad estimates for when they anticipate some of these efforts to be implemented, CMS does not have milestones and timelines associated with implementing the efforts, which could help ensure that appropriate progress is made towards implementation. In addition, CMS has not established, through planning documents, how its planned efforts to improve the Five-Star System will help CMS achieve the goals of the system—to inform consumers and improve provider quality. As a result, CMS may not be identifying and prioritizing its intended improvements in a manner that best ensures that the goals are being achieved.