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Medicare Advantage 2024 star ratings: More stars fade again this year

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The Buzz This Week

The Centers for Medicare and Medicaid Services (CMS) has released its annual star ratings for Medicare Advantage and Part D plans, revealing a significant decline that has caught the industry's attention. The star ratings program was developed by CMS to measure quality of care across numerous clinical and experience metrics. Insurers earning at least 4 stars are awarded a 5% bonus.

This year, only 31 plans managed to earn a 5-star rating, a drastic reduction from 57 in 2023 and 74 in 2022. The average star rating has also seen a dip, falling from 4.14 in 2023 to 4.04 in 2024. Additionally, only 42% of Medicare Advantage plans with prescription drug coverage (MA-PDs) earned 4 stars or higher for their 2024 overall rating. When weighted by enrollment, approximately 74% of MA-PD enrollees are currently in contracts that have 4 or 5 stars for 2024. For Prescription Drug Plans (PDPs), only 27%, or 13 contracts that will be active in 2024, received 4 or more stars for their 2024 Part D rating. Weighted by enrollment, a mere 2% of PDP enrollees are currently in contracts that will have 4 or more stars in 2024.

The decline is not uniform across all types of plans. Nonprofit plans have outperformed their for-profit counterparts, with 56% of nonprofit MA-PDs earning 4 stars or higher, compared to just 36% of for-profit MA-PDs. Local and regional plans outperformed national plans, with nearly half of local contracts earning 4 stars compared to only 37% of national contracts. Plans with 10 or more years in the program outperformed those with less than 5 years of experience. Centene had the lowest scores among large insurers, while Highmark and Florida Blue achieved the highest results.

Why It Matters

The methodology for the ratings saw significant changes this year. MA and Part D contracts are now rated on 40 and 12 unique quality and performance measures, respectively. New measures implemented for 2024 emphasized the importance of supporting members throughout their care journeys, building upon CMS'

increased focus on health equity. Results highlighted the pain points that exist across the care continuum, specifically for high-risk membership. All-cause readmissions and transitions of care were 2 of the poorest performing measures this year, as 66% and 78% of plans received 3 stars or less, respectively.

An additional complexity to the methodology has also been introduced—the Tukey Outer Fence Outlier Deletion Method. This statistical technique aims to remove extreme outliers in the data by calculating an “outer fence” beyond which data points are considered outliers and are excluded from the calculation of star ratings. Most of the outliers removed were on the lower end of the spectrum, making the cut points for 4 and 5 stars higher, and more difficult to attain. The method has been controversial and has caught the industry off guard, despite being in the pipeline for several years. While MA insurers will still earn almost \$13 billion in bonuses this year, according to KFF, estimates suggest the ratings decreases could cost insurers around \$800 million, funds that insurers often allocate to finance zero-premium plans.

Numerous plans will be prohibited from expanding geographically due to consistently low scores, including 7 of Centene’s contracts and 1 Elevance contract. Members of low-performing plans (contracts that have scored below 3 stars for 3 consecutive years) will be notified by regulators of plan performance and encouraged to switch coverage. Six contracts received the low-performing designation this year, up from 1 last year.

Open enrollment began October 15 and ends December 7. Medicare enrollees are able to search star ratings as well as compare online other plan information, like cost and coverage, to aid in selection. Plans with lower star ratings are likely to see more members switching to new plans during open enrollment. MA plans with higher star rating had lower disenrollment rates, according to a study published in the *Journal of the American Medical Association (JAMA)*.

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