

EXECUTIVE BRIEFING

2024 star rating analysis: The story lies beyond the outliers

| NOV 02, 2023

<https://www.healthscape.com/insights/2024-star-rating-analysis-beyond-the-outliers>

Introduction

The recent publication of 2024 Medicare Advantage (MA) Star ratings confirmed that the regulatory and operating environment for this program will challenge health plans (especially compared to past years) as the Centers for Medicare and Medicaid Services (CMS) shifts its focus to program integrity and moderation of program spending.

This year was marked by several programmatic changes; the most notable being the application of the Tukey outlier deletion methodology, which had the impact of removing primarily low performing plans from the cut point calculation and shifting cut points to a higher range. While Tukey had a significant impact, we also noted several other challenges that impacted plan performance this year.

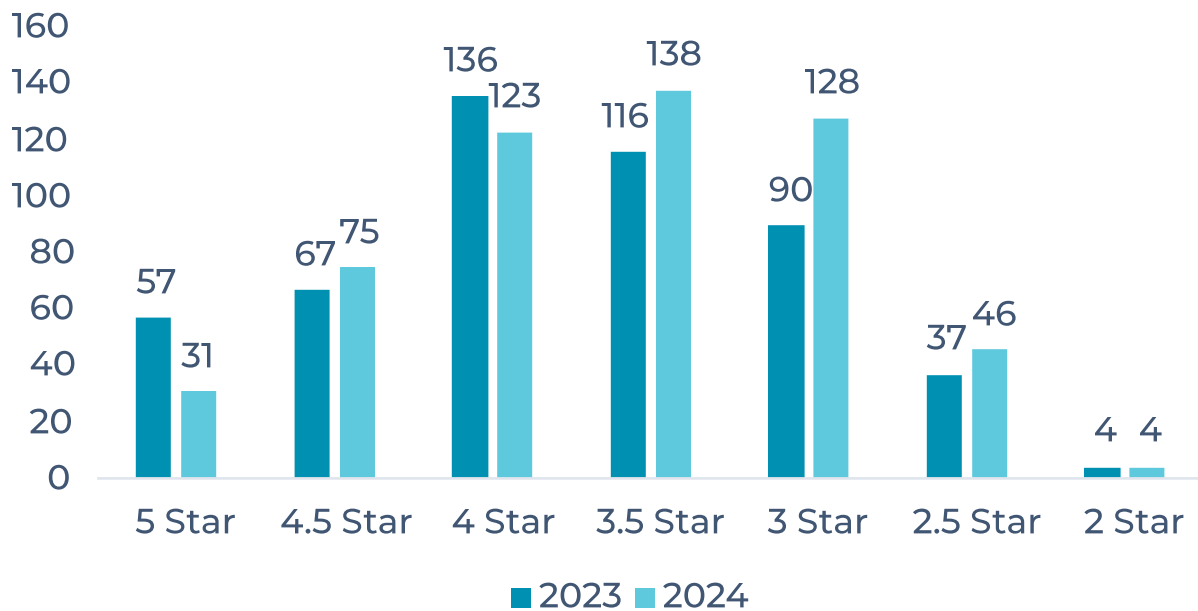
In this paper, we outline some of the major themes from our analysis of plans' 2024 Star performance, highlight implications to health plans and identify areas of focus to improve and mitigate the impact from Star ratings.

4-Star Performance Holds But At The Expense of Highest Rated Plans

The good news for the Medicare Advantage program is that while the number of plans below 4 Stars increased, the majority (74%) of MA enrollees are still in plans that are 4+ Stars in 2024; this overall distribution is relatively unchanged from 2023. Achievement of 4 Stars is a critical metric given the significant revenue boost that 4+ Star plans receive from the Quality Bonus Payment (QBP).

Figure 1

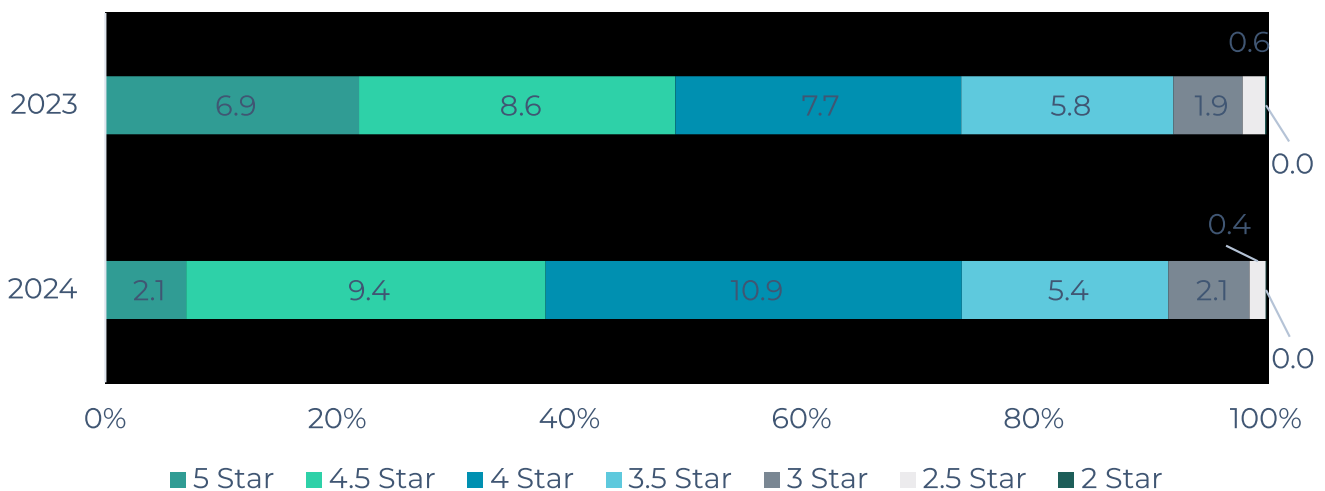
2023 vs. 2024 Count of Plan by Star Rating



While the overall percentage of members in 4 Star plans remained the same, this came at the expense of 5 Star plans, as the number of plans with 5 Stars fell and more notably, the distribution of enrollees in 5 Star plans dropped precipitously from 22% in 2023 to 7% in 2024.

Figure 2

2023 vs. 2024 Enrollment by Star Rating



Winners and Losers by Plan Type and Carrier

Star rating performance deteriorated regardless of plan type, albeit more pronounced for certain plan types versus others. Of note, Provider Sponsored Plans (PSPs) and regionals, which have traditionally had stronger Star rating performance, experienced the largest enrollment weighted Star rating change, significantly narrowing this historical advantage these plans types enjoyed over the Nationals and Blues. While not shown in the following tables, plan size also differentiated high vs. low performers, as plans with larger enrollment (>10K) had a significantly higher (0.5) enrollment weighted Star rating over smaller sized plans. We will continue deeper analysis of the impact of other factors on Stars performance, including benefit design, in future whitepapers.

Plan Type	2023 Enrollment Weighted Star Rating	2024 Enrollment Weighted Star Rating	Change
Nationals	4.05	3.87	-0.17
Blues	3.95	3.88	-0.07
Provider Sponsored Plans	4.01	3.76	-0.25
Others	4.04	3.81	-0.22

Drilling further into the carriers that comprise each plan type, the tables on the subsequent page show that the overall performance is driven by a mixed story of plans that sustained strong performance, plans that improved, and plans that unfortunately saw Star deterioration.

Nationals

Carrier	Enrollment ²	2023 Enrollment Weighted Star Rating	2024 Enrollment Weighted Star Rating	Change
United	8.1M	4.29	4.17	-0.12
Humana	5.8M	4.37	4.34	-0.03
Aetna	3.3M	3.63	3.97	0.34
Kaiser	1.9M	4.92	3.94	-0.98
Centene	1.2M	2.90	3.06	0.16
Cigna	600K	4.17	3.76	-0.41

Blues

Carrier	Enrollment ²	2023 Enrollment Weighted Star Rating	2024 Enrollment Weighted Star Rating	Change
Elevance	1.95M	3.90	3.67	-0.23
BCBSMI	657K	4.48	4.00	-0.48
Highmark	392K	4.78	4.43	-0.35
GuideWell (Florida Blue)	330K	3.71	4.06	0.36
Aware (BCSBMN)	175K	4.53	4.47	-0.06
BCBSTN	174K	4.83	4.42	-0.42

Provider Sponsored Plans and Others

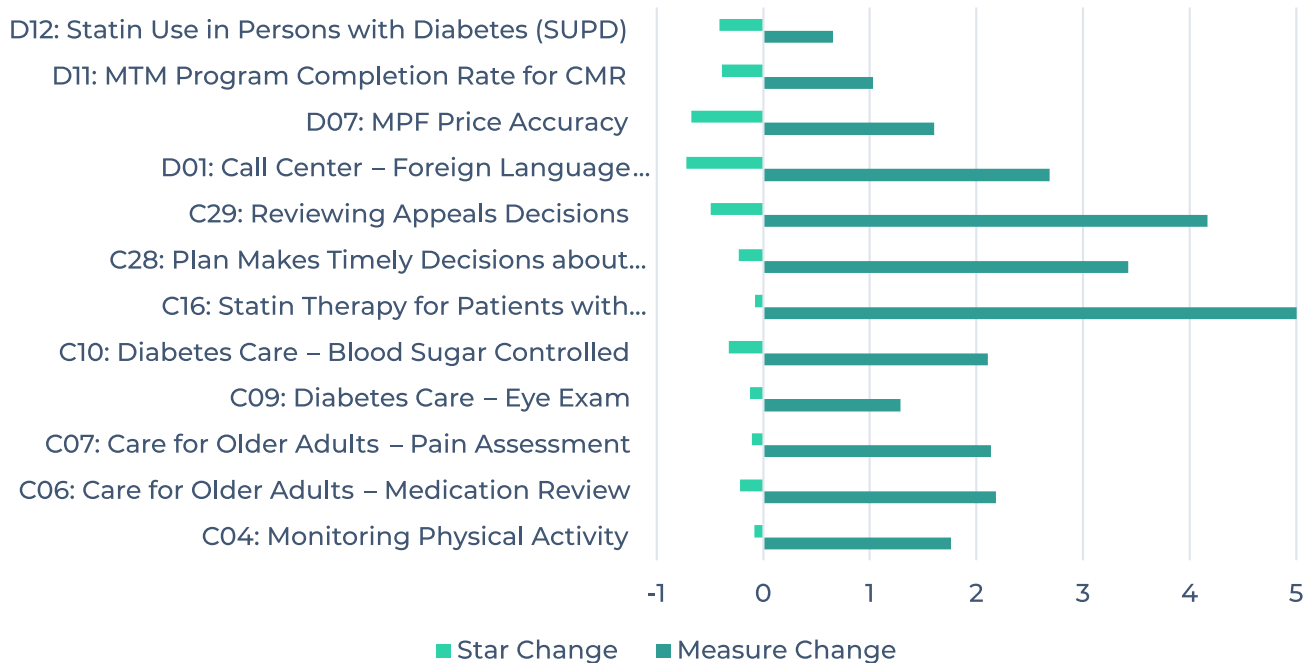
Carrier	Enrollment ²	2023 Enrollment Weighted Star Rating	2024 Enrollment Weighted Star Rating	Change
SCAN Health Plan	283K	4.5	3.5	-1.0
Healthfirst	261K	3.45	3.95	0.5
MHH Healthcare	220K	4.03	4.97	0.94
UPMC	209K	4.9	4.9	0.0

Tukey Was a Factor (But Not the Only Factor)

Tukey played a factor in plan performance, especially for plans that did not prepare and model for this methodology change. To demonstrate the impact, we compared the average change in absolute measure performance to the average change in Star rating for each measure. The figure below shows the non-CAHPS measures that showed improvement in overall measure performance, but a decrease in the average Star rating for the same measure. This demonstrates a potential outcome of the application of the Tukey methodology, which is an increase in measure performance but shift in cut point so that measure improvement does not translate to Stars improvement.

Figure 3

Measures with Improved Performance But Star Deterioration³



Outside of Tukey, Highly Weighted Member Experience (CAHPS) Measures Continue to Impact Plan Performance

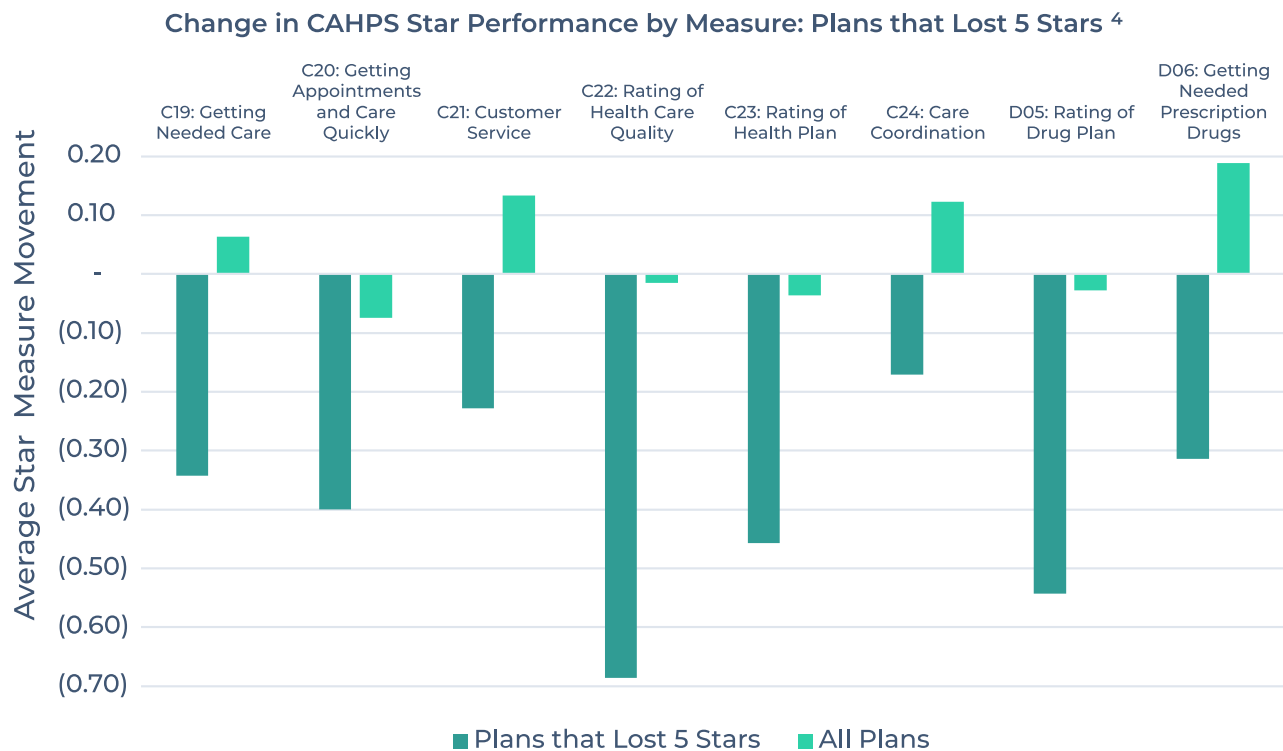
We examined measures and trends across two cohorts: 1) Plans that lost their 5 Star rating and 2) Plans that have not yet reached 4 Stars, given the financial criticality of hitting this threshold. For both these cohorts, CAHPS was a common factor negatively impacting performance. While these measures are excluded from the Tukey methodology, the 4x weighting has an out-sized impact on overall Star rating achievement.

Plans That Lost 5 Stars

Among those plans that lost their 5 Star rating, there was a significant deterioration in CAHPS measures. Most notably, this cohort saw one or more Star rating decrease on Rating of Health Care Quality, Rating of Health Plan, and Rating of Drug Plan. This CAHPS Star performance trend was specific to those plans that lost their 5-Star whereas in aggregate the average CAHPS Star movement across all plans was near zero or saw improvement.

When reviewing enrollment weighted performance by carrier, we saw plans struggle with CAHPS questions related to access to care as noted by a more significant decline in performance for measures such as Getting Needed Care, Getting Appointments and Care Quickly, and Getting Needed Prescriptions.

Figure 4



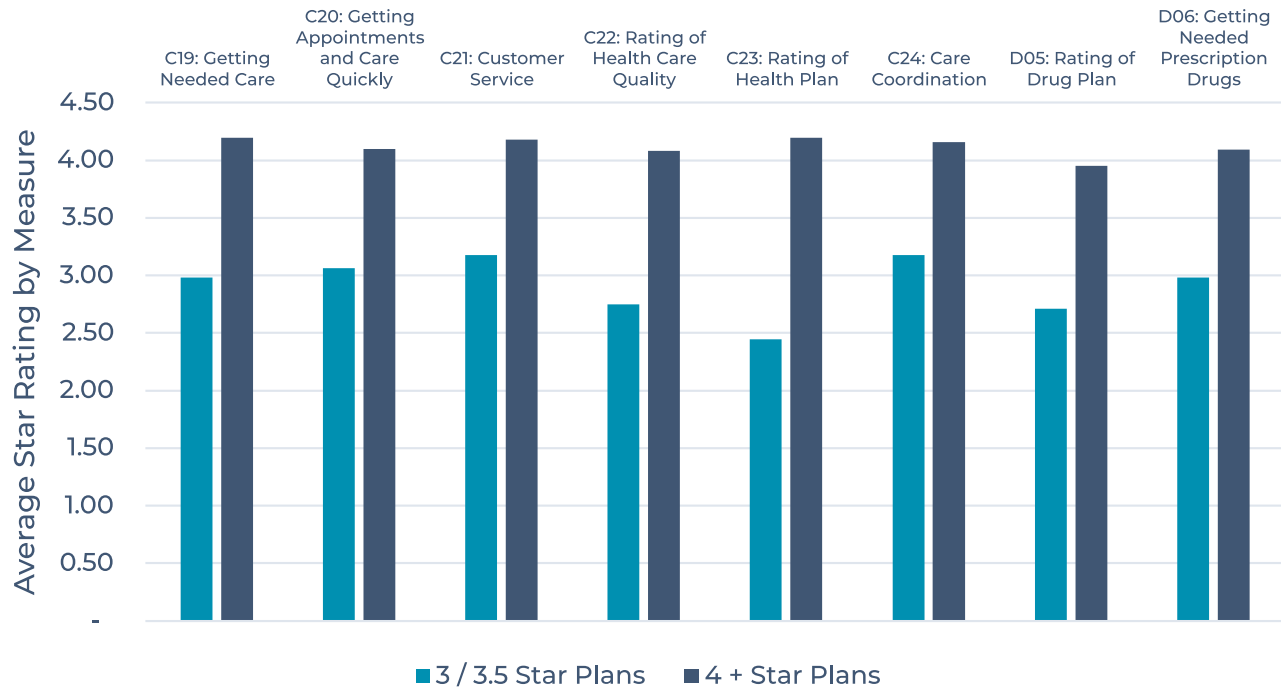
Outside of CAHPS, we noted that of the 35 plans that lost the 5-Star ratings, 29 saw a decrease in their Foreign Language Interpreter and TTY Availability for their drug plan (2024 Measure D01) and 12 of them saw a decrease for both their health AND drug plan (2024 Measures C30 & D01). Both of which are 4 weighted Star measures.

Plans below the 4 Star Threshold

For 3 and 3.5 Star plans, we see 2024 Star performance by CAHPS measure is consistently lower compared to the 4+ Star plans. However, we see the most consistent and dramatic difference in Star performance associated with CAHPS measures. For every 4x weighted CAHPS measure, the average Star rating was at least 1.0 lower than the average 4+ Star plan. This highlights the importance for plans to prioritize CAHPS initiatives to achieve a 4+ Star rating.

Figure 5

Change in CAHPS Star Performance by Measure



What Should Plans Do in Response

For each plan, the path forward must consider an analysis of current performance at the measure level, factoring in the intricacies of “Stars math” that changes each year and noting the continued flurry of future changes to the program such as the introduction / sunseting of new measures and introduction of the Health Equity Factor in place of the Reward Factor. Analytical capabilities related to Stars have never been more critical for plans to develop to help model scenario impact and gain transparency on the impact of changing measures and cut points, especially in the face of methodology changes such as Tukey and cut point guardrails.

In addition to this specific Stars analysis and improvement roadmap, the following represent important areas of focus to not only maintain or improve Stars performance but also mitigate the impact that Stars may have on overall plan financials and operations.

1. **Benefit Design:** Plans facing Star rating decline (especially below the rebate and 4 Star QBP threshold) will face headwinds to funding competitive products. This will force plans to take an in-depth look at product design, especially supplemental benefits, which are critical to retaining / attracting members, but are also expensive and difficult to manage from a vendor portfolio perspective. Plans must make informed decisions on which benefits to offer based not only on market attractiveness but also on the return on investment (ROI) of these benefits with respect to medical cost, member retention, member satisfaction and risk score accuracy.

2. **Cost Levers:** As achievement of 4 Stars becomes more difficult, it will be important for plans to effectively manage medical expense and operate on an efficient administrative cost basis. Plans must have a strong understanding of the conditions and other drivers of medical cost and performance of clinical programs (internal and vended) used to address these conditions. From an administrative cost perspective, plans should scrutinize their current cost and allocation structure to look for opportunities to bring platforms and services to scale, which may require investments in technology in the short term.
3. **Member Experience:** While the weighting for CAHPS related measures will decrease from 4x weighting to 2x weighting for 2026 Stars (with 2024 as the Measurement Year), these measures will still play an important role in overall Stars performance and members' perception with the plan has a halo effect with respect to member retention and engagement in health plan programs, which are critical for financial success. Plans must ensure they leverage all available data sources to understand drivers of member satisfaction within and outside the health the plan (e.g., provider office experience) and understand members' perception of access to care. It can be helpful to organize member experience initiatives around (1) those measures where the plan has direct control of the outcome, and (2) those measures where the plan relies on its influence with providers to make a difference in the measure.
4. **Value Based Contracting / Network Partnerships:** Plans should evaluate provider partnerships and contracting to ensure incentives are aligned for strong performance on Stars measures. Plans must also ensure that they are enabling providers' performance through access to information, reporting, and other support resources. This critical need to align incentives should spur plans to revisit their risk delegation strategy.

HealthScape Can Help

Our team has an extensive track record helping MA plans achieve growth and performance goals. Contact [Alexis Levy](#), [Lee Stuck](#) or [David Sann](#) for more information.

Note on Data Used: HealthScape Advisors analyzed Center for Medicare & Medicaid Services (CMS) 2024 Star Ratings Data Tables released on October 13, 2023 (available [here](#)). These data tables provide summary ratings and measure-level data, star ratings, and cut points. For the purpose of our analysis, we omitted Employer/Union Only Direct Contract PDPs, Demo, 1876 Cost, and PDP plan types. Additionally, we omitted plans that did not have enough data available or were too new to be measured. Carrier-level Star ratings were evaluated on an enrollment weighted basis. Please reference the [2024 CMS MA and Part D Star Rating Fact Sheet](#) for more details on the introduction of the Tukey outlier deletion methodology.

(1) This analysis considered Centene, Cigna, CVS, Humana, Kaiser, and United as Nationals. (2) Enrollment is based on September 2023 CMS enrollment and includes only those plans that had ratings in 2023 and 2024 (3) Measure change is shown as a percentage change, with the exception of measures D07 which is shown as actual movement (4) This chart excludes performance on Measure C03: Annual Flu Vaccine

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