

2024 MA Stars Analysis

Unveiling Industry Insights: Analyzing Trends within 2024 Star Ratings

Our Objective

2024 Star Ratings Performance Analysis

CMS released the 2024 Star Ratings for the Medicare Advantage program in October 2023. CitiusTech's latest report on Star Ratings performance provides an industry - wide perspective around Star ratings released for 2024 and compares them to the prior year's ratings.

This analysis is geared to provide holistic insights of industry performance to business, consulting and technology stakeholders who are actively involved in improving MA Star Ratings to help them strategically position themselves and modify their initiatives for Stars improvement.

Objectives

- Get a detailed retrospective Stars performance analysis
- Identify focus areas for actionable planning
- Inform Stars performance challenges & strategies for 2025 and beyond



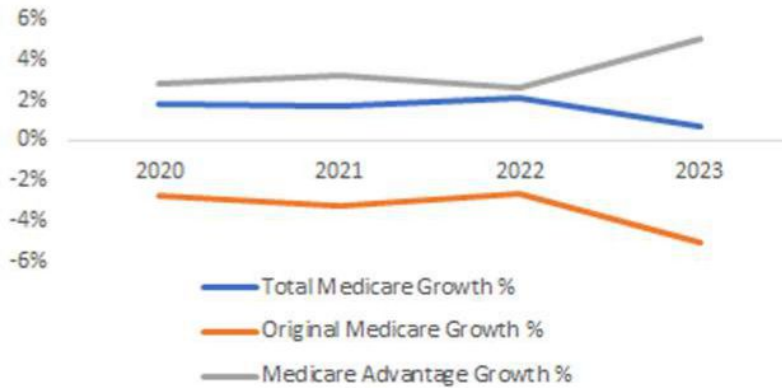
Highlights for 2024 Stars

- Medicare Advantage enrollment share continues to grow steadily and nearing ~51% of overall Medicare (end of Oct 2023).
- Significant drift of contracts towards less than 4 Stars with percentage share drifting from 48% in 2023 to 58% in 2024
- 9% decline in 4+ star performance for smaller contracts (Less than 50K enrollment) compared to 14% decline in large size contracts.
- National payers and Blues gained ~3% 4+ stars contracts since last year compared to a 3% loss for other health plans
- Significant underperformance in high weighted domains related to member experience.
- Estimated \$13B to be paid as bonus payment to Medicare advantage plans



1 Medicare Advantage enrollment share continues to grow steadily exceeding 50% of Medicare enrollment

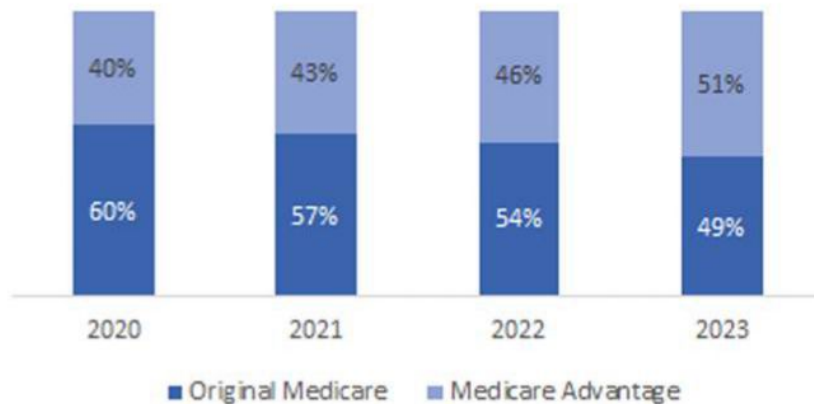
Slight YOY Growth decline of Medicare Advantage*



Our perspective

- Although overall Medicare growth is uniform, share of Medicare Advantage has been steadily rising
- Cost pressure for CMS is increasing to an unsustainable level
- CMS may push additional cost containment measures e.g.
 - ACO REACH expansion
 - Increased regulatory scrutiny expected over reimbursements to MA payers
- Blues should continue investments to compete with nationals

YOY Increase in MA Share in Overall Medicare*



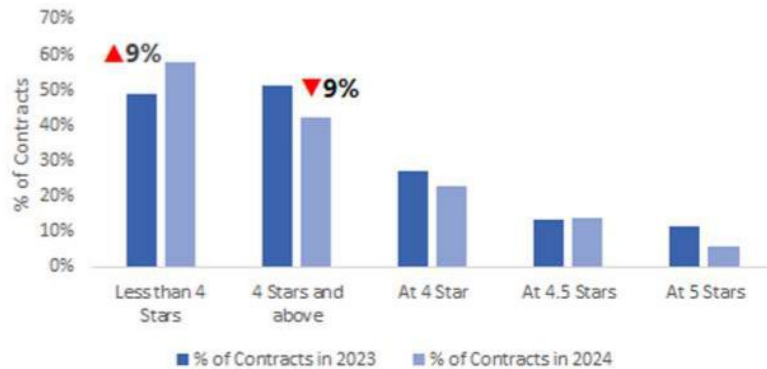
Key Statistics

- **- 8.5%** YOY Growth Rate for MA enrollment since 2020 thru 2023
- **-51%** share of Medicare population enrolled in Medicare Advantage leading to 54% of federal Medicare spending
- **52 contracts** did not get renewed from 2023 (48 H-Type, 1 E-Type & 3 S-Type).
- **34 new contracts** got added in 2024 (33 H-Type, 1 S-Type) reducing the total contracts by 18.

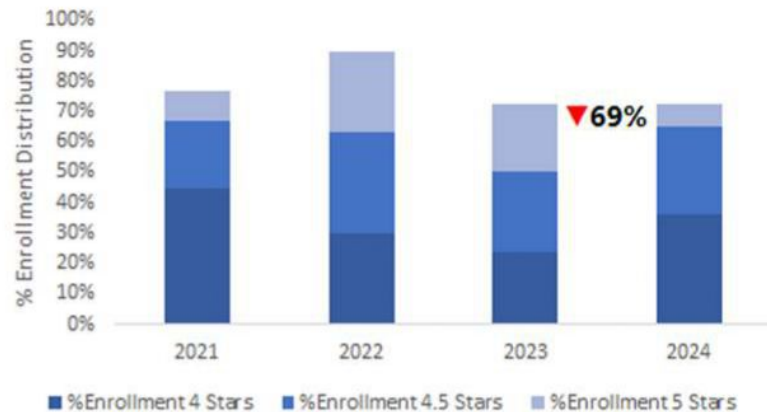
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Significant drift of contracts and enrollments towards less than 4 Stars

Significant drift towards less than 4 Stars in 2024 SY



2024 SY Enrollment concentration in above 4+ Stars contracts



Our perspective

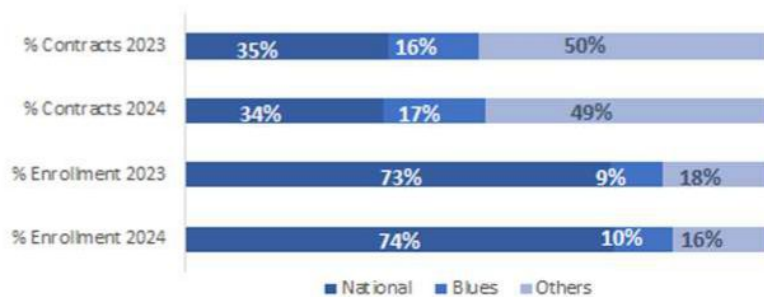
- Plans experiencing a drop in rating may feel CY25 bid pressure from loss of Quality Bonus Payment (QBP), reduced rebate percentage, or both. Pressure to maintain competitive in marketplace will increase.
- QBP pressure on plans as 9% contracts has shown negative trend (toward < 4 stars) highlighting a need for targeted investments.

Key Statistics

- ▲ **9% rise** in MAPD contracts with less than 4 Stars in 2024 (i.e. 247 in 2023 SY vs 316 in 2024 SY)
- ▼ **9% fall** in MAPD contracts with 4 and above stars since last year (i.e. 260 in 2023 SY Vs 229 in 2024 SY)
- ▼ **69% decline** in population in 5 star rated contract even though % enrolment in 4+ contracts remain constant YOY (6.8% in 2024 SY Vs 22.1% in 2023 SY).
- ▼ **10% fall** in enrollment in 4+ rated small contracts (less than 50K lives) . For large contracts enrollment share across 4+ and 4- stars contracts remain stable.

3 Trend continues towards National payers' dominance

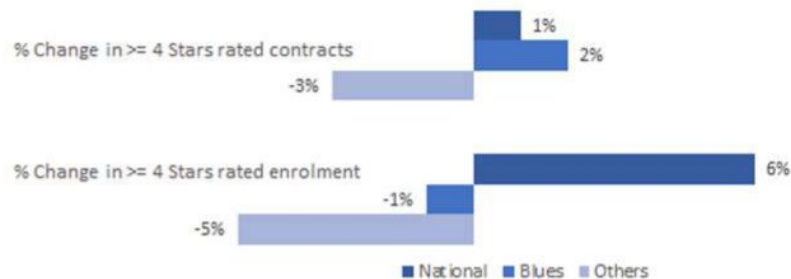
Percentage distribution of MAPD contracts and enrollment remained unchanged across payer types in 2024 SY



Our perspective

- Overall enrollment and contract distribution remained unchanged (2024 and 2023 SY) between National*, Blues and other payers
- MAPD enrollment gain (2MN members) got shared between National (78%), Blues (13%) & Others (9%) payers.
- For 4 stars and above rated contracts, National plans have significant enrolment growth share (6%) even though 4+ star contract share expanded just 1% (2024 Vs 2023)
- 741K more lives enjoyed a 4+ Stars rated contract although there is reduction on 31 contracts with a 4+ rating since 2023.

National plan's enrollment share of 4+ Stars contract improved significantly in 2024 SY

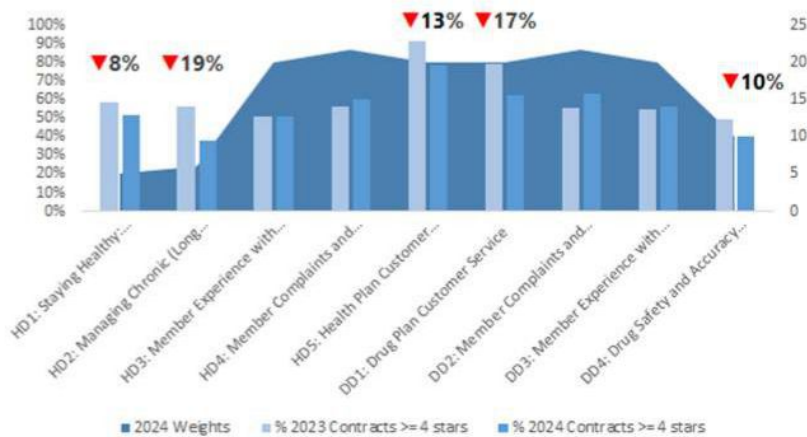


* National Plans – Centene, UHG, CVS, Humana & Cigna

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Significant Underperformance in Managing Chronic Condition & Customer Service domains

Significant underperformance Managing Chronic condition & Customer Service domain



Our perspective

- Fall in 4 Stars and above performance across high weighted domains have significantly skewed the overall performance. Effort to improve should be recalibrated considering upcoming changes to the measure weights.
- Payers should invest in high precision capabilities to simulate improvement projections and realistic goal setting
- With fewer contracts scoring overall 4 Stars & above, member interaction quality, complaints and voluntary terms to be closely monitored and actioned with targeted campaigns
- Targeted members to be enrolled in specialized year-round medication adherence programs with continuous improvement monitoring

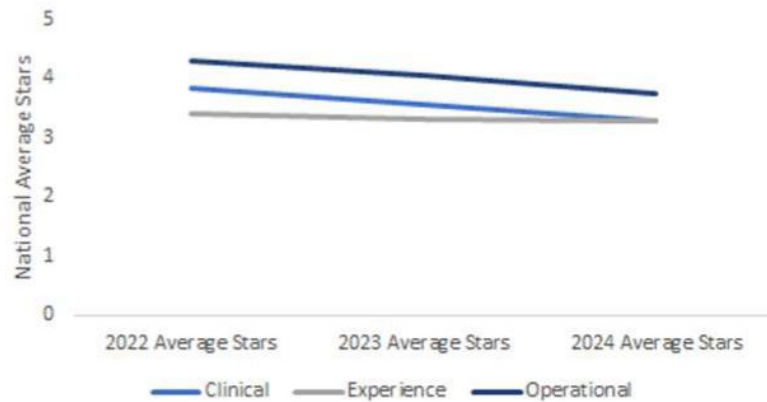
Key Statistics

- ▼ **8 -19% fall** in percentage of 4 Stars and above rated contracts across HD1, HD2 and DD4
- ▼ **13-17% fall** in 4 Stars and above rated contracts across customer service domains (HD5 & DD1)

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Underperformance across high weighted areas have contributed to the downward drift

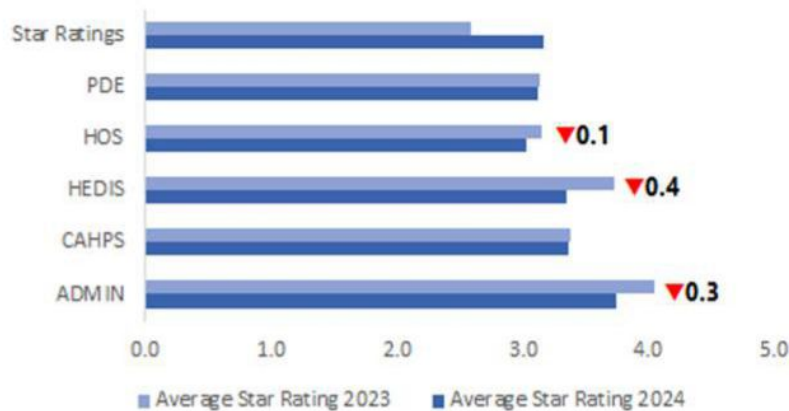
YOY National Average Stars Movement



Our perspective

- YOY National average Stars movement across clinical, operational and experience sources have slightly declined with huge room of improvement for both clinical and experience sources
- Payers need to ensure all internal operations have adequate oversight, processes, and monitoring to achieve high performance
- Plans should monitor display measure performance for measures that are returning or being added to the rating methodology
- Plans should understand the impact of underperforming measures to avoid loss in the Quality Improvement measures

Average rating across Data Sources



Key Statistics

- ▼ 12% - 14% decline in Operational and Clinical measures since 2022 SY.
- ▼ 13% average decline in 4+ rated contract for HEDIS and 7% average decline in 4+ rated contracts for ADMIN sources
- Significant negative trend in HOS, HEDIS and ADMIN data sources.

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Measure-level improvements focus areas for 2025 and beyond

Measures*	Steward	Weight	SY23 Avg	SY24 Avg	Cut Point Shift	% 4+ Star rated contract shift
Complaints about the Health / Drug Plan	Admin	4	4.3	3.9	-26%/-33%	-10%
Reviewing Appeals Decisions	Admin	4	4.4	3.6	5%	-24%
Statin Use in Persons with Diabetes	PQI	1	3.1	2.7	4%	-16%
Monitoring Physical Activity	HOS	1	3.2	3.0	0%	-11%
Diabetes Care - Blood Sugar Controlled	HEDIS	3	4.1	3.6	7%	-15%
Rating of Health Care Quality	CAHPS	4	3.4	3.3	0%	-8%
Plan Makes Timely Decision about Appeals	Admin	4	4.6	4.1	11%	-18%
Annual Flu Vaccine	CAHPS	1	3.2	3.1	-1%	-5%
Improving Bladder Control	HOS	1	3.3	3.2	-2%	-5%
Call Center - Foreign Language / TTY	Admin	4	4.4	3.7	10%	-16%

* 10 worst performing measures taking into account cut point shift along with drop in 4+ rated contract

Our perspective

- As Plan All-Cause Readmissions (PCR) measure will increase in weight from 1x to 3x plans need to make sure care delivery is up-to-the-mark to avoid readmissions.
- Weight of patient experience/complaints and access measures from 4x to 2x for the 2026 Star Ratings may cause further rating decline.
- Measures that are administrative in nature such as Call Center and Appeals based measures should have strong support for focus to regain high performance
- Retaining and improving plan performance is imperative with loss of the QI hold harmless provision

Key Statistics

- ▼ **Up to 24%** fall in percentage of 4 Stars and above rated contracts.
- OMW, Diabetes Care – Eye Exam, Transitions of Care – 40% or more contract missed the 4+ star cut point by more than 10%.
- Cut points for 'C25: Complaints about the Health Plan' and 'D02: Complaints about the Drug Plan' got pushed downwards significantly due to overall low industry performance

2024 Star Ratings Analysis: Focus Areas for 2025-26

1 Readiness and alignment for clinical measure changes & new clinical measures

- Early adoption and validation using updated measure specifications
- Operationalizing strategy for new clinical measures expected in display category for SY 2024-25
- Develop ability to monitor performance and quality by Health Equity Index parameters

2 High precision capabilities for accurate forecasting and goal setting

- Adopt high-accuracy advanced analytics for projecting 2025-26 cut-points, Improvement thresholds
- Goal projection while accounting for cut-point shift, performance trend, region, ops constraints
- Understand impact to Quality Improvement measures to prevent penalty

3 Enterprise strategy with flexibility for rating model and initiative changes

- Communicate and tie incentives to consistent Star Rating strategy
- Ability to shift resource allocation to address changes needed with model changes and measure performance

4 Enhanced and new partnerships to drive focused initiatives and outcomes

- Engagement with community-based organizations with deep focus on health equity
- Adopt VBC arrangements with specialized clinical partners across experience and outcomes



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