



# 2024 Stars preview

## A return to normal and a path forward

Every year, October marks a pivotal month for all the Medicare Advantage organizations (MAO) across the country.

### **This month sets in motion 3 key events in the Medicare Advantage (MA) universe:**

1. Public release of Star Ratings performance that will be used by Medicare-eligible beneficiaries and their caregivers to select their health coverage for the following year
2. The beginning of the annual enrollment period that runs for the next 8 weeks, when Medicare-eligible beneficiaries and their caregivers review and sign up for the following year's health coverage
3. Based on the outcome of above 2 events, MAOs work toward defining the strategy and approach for the upcoming Medicare bid season

2024 Star Ratings were publicly released on October 13, 2023, and underscored several highly anticipated outcomes, while also delivering a few surprises. The 2024 Stars performance is a reminder of the return to normal for MA plans and a stark reversal for the past few years' trend that resulted in blockbuster 5-Star MA plans in the market<sup>1</sup> due to COVID-19 public health emergency (PHE) flexibilities.

Not surprisingly, several national plans continued to notice declines in their overall Stars performance. One national plan dropped an average of a full star across its 7 MA contracts. The result of this performance decline puts approximately 19% of their beneficiaries in MA contracts that are below 4 Stars.<sup>2</sup> That's an estimated loss of at least \$212 million in quality bonus payments for the 2025 calendar year.



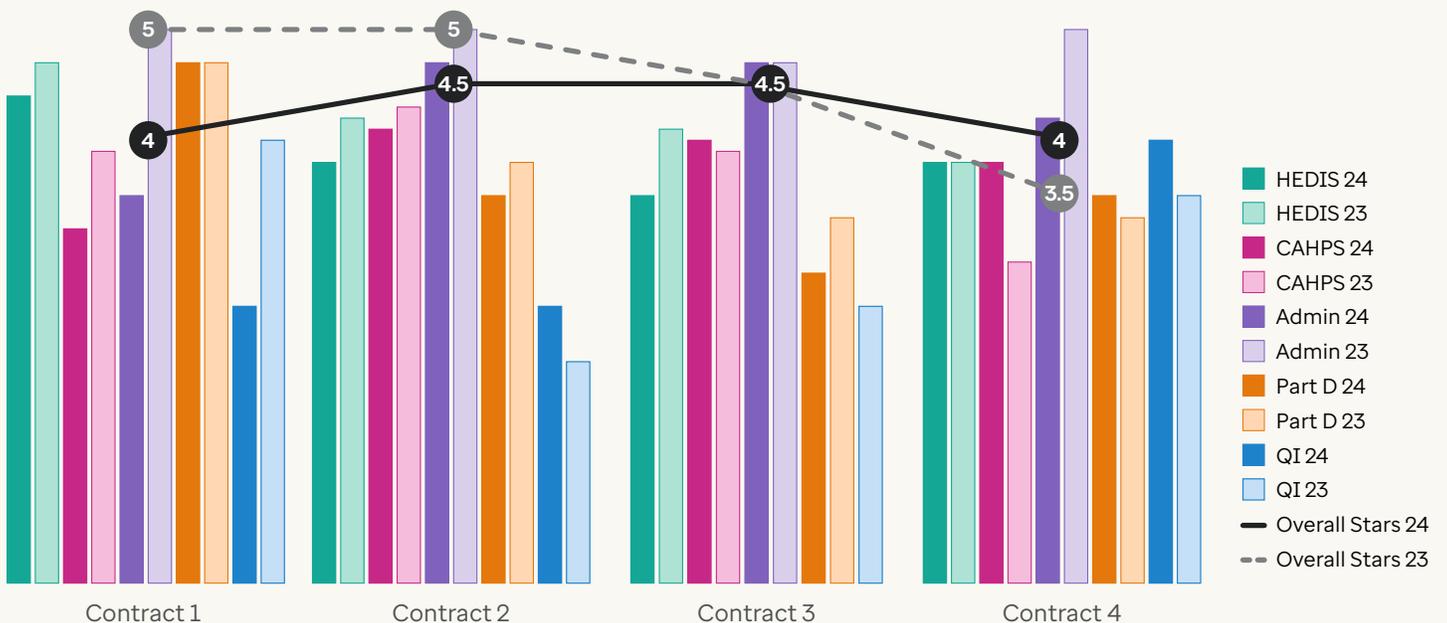
## Highlighting performance macro-themes: Takeaways from 4 large national MA contracts

Based on the 2024 Star Ratings, publicly available data alongside October 2023 monthly enrollment by contract file from CMS.gov, 4 contracts account for 25% of total Medicare Advantage and Prescription Drug (MA-PD) membership. These 4 contracts are each owned by 4 national MA insurers with at least 1 million beneficiaries per contract. (Total membership of 7.6 million MA beneficiaries out of 31 million MA beneficiaries, including cost plans and demonstrations. Note: The beneficiary count does not include beneficiaries enrolled in the standalone Prescription Drug Plan).

Below are the performance trends across key Star measure categories as well as the overall contract Stars scores for these 4 contracts, in a year-over-year comparison.<sup>3,4</sup>

- Of the 4 national contracts, 2 declined in their overall Stars score, ranging from half a star to a full star, while one improved by half a star.
- When the performance was compared in year-over-year trending, between 2023 Stars vs. 2024 Stars:
  - The decline in the overall performance for 2 national contracts was primarily driven by a drop in the member experience domain, including leading indicators of experience captured in the administrative domain
  - Alternatively, the contract that saw overall performance improvement of half a star demonstrated the biggest jump in the member experience domain of about 0.9 Stars
- Interestingly, 2 national contracts that either improved or maintained a steady state overall Stars performance are both special needs plans (SNP) that stand to benefit from future Star programmatic changes such as the introduction of the Health Equity Index (HEI).

**Figure 1. A year-over-year (2023 Stars vs. 2024 Stars) unweighted Stars performance comparison for 4 large national MA contracts across key Star Ratings domains, namely, Healthcare Effectiveness Data and Information Set (HEDIS®), Consumer Assessment of Healthcare Providers and Systems (CAHPS), Administrative, Part D and Quality Improvement (QI) measures.**



Note: Comparison does not include Health Outcomes survey (HOS) measures, which account for 3% of Star Ratings and SNP measures that are applicable to only 2 contracts (out of 4 included in the analysis). Applicable measures for each performance year for each of the domain were included in the analysis and may not always be the same for both years.



## Business case to focus on member engagement – A compelling argument

- For 2024 Stars, Part D measures with 5 Star cut points are trending at or above 90% and at historic levels (approximately 70% weighted measures for MA-PD contracts). This warrants deeper insights into member-level and cohort-level data to drive the contract's sustainable high Stars performance.
- For 2025 Stars, with changes in Part C clinical quality measures (HEDIS), such as electronic clinical data systems introduction for select measures and shift toward cost-based measures (for example, Plan All-Cause Readmissions), maximizing performance will require understanding the contract's demographical makeup.
- For 2026 Stars (or the 2024 measurement year) one-third or at least 33% of Star Ratings will still be based on the member experience performance of a contract.
- For 2027 Stars (or the 2025 measurement year) HEI that can increase overall Star performance of a contract by 0.5 Star, the baseline measurement begins January 1, 2024.
- Moving forward, the Centers of Medicare and Medicaid Services (CMS) has hinted at introducing measures in the Star Ratings program that will accelerate value-based care approaches grounded in an equitable and meaningful member and provider experience.

## Key actions for health plans to manage Stars performance strategically

2024 Stars performance is a reminder of CMS guiding principle for MA and its strong commitment towards a patient's voice/member first vision. As health plans and MA beneficiaries return to normal with the COVID-19 PHE expired, we anticipate accelerated programmatic changes to be introduced in Stars. To achieve sustainable 4+ Stars performance, health plans must invest, encourage and prioritize the following 3 key actions.

- 1. Build, develop and grow MA subject matter expertise:** MA is a complex federal program with specific compliance requirements and continually emerging guidance based on new findings across clinical, financial and regulatory domains. To understand the holistic impact and develop a multiyear high-performance strategy, health plans need to nurture and recruit MA-specific talent with expertise in integrating other government programs such as Medicaid with Medicare.
- 2. Treat provider and member engagement as table stakes for MAOs:** For the foreseeable future, member experience will account for at least one-third of the overall Stars score. On the other hand, over half of Star measures (clinical quality, member experience and administrative) are impacted by providers. Maximizing performance on the HEI will require ongoing member engagement, while achieving sustainable success on a value-based care approach will require strong provider engagement. To ensure 4+ Stars performance, MAOs need to prioritize a member-centric approach as an enterprise strategic imperative from product development to operational management and service delivery.
- 3. Leverage data-derived insights to drive improvement actions:** Data is a key enterprise asset, given the wide range of measures in Stars; increasing programmatic complexity, such as introduction of risk adjusted Part D Star measures<sup>5</sup>; and meeting member expectations of seamless care coordination. MAOs need to continually invest in a comprehensive data strategy that can ingest clinical, operational and administrative as well as unstructured data to develop a whole-person view of a member and be able to disseminate relevant information to providers, the care team and other health plan resources to drive outcomes.

Despite upcoming program changes, moving performance targets, or cut points, and additional program scrutiny, the popularity of MA continues to grow. MA now surpasses 50% of all Medicare-eligible enrollees.<sup>6</sup> The flexibility to seek care when and where needed, along with additional supplemental benefit offerings, remains a big draw for Medicare beneficiaries. CMS has also noted through its actions that it is committed to ensuring members have cost-effective and better care choices while promoting the existing public-private partnership and rewarding high-quality MA plans.

## With a solid member-centric foundation, Stars performance is in your control! Optum Advisory and Implementation is here to help you navigate this transformational Stars journey.

- As MAOs review their clinical quality (HEDIS and Part D measures) and member experience (CAHPS) performance opportunities, Optum supports strategic Stars review. We help define targeted solutions and analytics to drive a sustainable 4+ Stars performance. If needed, we can also address a Stars underperformance corrective action plan.
- Member and provider engagement is becoming increasingly critical in Stars. Optum offers a programmatic solution that combines MAOs' structured and unstructured data and augments it with proprietary social determinants of health indices to capture member-level insights and define meaningful member journey segments. The analytics is complemented with targeted interventions for performance improvement and ROI-driven program evaluation approach.
- HEI will replace Reward Factor starting with 2027 Stars, and the 2024 calendar year will serve as a baseline for the measurement. Optum provides HEI modelling analytics with multiple scenario options along with a customized strategic playbook to maximize HEI performance opportunity.
- With upcoming regulatory headwinds across both MA revenue drivers (risk adjustment and Stars), Optum offers a comprehensive revenue driver strategic review along with milestone-driven blueprints specific for both programs.

HEDIS® is a registered trademark of the National Committee for Quality Assurance (NCQA).

CAHPS®: The acronym "CAHPS" is a registered trademark of the Agency for Healthcare Research and Quality (AHRQ).

#### Sources

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2. Based on the [October 2023 Monthly Enrollment by contract file](#).
3. [Star Ratings 2023 Data Table](#).
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5. National Archives Federal Register. [Medicare Program: Contract Year 2024 Policy and Technical Changes to the Medicare Advantage Program, Medicare Prescription Drug Benefit Program, Medicare Cost Plan Program, and Programs of All-Inclusive Care for the Elderly, CMS-4201-F](#). April 12, 2023.
6. Ochieng N, Biniek JF, Freed M, Damico A, Neuman T. [Medicare Advantage in 2023: Enrollment update and key trends](#). KFF. August 9, 2023.

## Contributing expert



### Tejaswita Karve, PhD

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Tejaswita brings over a decade of health care experience to her role. She is a nationally recognized quality improvement thought leader with expertise in population health management and quality ratings programs, specifically, the Medicare Star Ratings program.

Karve has previously held roles of varying responsibilities at several Fortune 500 health care companies from health analytics consulting at Accenture, LLC, to PBM innovation at CVS Health, and several integrated delivery and finance systems such as Presbyterian Healthcare Services, UPMC Health Plan and Johns Hopkins Healthcare LLC.

Karve's primary focus has been developing data-driven strategies, reporting and analytics capabilities and driving execution efforts to consistently deliver impactful results on quality ratings programs. She has a track record of successfully leveraging these approaches to deliver half-a-star performance improvement in a year. She is also passionate about promoting advocacy positions with the state and federal (CMS, Defense Health Agency) agencies supporting the whole-person care model(s) geared toward understanding as well as integrating social determinants of health in care delivery to help achieve the desired quality outcomes.

Karve earned her doctoral degree in biomedical sciences from Georgetown University, Washington, D.C., and has extensively published in peer-reviewed medical journals during her academic tenure.

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