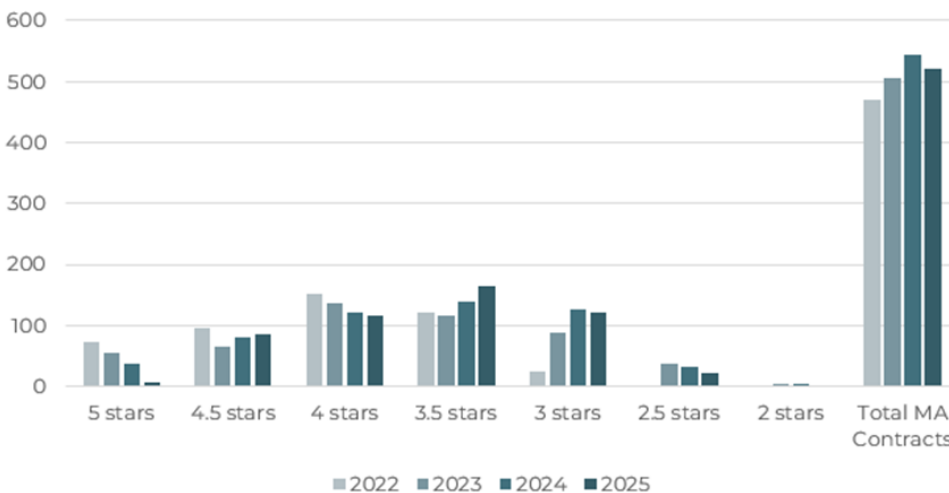


October 11, 2024

Negative Tone Confirmed for CY25 Medicare Advantage Stars and Beyond as Goalposts Continue to Move

Key Takeaways: As we expected, CMS's [release](#) of the CY25 Medicare Advantage (MA)/Part D star ratings continues to limit program "largesse," making bonus awards more selective and ratings harder to maintain YoY. For CY25, fewer plans will rank at 4+ stars, both individually and collectively. The agency's continued moving of the goalposts suggests plans will have to make greater quality investments to maintain or grow program payments. As we [wrote](#) earlier this week, this pressure is unlikely to abate over the coming years, regardless of the November election.

MA Star Rating Trends 2022-2025



Source: CMS, Capitol Policy Partners

Humana (HUM) and **UnitedHealth (UNH)** did not appear to persuade CMS to upgrade its preliminary assessments, and did not receive any 5-star ratings. In fact, only **Alignment (ALHC)** and **Elevance (ELV)** secured the highest scores for several plan offerings.

Investors will recall that CMS has made several changes over the years to tighten and improve its rating system to address overspending and quality concerns, with the result being that a declining number of insurers now receive top marks (5 stars) and – collectively – 4+ stars relative to prior years. As a consequence, fewer plans will receive the associated financial benefits (i.e., rebates, bonus payments).

This is unsurprising given that the Administration has not been shy about its intentions, with these policies having been well-telegraphed and both sides of the aisle raising concerns with the accuracy and scope of the star ratings program. We therefore suspect that, regardless of November's election outcome, it is unlikely that the tightening trend will be reversed.

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Humana Inc (HUM)

Price:	\$251.44
52-Week High:	\$530.54
52-Week Low:	\$213.31

UnitedHealth Group Incorporated (UNH)

Price:	\$597.70
52-Week High:	\$607.94
52-Week Low:	\$436.38

Alignment Healthcare LLC (ALHC)

Price:	\$11.31
52-Week High:	\$12.36
52-Week Low:	\$4.46

Elevance Health Inc (ELV)

Price:	\$492.18
52-Week High:	\$567.26
52-Week Low:	\$435.99

CVS Health Corp (CVS)

Price:	\$66.85
52-Week High:	\$83.25
52-Week Low:	\$52.77

Centene Corp (CNC)

Price:	\$71.62
52-Week High:	\$81.42
52-Week Low:	\$63.45

Some other aspects we noticed:

CMS once again touted the markedly better performance of not-for-profit insurers relative to their for-profit peers. Prior to last year, CMS did not distinguish the ownership status of various MA and Part D plans nor announce how they fared with regard to the star ratings, and in fact, seemed agnostic on the quality rating of for-profit or not-for-profit insurers so long as beneficiaries were receiving affordable high-quality care and coverage.

Standouts include **ELV** and **ALHC**, which logged – and maintained – the highest scores (4.5 and 5 star ratings) for their plans and whom we note had ended up ranking high for CY24.

Many of the larger insurers [**UNH**, **HUM**, **CVS (CVS)**] scored in the average/above-average range (3-4 stars), although less than prior years. This is in spite of their investments to boost their quality ratings. **Centene (CNC)** did improve some, but a few of its plans, as well as **CVS**, were assigned a low-performing icon and concomitant poor star rating for CY25.

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