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## 5.0 Star Contracts in the Medicare Advantage Program: Is There an Enrollment “Advantage”?

On October 8, 2021, CMS published the 2022 Medicare Advantage (MA) and Part D Star Ratings, which influence 2023 payment year Quality Bonus Payments (QBPs). The 2022 Star Ratings reflect a historic prevalence of top performing contracts. In fact, more contracts achieved a 5.0 Star Rating than in any previous year. Although there is no differentiation in QBP level between 4.5 and 5.0 stars for MA plans, there is a unique advantage of achieving 5.0 Stars. 5.0 Star plans are eligible to market their plan offerings year-round via a Special Enrollment Period (SEP). Beneficiaries that have a 5.0 Star plan in their service area are eligible to switch plans once at any point during the year only if the new plan is rated 5.0 Stars. In 2022, the number of Medicare Advantage contracts that received a 5 Star Rating grew 252%, opening an unprecedented opportunity for mid-year growth for 5 Star Rated Contracts in 2022. This article explores the potential disruption and opportunity that the unprecedented 2022 Star Rating performance could drive.

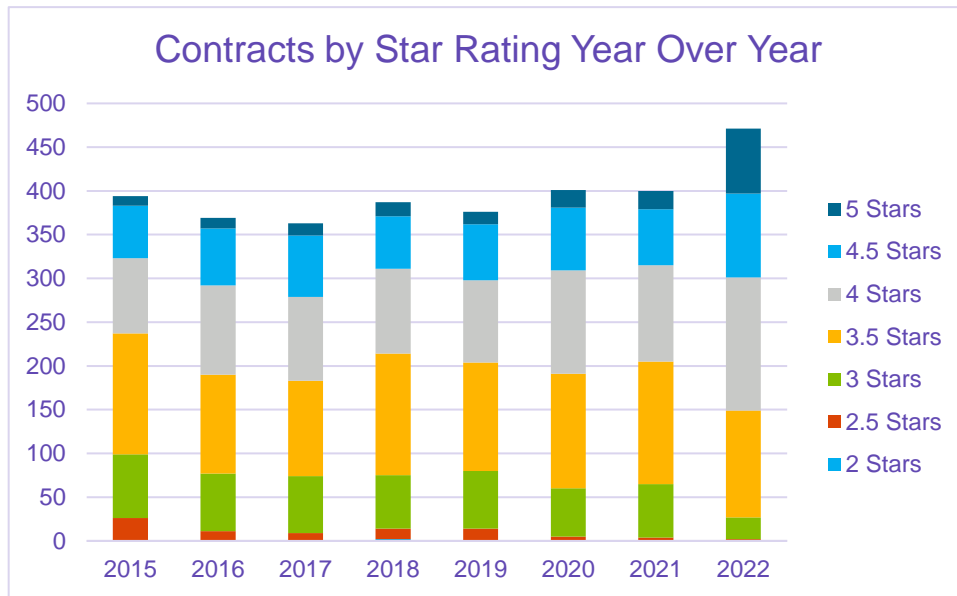
### Recent Trends in 5 Star Contracts

For this brief, Wakely first analyzed the change in contract Overall 2022 Star Ratings, and more specifically the increase in the number of 5.0 Star contracts, to better understand the magnitude of this market shift. We found that the number of 5.0 Star Rated contracts have dramatically increased from 21 in the 2021 Star Ratings to 74 in the 2022 Star Ratings. The figure below shows contracts<sup>1</sup> by Star Rating<sup>2</sup> from 2015 to 2022.

<sup>1</sup> Contracts labeled as Not Applicable, Not Enough Data Available, and Plan Too New to be Measured were excluded from this analysis.

<sup>2</sup> Overall Part C & Part D Rating

**Figure 1: Contract Star Rating by Year 2015 to 2022**



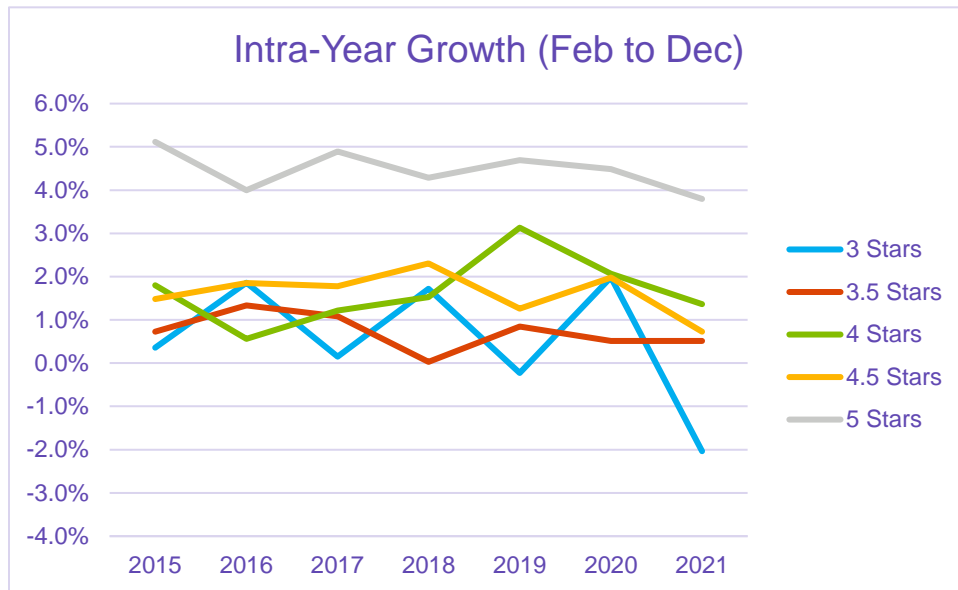
### Intra-Year Enrollment Trends in 5 Star Contracts

Our analysis then looked at the level of disruption a 5.0 Star contract could have on the market. Do 5.0 Star plans really benefit from the special enrollment period? To measure this, we observed change in intra-year enrollment growth for contracts at each star rating. Our results indicate that mid-year enrollment growth in 5 Star contracts ranges from 3.8% to 5.1%. This growth exceeds the mid-year enrollment growth for all other star ratings and shows a clear pattern of successful special enrollment periods. While 5.0 Star rated contracts only represent around 9% to 11% of the total MA enrollment in a typical year, they account for 19%-30% of total intra-year enrollment growth. This analysis measured intra-year enrollment growth as growth occurring between February and December of a particular year (attempts to isolate growth outside of the Annual Enrollment Period or AEP). Because 5.0 Star rated plans are subject to a special enrollment period they are able to grow faster intra-year than lower rated plans. Table 1 and Figure 2 below summarize the results of this analysis.

**Table 1: Intra-Year Growth for Contracts at each Star Rating**

Star Level	Growth % By Calendar Year <sup>3</sup>						
	2015	2016	2017	2018	2019	2020	2021
2.5 Stars	-0.6%	4.2%	11.9%	2.9%	0.9%	5.1%	-0.9%
3 Stars	0.4%	1.9%	0.1%	1.7%	-0.2%	2.0%	-2.0%
3.5 Stars	0.7%	1.3%	1.1%	0.0%	0.8%	0.5%	0.5%
4 Stars	1.8%	0.6%	1.2%	1.5%	3.1%	2.1%	1.4%
4.5 Stars	1.5%	1.9%	1.8%	2.3%	1.3%	2.0%	0.7%
5 Stars	5.1%	4.0%	4.9%	4.3%	4.7%	4.5%	3.8%
<b>Total</b>	<b>1.3%</b>	<b>1.3%</b>	<b>1.3%</b>	<b>1.4%</b>	<b>2.0%</b>	<b>1.8%</b>	<b>0.9%</b>

**Figure 2: Intra-Year Growth for Contracts at Each Star Rating**



## Summary

Given the increase in the number of 5.0 Star contracts and the clear correlation between a 5 Star Rating and greater intra-year enrollment growth, Wakely anticipates that there could be significant market disruption coming in 2022, including intra-year disruption. It is also important to consider the holistic financial impact of enrollment shifts resulting from the 5.0 Star SEP. The risk profile of beneficiaries taking advantage of the SEP may be less favorable than average. If your contract shares service area with a newly minted 5.0 Star plan, be aware of this potential enrollment challenge and its uncertain financial impact

<sup>3</sup> Contracts labeled as Not Applicable, Not Enough Data Available, and Plan Too New to be Measured were excluded from this analysis, along with contracts receiving a 2.0 Star Rating.

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### Wakely's Expertise

We move fast to keep our clients ahead of the healthcare curve.

**Broad healthcare knowledge.** Wakely is experienced in all facets of the healthcare industry, from carriers to providers to governmental agencies. Our employees excel at providing solutions to parties across the spectrum.

**Your advocate.** Our actuarial experts and policy analysts continually monitor and analyze potential changes to inform our clients' strategies – and propel their success.

**Deep data delivery.** Because of Wakely's unique access to various data sources, we can provide insights that may not be available