



## Written in the Stars:

### *Proposed Changes to the Medicare Star Rating Program in the 2024 Contract Year Policy and Technical Rule*

**Dani Cronick**, FSA, MAAA  
720.531.6133 • [Dani.Cronick@wakely.com](mailto:Dani.Cronick@wakely.com)

**Suzanna-Grace Tritt**, FSA, CERA, MAAA  
720.627.8671 • [SuzannaGrace.Tritt@wakely.com](mailto:SuzannaGrace.Tritt@wakely.com)

**Daniela Simpson**  
480.581.7643 • [Daniela.Simpson@wakely.com](mailto:Daniela.Simpson@wakely.com)

On December 14, 2022, the Centers for Medicare & Medicaid Services (CMS) issued the Contract Year 2024 Policy and Technical Changes to the Medicare Advantage and Medicare Prescription Drug Benefit Programs proposed rule<sup>1</sup>. With the proposed rule, CMS outlines revisions to Medicare Advantage (MA) and Part D (PD) regulations. This year, CMS has suggested changes to the Star Rating program that will have an enormous impact on MA-PD spending in upcoming years.

If the proposed regulations are codified, Medicare Advantage Organizations (MAOs) should expect large changes to their Quality Bonus Payments, or QBPs, over the next five years. The brief that follows attempts to summarize the proposed changes and estimate some of their impacts on Overall Star Ratings. Note that the proposed rule covers all aspects of the MA and PD programs; however, this brief only addresses the sections that pertain to the Star Rating program.

## Major Upcoming Changes to the Medicare Star Rating Program

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Within the proposed rule, CMS has laid out changes to the Medicare Stars program all the way out to the 2027 Star Ratings (2025 measurement year). Among these changes: the removal and addition of measures, removal of prior policy implementations such as the implementation of cut point guardrails and increasing weight placed on Patient Experience and Access to Care measures, and the introduction of an adjustment intended to measure and address potential discrepancies in Health Equity among Medicare Advantage contracts.

The sections below contain a chronological summary of the major Star Rating changes discussed within the proposed rule. An illustrative timeline is also summarized in Appendix A.

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<sup>1</sup> <https://www.cms.gov/newsroom/fact-sheets/contract-year-2024-policy-and-technical-changes-medicare-advantage-and-medicare-prescription-drug>

## 2024 Star Ratings (2022 Measurement Year)

Because of the schedule that CMS has put into place within the Medicare Stars program, in order for changes to be made, they must be put into ruling *prior* to the start of the measurement period which they would impact. For this reason, changes to the 2024 Star Ratings (measurement year 2022) were expected prior to the proposed rule being released. The changes include:

- Tukey Outer Fence Outlier Deletion Logic – CMS will be implementing an outlier removal logic, in which they remove data points deemed as outliers prior to running their standard clustering algorithm. The goal is to prevent outliers from shifting measure level cut points year to year.
- Comprehensive Diabetes Care (CDC) – Nephropathy is removed – The National Committee for Quality Assurance (NCQA) retired this measure after the 2021 measurement year. CMS will not have data to include this measure within the 2024 Star Ratings (2022 measurement year), so they have announced its retirement from the Star Rating program.

## 2025 Star Ratings (2023 Measurement Year)

CMS has not proposed any changes to the 2025 Star Ratings.

## 2026 Star Ratings (2024 Measurement Year)

With the standard CMS schedule for changes to the Medicare Stars Program, the 2024 proposed rule and final rule would traditionally be the avenue for CMS to make any changes to the 2026 Star Ratings Methodology (relevant to 2024 measurement year). With this in mind, CMS has proposed significant changes to the program, both in terms of the measures being included and the actual calculations and weights underlying the Overall Star Ratings.

- Patient Experience and Complaints and Access to Care Measures return to a weight of 2 – The survey measures surrounding Patient Experience and Access to Care have historically been weighted as 1.5. Within the 2021 Star Ratings they were increased to a weight of 2.0, and within the 2023 Star Ratings they were increased again to a weight of 4.0. Outside of the improvement measures, these were the most heavily weighted measures within the 2023 Star Ratings and were responsible for over 60% of a contract's Overall Star Rating. After receiving significant feedback from plans on the increased weighting of these measures, CMS has decided to pull back their change and reduce the weight of these measures back to 2.0 within the 2026 Star Ratings.  

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*After significant feedback provided to CMS, the Patient Experience/Complaints and Access measures will return to a weight of 2.0 in the 2026 Star Ratings.*

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- Improvement measure “hold harmless” clause will only be utilized for 5 star contracts – Currently, CMS implements a “hold harmless” clause within the Overall Star Ratings to ensure that highly

rated contracts (currently defined as 4.0 stars or greater) are not punished for not continuing to improve beyond their already high performance. This is implemented as such: CMS calculates the high-performing contract's Overall Star Rating both *with* and *without* the Part C and D improvement measures. If a contract's Overall Star Rating is 4.0 or higher *without* the Part C and D improvement measures, CMS will award the contract the "better of" those two star ratings. CMS is now proposing to change this "hold harmless" clause such that it will only apply it to 5.0 Star contracts. This will therefore negatively affect contracts with 4.0 or 4.5 Stars that are not continuing to see measure improvement year to year, as their improvement measures may now harm their Overall Star Rating.

- Cut point guardrails removed – CMS implemented cut point guardrails for the first time with the 2023 Star Ratings, essentially limiting the movement of cut points from one year to the next at 5%. The goal of the guardrails was to improve the predictability and stability of cut points. Now CMS has determined that other efforts to improve cut point stability such as Tukey outlier deletion and mean resampling are sufficient to achieve these efforts. CMS believes that guardrails could hinder the cut points from serving their true purpose if there are real market changes in quality performance from one year to the next.
- 60 Percent Rule for Extreme and Uncontrollable Circumstances is Removed – When there is an Extreme and Uncontrollable Circumstance (EUC), such as a hurricane, wildfires, or the COVID-19 pandemic, which could impact the quality performance of a contract, CMS has specific adjustments in place. One of the adjustments states that if 60% or more of that contract's members reside in the county impacted by the EUC, that contract's data should not be used within the clustering algorithm. Because COVID-19 was deemed a Nationwide EUC, this caused issues with no contract data being available for the cut-point clustering algorithm. In order to calculate cut-points for the 2020 measurement year, CMS temporarily suspended the 60 percent rule. They are now within the proposed rule removing this entirely. Starting within the 2026 Star Rating, all non-outlier contract data will be used to estimate cut-points, regardless of disaster status.
- New Stars measures
  - Kidney Health Evaluation for Patients with Diabetes (KED)
  - Care for Older Adults (COA) Functional Status Assessment – this measure was moved to the display page starting in the 2022 Star Ratings (2020 m year), due to substantive changes. CMS is proposing to bring the measure back within the 2026 Star Ratings.
  - Concurrent Use of Opioids and Benzodiazepines (COB)
  - Polypharmacy Use of Multiple Anticholinergic Medications in Older Adults (Poly-ACH)
  - Polypharmacy Use of Multiple Central Nervous System Active Medications in Older Adults (Poly-CNS)

- Substantive measure changes/removals
  - Medication Adherence measures will use continuous enrollment for denominator inclusion
  - Colorectal Cancer Screening will include individuals aged 45-49 within the measure calculation
  - Medication Therapy Management will expand eligibility criteria
  - Medication Reconciliation Post-Discharge will be removed as a stand-alone measure (this measure will continue to be included as part of the Transitions of Care (TRC) measure)

Appendix B contains a full list of the upcoming Stars measure changes.

Wakely performed a high-level analysis to estimate the impact of the major changes mentioned above for the 2026 Star Ratings. Based on current 2023 Star Rating performance, the change in weight of the Patient Experience/Complaints and Access Measures and Hold Harmless Improvement Measure protections would have an overall unfavorable impact on contracts within the market. Table 1 contains the results of this analysis.

**Table 1  
Impact of 2026 Star Rating Program Changes**

<i>Count of Contracts by Star Rating Change</i>	<b>Hold Harmless Change</b>	<b>Patient Experience/Complaints and Access Measures Weight Change</b>	<b>Both Changes</b>
<b>+1.0</b>	0	0	0
<b>+0.5</b>	0	20	10
<b>0.0</b>	429	397	311
<b>-0.5</b>	78	90	175
<b>-1.0</b>	0	0	11

**2027 Star Ratings (2025 Measurement Year)**

- Health Equity Index (HEI) reward – Advancing Health Equity has been announced as a pillar of the 2022 CMS Strategic Plan. As such, CMS is proposing to add a factor call the “Health Equity Index Reward” to the 2027 Overall Star Ratings. This change is expected to materially impact plan Star Ratings.

Aligned with the 2022 CMS Strategic Plan to advance health equity, CMS’ latest rule proposed new measurement aimed to reward improvement in quality of care among the historically underserved population with higher unmet health needs afflicted by social risk factors. The HEI

award is designed to boost measure level performance and encourage enrollment among the socially at-risk populations.

As proposed, the HEI reward would apply to 2027 Star Ratings and combine data from the last two measurement periods (2024 and 2025), summarizing contract performance among those with certain social risk factors across multiple measures into a single score. The social risk factors in scope for the index are aligned with the Categorical Adjustment Index (CAI): dual eligibility, low-income subsidies, and disabilities. More social risk factors might be added in the upcoming years.

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*In the 2023 Star Ratings, the reward factor helped 50% of plans to reach a rating of 4.0 Stars or higher.*

*The removal of this factor and corresponding addition of the HEI reward could make it far more challenging for plans to maintain a 4.0 Star Rating.*

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Most notably, the HEI reward would replace the current reward factor added in 2009 to safeguard consistent high performance across all measures. With the proposed methodology, this role would be primarily entrusted to the two fivefold weighted Quality Improvement measures. The removal of the reward factor and corresponding addition of the HEI reward could make it more challenging for plans to maintain and improve Star ratings. In 2024 Star rating year, the reward factor helped 50% of plans to reach 4 Star or higher rating and qualify for quality improvement bonus. When CMS simulated the removal of the current reward factor and addition of

the proposed new HEI reward with 2020- and 2021-Star rating data, 7 (1.7%) MA-PD contracts gained one-half star on the overall rating and 54 (13.4%) MA-PD contracts lost one-half star on the overall rating compared to the actual 2021 Star Ratings.

Table 2 below shows a comparison of the current reward factor and CAI for contracts within the 2023 Star Ratings. Although the CAI and HEI reward are not directly linked, they are related. This table would suggest that for contracts currently receiving a positive reward factor, the HEI change will likely be unfavorable overall, as they will lose the current reward factor and it is unlikely to be replaced with a similar HEI factor. Contracts that are not currently receiving a reward factor may be better positioned to receive the HEI reward.

**Table 2**  
**Average CAI for Contracts at each Reward Factor level within the 2023 Star Ratings**

Reward Factor	Number of Contracts	Average CAI
0	339	0.03849
0.1	36	0.01095
0.2	43	0.00697
0.3	9	-0.01268
0.4	80	-0.00760

## 2028 Star Ratings (2026 Measurement Year)

- Risk-adjust Medication Adherence measures – CMS is proposing to implement risk adjustment in all three Medication Adherence measures. This would be considered a substantive change; CMS will add the risk adjusted measures to the display page beginning with the 2026 Star Ratings, then replace the current Medication Adherence measures with the new risk-adjusted measures two years later, in the 2028 Star Ratings.
- Remove Medication Adherence adjustments for stays in inpatient facilities (IP) and skilled nursing facilities (SNFs) – Currently, CMS adjusts for stays in IP/SNF settings. They have proposed to remove these adjustments in order to fully align with the Pharmacy Quality Alliance (PQA) measure specifications. This is considered a non-substantive change.

## Conclusion

As this summary illustrates, CMS has proposed implementing major changes to the Star Rating program over the next few years. Wakely’s analysis indicates the addition of the Tukey outlier deletion methodology to the 2024 Star Ratings and the change to the Hold Harmless policy to the 2026 Star Ratings will have a significant negative impact on Overall Star Ratings and corresponding Quality Bonus Payments for the market as a whole. If finalized, these changes will result in less payments to health plans in the upcoming years.

In the 2027 Star Ratings, the addition of the Health Equity Index reward and corresponding removal of the Stars reward factor will shift the plans that receive a reward<sup>2</sup>. Our initial analysis indicates that these factors are inversely correlated; plans currently receiving the reward factor are unlikely to receive the HEI reward, and vice versa.

The proposed rule makes it clear that the Star Rating program remains in a state of change. All MAOs will experience new headwinds in their Star Ratings over the next few years. Plans must maintain or even increase their investments in quality if they want to succeed.

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*The addition of the Tukey outlier deletion methodology and the change to the Hold Harmless policy will have a significant negative impact on Overall Star Ratings and corresponding Quality Bonus Payments for the market as a whole.*

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<sup>2</sup> This relationship is detailed in Table 2 above.

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Please contact Dani Cronick at [Dani.Cronick@wakely.com](mailto:Dani.Cronick@wakely.com), Suzanna-Grace Tritt at [SuzannaGrace.Tritt@wakely.com](mailto:SuzannaGrace.Tritt@wakely.com), or Daniela Simpson at [Daniela.Simpson@wakely.com](mailto:Daniela.Simpson@wakely.com) with any questions or to follow up on any of the concepts presented here. A special thank you to Christina Byrne, Lisa Winters, and Matt McClintick for their work on this report!

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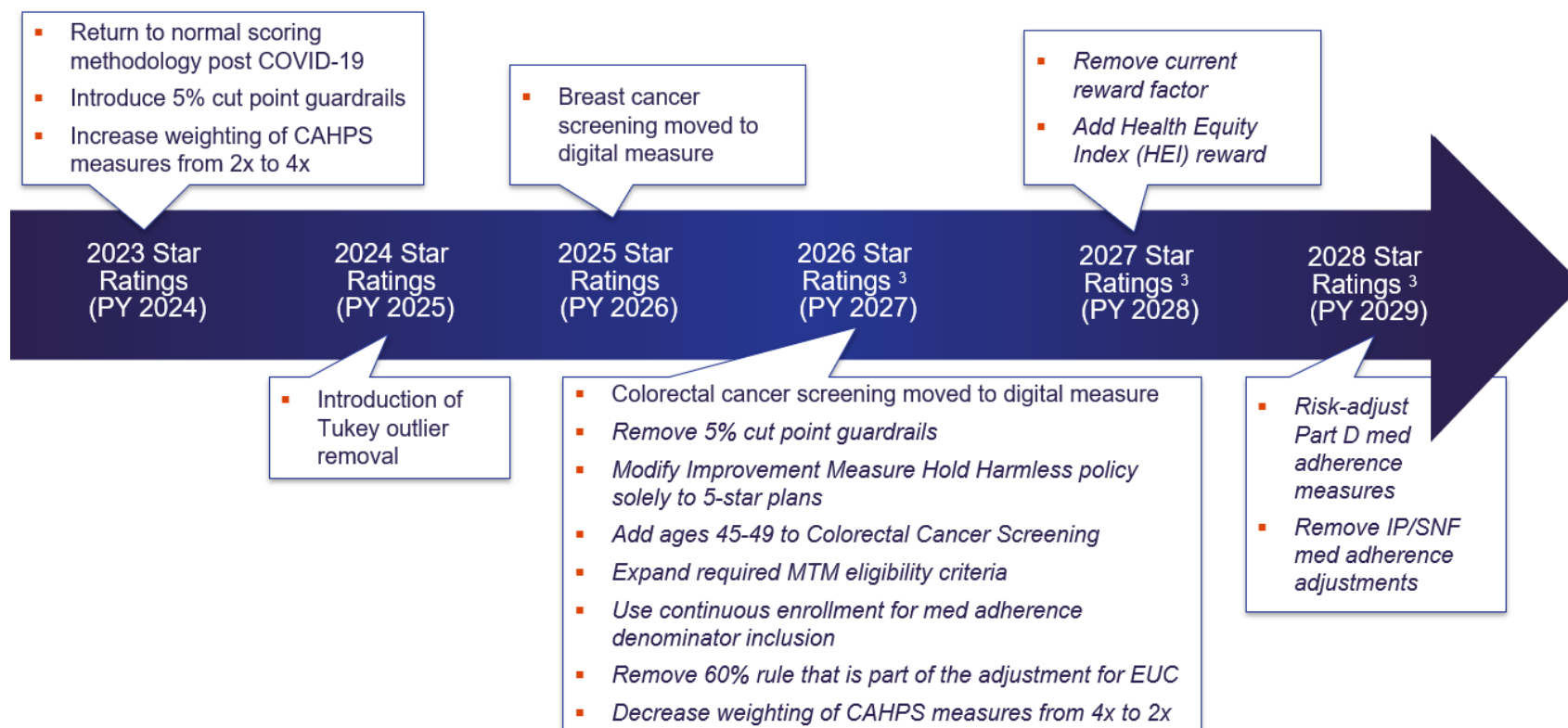
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## Appendix A Timeline of Upcoming Changes to the Star Rating Program

The timeline below summarizes the upcoming changes discussed throughout this paper.



<sup>3</sup> Changes in *italics* font are from the proposed rule released on 12/14/2022.



## Appendix B Timeline of Stars Measure Changes

	2024 Star Ratings <sup>4</sup> (MY 2022)	2025 Star Ratings (MY 2023)	2026 Star Ratings <sup>4</sup> (MY 2024)
Plan All-Cause Readmission (PCR)	Returns with weight of 1.0	Increased to a weight of 3.0	
Patient Experience/Complaints and Access Measures			<i>Reduced to a weight of 2.0</i>
Care for Older Adults (COA) – Functional Status Assessment			<i>Returns with weight of 1.0</i>
Improving or Maintaining Physical / Mental Health (HOS measures)			<i>Returns with weight of 1.0</i>
Controlling Blood Pressure (CBP)	Increased to a weight of 3.0		
Comprehensive Diabetes Care (CDC) – Medical Attention for Nephropathy	<i>Retired</i>		
Stand-alone Medication Reconciliation Post-discharge (MRP)			<i>Removed (this will remain in the TRC measure)</i>
Transitions of Care (TRC)	Added with weight of 1.0		
Follow-up after Emergency Department Visit (FMC)	Added with weight of 1.0		
Kidney Health Evaluation for Patients with Diabetes (KED)			<i>Added with weight of 1.0</i>
Concurrent Use of Opioids and Benzodiazepines, Polypharmacy			<i>Added with weight of 1.0</i>
Use of Multiple Anticholinergic Medications in Older Adults, and Polypharmacy			<i>Added with weight of 1.0</i>
Use of Multiple Central Nervous System Active Medications in Older Adults			<i>Added with weight of 1.0</i>

Note: The table does not include the updates to the APC (Advanced Care Planning) measure.

<sup>4</sup> Changes in *italic* font are from the proposed rule released on 12/14/2022.