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# Summary of 2023 Medicare Advantage and Part D Star Ratings

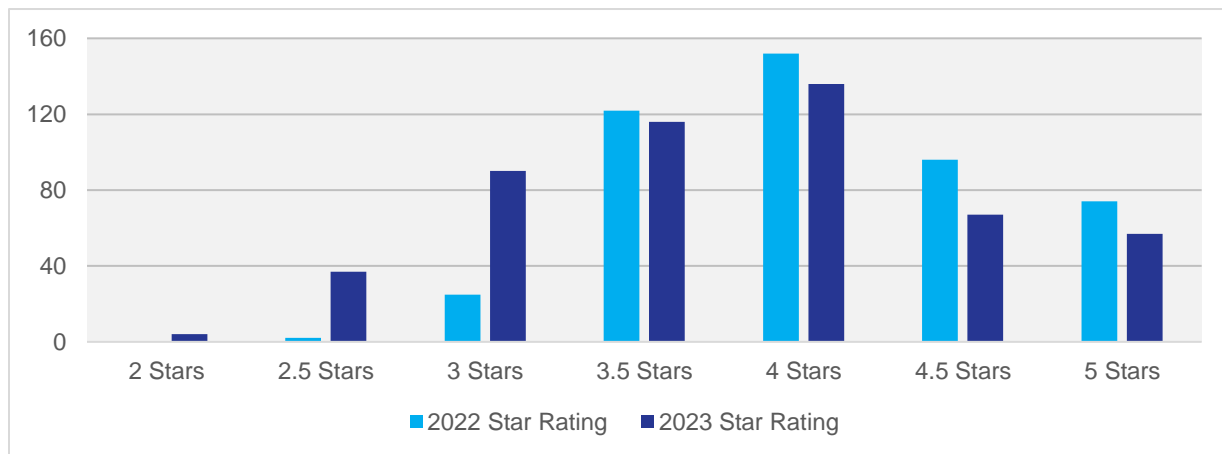
On October 6, 2022, the Centers for Medicare and Medicaid Services (CMS) published the 2023 Medicare Advantage (MA) and Part D Star Ratings. In addition, CMS published a Fact Sheet highlighting changes to contract performance and general observations in the new Star Ratings<sup>1</sup>. This article summarizes Wakely’s observations of changes in the published 2023 Star Ratings data.

## Emerging Trends in 2023 Star Ratings Impacting Payment Year 2024

Wakely has identified several emerging trends in the 2023 Star Ratings. In addition, we continue to observe ongoing changes to the Star Ratings program. These observations are as follows:

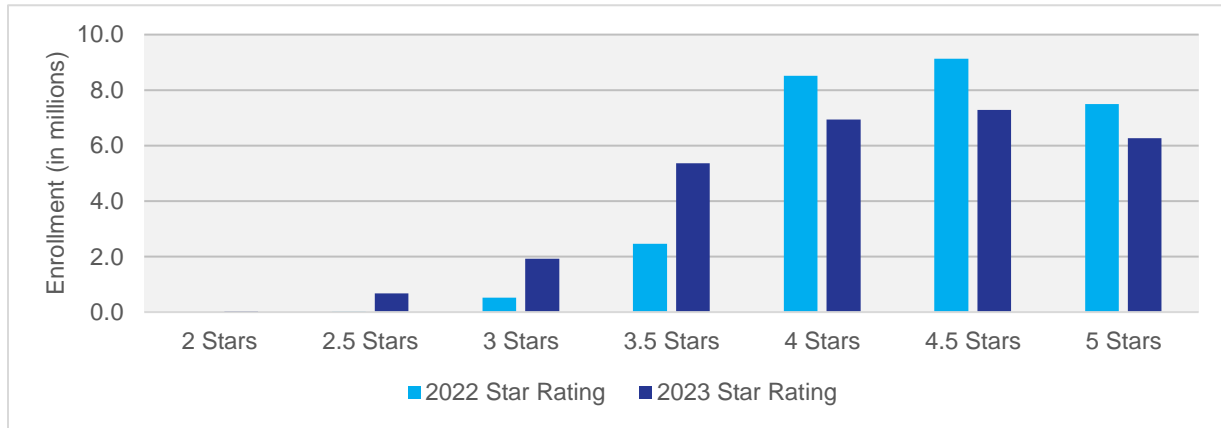
- Overall Star Ratings have declined in 2023, from an enrollment-weighted average of 4.37 in 2022 to 4.15 in 2023. Figures 1 and 2 below show the number of contracts and enrollment at each star rating in 2022 and 2023. Overall, the number of contracts achieving 5.0, 4.5, and 4.0 stars has dropped significantly in 2023, while the number of contracts achieving 3.0 stars or less in 2023 has increased. This change is even more drastic when viewed on an enrollment basis, as several large contracts declined by more than 0.5 in their Star Rating. This is important to consider because fewer contracts receive a Star Rating of 4.0 or higher in 2023, which will translate to less Quality Bonus Payments, or QBPs, in the 2024 payment year.

**Figure 1: Medicare Advantage Contracts by Star Rating**



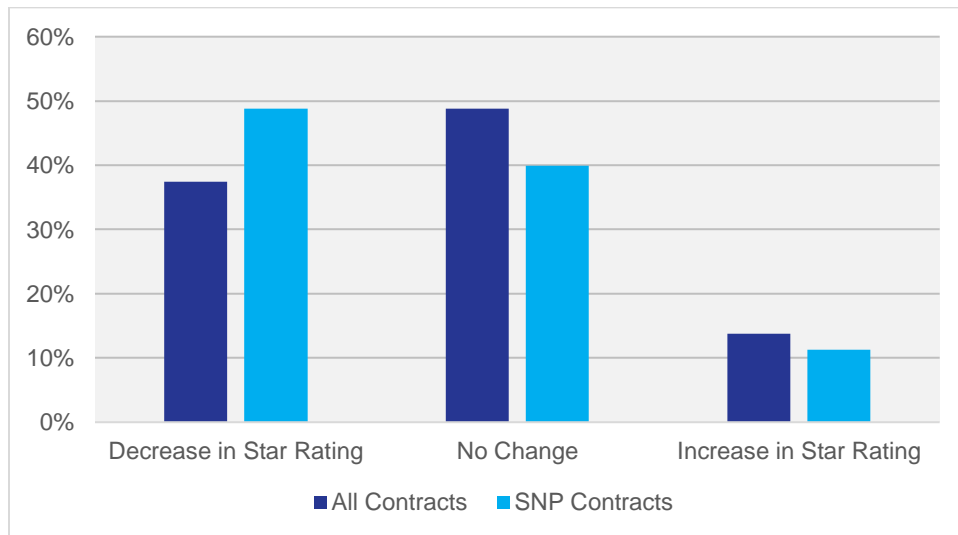
<sup>1</sup> <https://www.cms.gov/newsroom/fact-sheets/2023-medicare-advantage-and-part-d-star-ratings>

**Figure 2: Medicare Advantage Enrollment by Star Rating<sup>2</sup>**



- As mentioned above, there was a general decline in Overall Star Ratings across all Medicare Advantage contracts. This change is particularly notable for Special Needs Plans, or SNPs. Figure 3 shows the percentage of total enrollment, grouped by the change in 2022 to 2023 Star Ratings. For the purposes of this analysis, SNP contracts are defined as those with more than 25% of enrollment in Special Needs Plans<sup>3</sup>. Of the total membership enrolled in a SNP contract, 49% will experience a decrease in Star Rating for 2023. This could have a large impact on the benefits that SNP plans offer in 2024 as the QBP payments decline.

**Figure 3: Change in Average Star Rating, Based on Percentage of 2022 Enrollment**

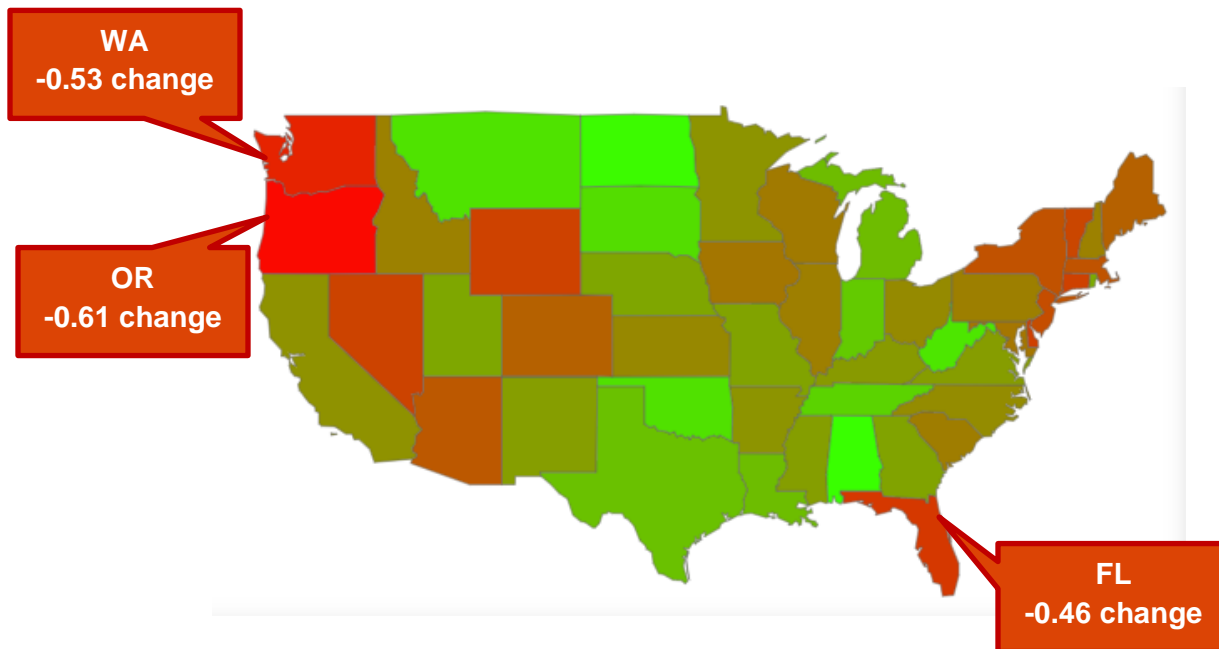


<sup>2</sup> Both Star Rating years use enrollment as of September 2022

<sup>3</sup> This group includes Dual-Eligible, Chronic or Disabling Condition, and Institutional SNPs

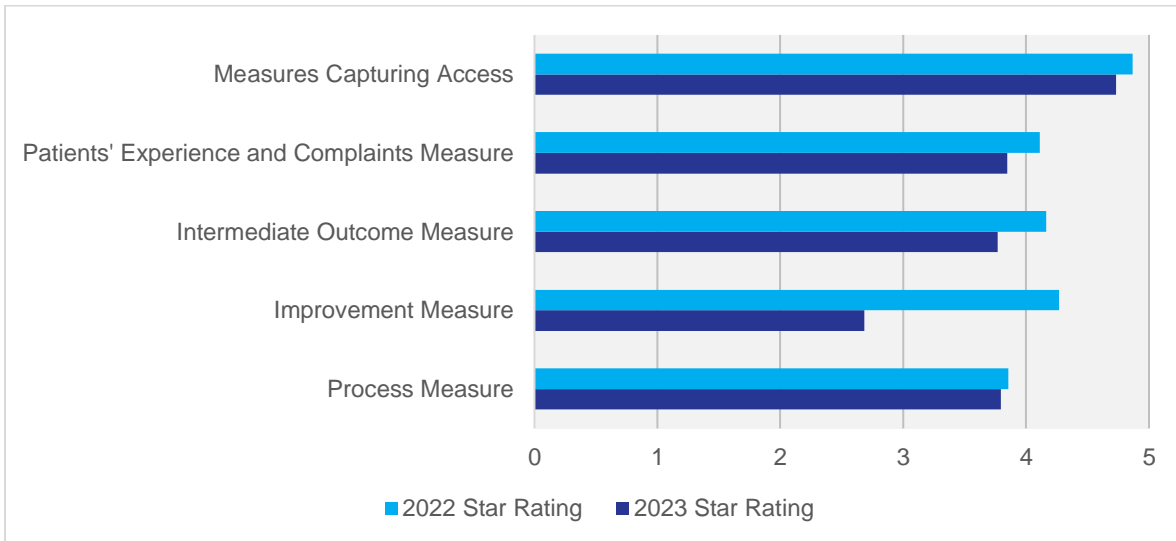
- The change in Star Ratings between the two years varies drastically by service area. States with the greatest drop in Star Ratings include Alaska, Oregon, Washington, and Florida. Medicare beneficiaries in these areas may experience benefit reductions in 2024 as a result of the decline in QBP received by the health plans operating in these states. Figure 4 shows a heatmap with the change in enrollment-weighted average Star Rating in each state. See Appendix A for the average star rating change in each state.

**Figure 4: Change in Average Star Rating by State**



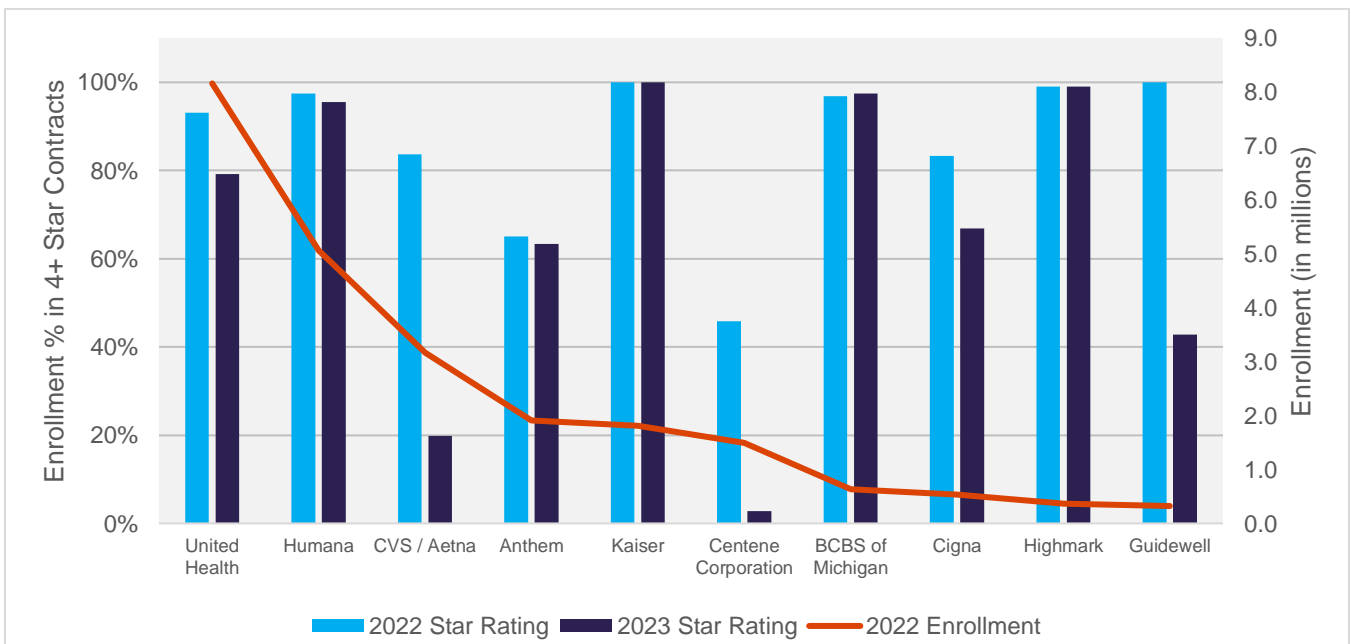
- As expected, the removal of COVID-19 protections impacted plan performance in Stars quality measures; however, the impact was not homogenous across all measures. While all measure categories decreased in performance from 2022 to 2023, the measures surrounding Patient Experience and Access to Care saw the least deterioration. Given the increased weight that CMS has put on these CAHPS measures within the 2023 Star Ratings, it is likely that this has become a greater focus area for plans, leading to increased Star Ratings. Figure 5 shows the average measure level Star Rating under each Category.

**Figure 5: Changes in Measure-Level Star Ratings by Category**



- Wakely also reviewed the changes in Star Ratings for the largest ten parent organizations, based on 2022 Medicare Advantage enrollment. Considering the expiration of COVID hold harmless provisions, and as expected, industry-wide average star ratings declined for 2023 rating year. See Figure 6 summarizes the percentage of enrollment in contracts with a Star Rating of 4 or higher for the 2022 and 2023 Star Rating years. Most large national carriers saw a decline in 4+ enrollment, in particular CVS, Centene, and Guidewell. Centene has just 2.7% of enrollment in contracts at 4 Stars or higher for the 2023 Star Rating year, compared to over 45% enrollment in 4+ Star contracts last year.

**Figure 6: Enrollment Changes in 4+ Star Rating Contracts, by Parent Organization**



- Finally, there were considerable changes to the measure level cut-points as there are each year. See Wakely’s whitepaper “Did you Make the Cut?” for further detail around the cut-point changes<sup>4</sup>.

Overall, the Medicare Advantage market will experience a meaningful decline in Quality Based Payments in 2024. In addition, CMS will continue to make changes next year with the deletion of Tukey Outer Fence Outliers. This change is anticipated to increase cut points overall, leading to a further decline in 2024 Overall Star Ratings impacting the 2025 payment year. These combined changes will likely have an impact on plan benefits and enrollment not only in 2024 but also in further years, as plans may not be able to reach their favorable 2022 Star Ratings again.

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<sup>4</sup> <https://www.wakely.com/blog/did-you-make-cut-summary-2023-star-rating-cut-point-changes>

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**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 from other actuarial firms.

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## Appendix A – 2022 and 2023 Star Rating Comparison

The table below shows the change in the enrollment-weighted average Star Rating between 2022 and 2023 for each state.

State Code	YOY Star Change 2022 to 2023	Average 2022 Star	Average 2023 Star
AL	0.19	4.25	4.44
ND	0.18	4.10	4.28
WV	0.11	4.11	4.22
MT	0.10	4.21	4.31
OK	0.09	4.06	4.15
SD	0.08	4.11	4.19
TN	0.05	4.52	4.57
IN	0.02	4.08	4.10
VI	-	5.00	5.00
TX	(0.01)	4.34	4.33
LA	(0.03)	4.67	4.65
MI	(0.03)	4.36	4.33
RI	(0.08)	4.64	4.56
UT	(0.10)	4.42	4.33
NE	(0.10)	4.30	4.20
GA	(0.11)	4.13	4.02
MO	(0.11)	4.31	4.20
MS	(0.13)	4.08	3.95
NM	(0.13)	3.86	3.73
VA	(0.13)	4.25	4.12
KY	(0.14)	4.21	4.07
AR	(0.16)	3.92	3.76
MN	(0.16)	4.57	4.40
CA	(0.17)	4.50	4.34
DC	(0.18)	4.55	4.38
NC	(0.19)	4.43	4.24
OH	(0.19)	4.35	4.16
KS	(0.20)	4.12	3.92
NH	(0.22)	4.12	3.90
ID	(0.22)	4.07	3.85
PA	(0.23)	4.64	4.41
IL	(0.23)	4.40	4.17
SC	(0.24)	4.02	3.78
WI	(0.24)	4.76	4.52
IA	(0.26)	4.47	4.21
MD	(0.26)	4.46	4.20
HI	(0.27)	4.35	4.08

State Code	YOY Star Change 2022 to 2023	Average 2022 Star	Average 2023 Star
CO	(0.33)	4.47	4.14
ME	(0.33)	4.59	4.26
AZ	(0.36)	4.17	3.82
MA	(0.37)	4.54	4.17
NY	(0.38)	4.19	3.81
NJ	(0.39)	4.16	3.76
VT	(0.41)	4.09	3.67
NV	(0.42)	4.22	3.80
WY	(0.43)	4.01	3.58
CT	(0.43)	4.27	3.84
PR	(0.43)	4.49	4.06
DE	(0.44)	4.36	3.92
FL	(0.46)	4.45	3.99
WA	(0.53)	4.31	3.78
OR	(0.61)	4.39	3.77
AK	(0.64)	4.62	3.99