

WHITE PAPER

Stars Gone Wild

Summary of 2027 Medicare Advantage and Part D Star Ratings

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INTRODUCTION

The Centers for Medicare & Medicaid Services (CMS) released the 2027 Medicare Part C and D Star Ratings on October 8, 2026. For the second year in a row, the CMS Fact Sheet¹ notes that the number of contracted plans earning at least 4.0 Stars has remained stable, with a relatively flat average market Star Rating. Moreover, the Fact Sheet shows an increase in Medicare Advantage and Part D (MA-PD) enrollment in plans earning at least 4.0 Stars. Yet a closer look at the underlying data tells a different story. Using normalized, consistently updated enrollment figures that actually determine 2027 and 2028 Quality Bonus Payment calculations, Wakely finds that 4+ Star enrollment has actually *declined* in 2027, not increased. This paper reveals where CMS's published commentary diverges from the full picture, quantifies the real magnitude of enrollment shifts in the market, and explores what these trends mean for plan performance and QBP impacts in the coming year.

Most of the discussion that follows concerns changes in Star Ratings of 4.0 or higher. We focus on these contracts because of the non-linear nature of the Quality Bonus Program (QBP); once a contract reaches 4.0 Stars, benchmark rates increase by 5%. This increase is significantly larger than any of the rebate changes triggered at other Star Rating levels.

This white paper assumes the reader has a technical understanding of the Medicare Part C and D Star Rating program. For more background, refer to CMS technical notes and other publications².

GENERAL TRENDS IN 2027 STAR RATINGS

The change in 2027 Overall Star Ratings will impact plan Quality Bonus Payments, or QBPs, in the 2028 payment year. Contract Star Rating changes are largely influenced by two main factors:

1. Overall, contract performance has increased between the 2024 and 2025 measurement years (2026 and 2027 Star Ratings)
2. Star Rating cut points have outpaced contract performance increases

The net impact of slightly higher cut point increases relative to plan performance increases is a small decline in enrollment-weighted average Overall Star Ratings across the MA-PD market, after normalizing for year-over-year plan enrollment changes, crosswalks, and terminations. Discussion in this white paper examines several of the trends in the 2027 Star Ratings and their impact on 2028 QBPs³.

¹ Centers for Medicare & Medicaid Services. Fact Sheet: 2027 Medicare Advantage and Part D Star Ratings. October 8, 2026. Available at: <https://www.cms.gov/files/document/fact-sheet-2027-ma-part-d-star-ratings-october-8-2026.pdf>.

² Centers for Medicare & Medicaid Services. Part C and D Performance Data. Available at: <https://www.cms.gov/medicare/health-drug-plans/part-c-d-performance-data>.

³ For more information on how Star Ratings impact QBPs, see Appendix A of Wakely's prior white paper, "[When Stars Realign: Understanding CMS's 2027 Final Rule](#)"

OVERALL STAR RATINGS

Despite CMS observations of relatively stable Star Ratings in 2027, we find that Overall Star Ratings have decreased slightly in 2027 after normalizing for 2026 enrollment changes, 2027 plan crosswalks, and 2027 plan terminations. Once these market changes are normalized, enrollment-weighted Star Ratings drop from an average of 4.08 in 2026 to 4.01 in 2027. Additionally, we observe a small 1.5% decrease in 4+ Star enrollment, from 73.2% in 2026 to 71.7% in 2026. **Figures 1 and 2** illustrate the changes in the number of MA-PD contracts and enrollment by Star Rating in 2026 and 2027.

Figure 1. MA-PD Contracts by Star Rating

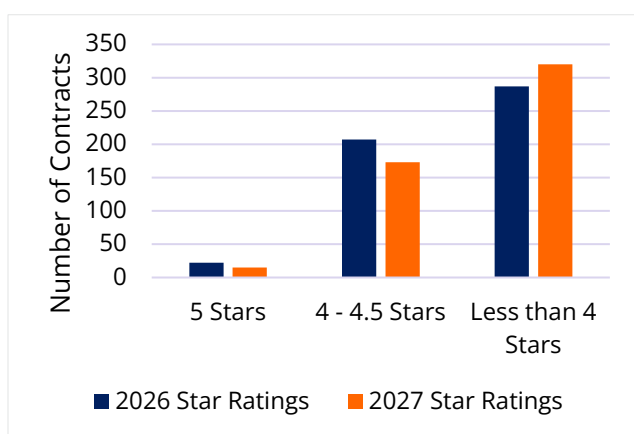
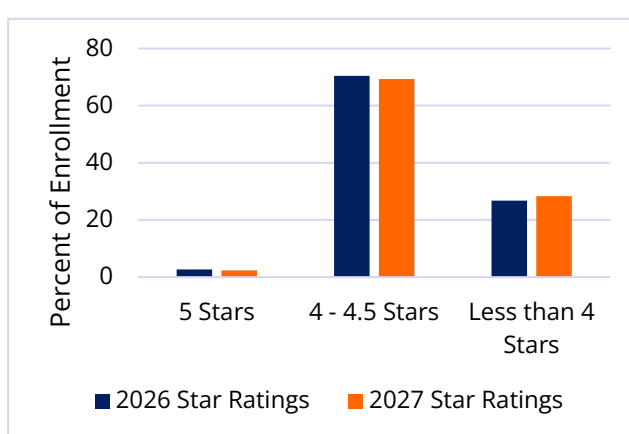
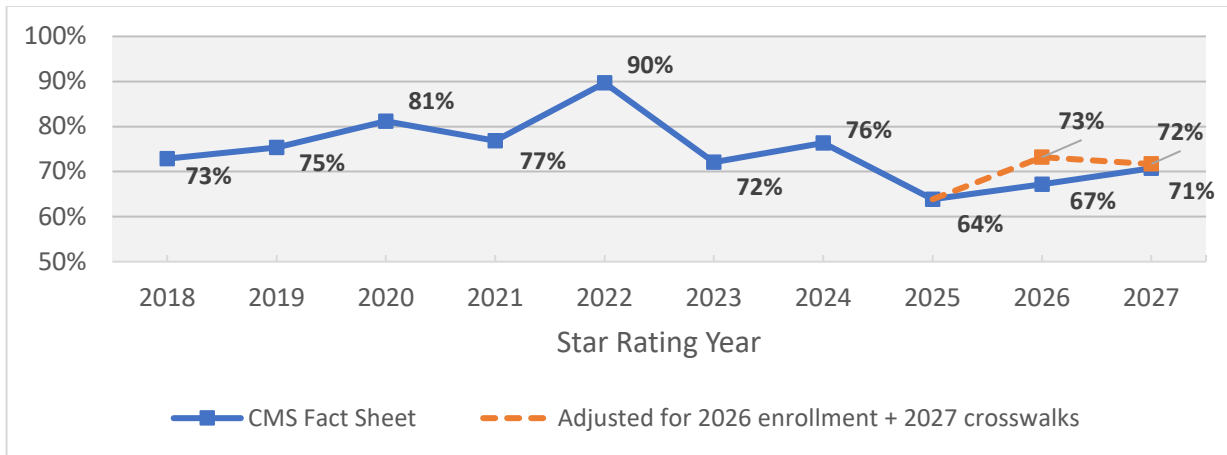


Figure 2. MA-PD Enrollment by Star Rating



These findings differ significantly from CMS summaries and many previous publications discussing the trends in 2027 Star Ratings. As **Figure 3** on the next page indicates, the CMS Fact Sheet reports increasing enrollment in 4+ Star plans in 2027 for the second year in a row. However, this comparison is misleading because it compares enrollment at different points in time. When we normalize both the 2026 and 2027 enrollment figures to a consistent 2026 baseline and adjusting for known 2027 plan crosswalks and terminations—**4+ Star enrollment is actually slightly down in 2027.**

Figure 3. Historical Enrollment in Star Ratings of 4.0 or Higher

The difference lies in methodology: **CMS reports enrollment snapshots at the time of publication without updating prior year figures**, while **Wakely applies consistent, updated enrollment data across both years to show true year-over-year performance**. Because the 2026 Star Ratings drive QBP in the 2027 payment year, this apples-to-apples comparison using the most current enrollment information provides a more accurate picture of the actual member population that will be affected by rate adjustments. This methodological adjustment increases the apparent 2026 baseline of 4+ Star enrollment from 67% to 73%, making the subsequent 2027 decline more visible and meaningful for forecasting QBP impacts. All figures and charts throughout the remainder of this paper use 2026 enrollment, adjusted for 2027 plan crosswalks and terminations.

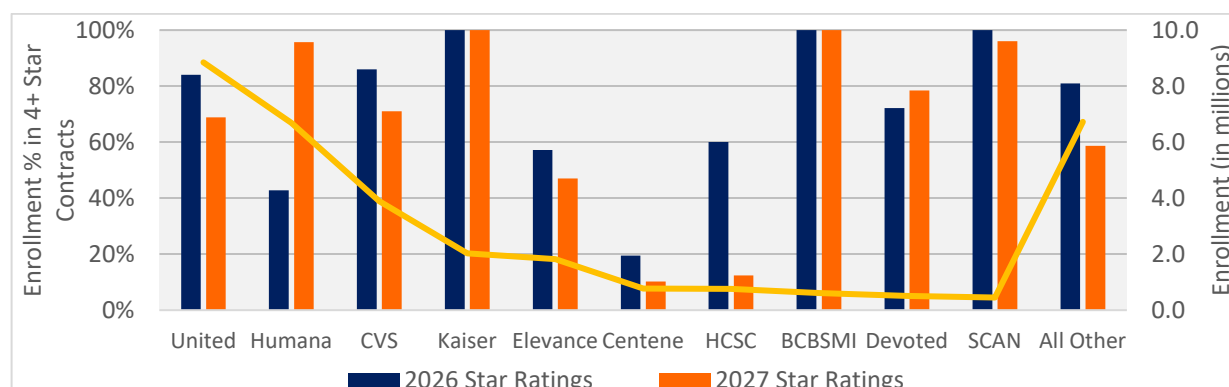
Star Rating Changes: Largest Parent Organizations

Wakely also reviewed the changes in Star Ratings for the 10 largest organizations. These organizations enroll 27.8 million members, roughly 80% of the total MA-PD population. **Figure 4** summarizes the percentage of enrollment in contracts with a Star Rating of 4 or higher for the 2026 and 2027 Star Rating years. After a few years with its largest contract stuck at 3.5 Stars, Humana is the clear winner of the top 10 this year, with a 53% enrollment increase in 4+ Star contracts from 2026 to 2027. This improvement is driven significantly by contract H5216, which has over 2 million members, almost 7% of the entire MA-PD market, and increased from 3.5 to 4.0 Stars. Kaiser has also notably held strong with 100% of membership in 4+ Star plans for the third year in a row.

The market-wide decline reported earlier becomes even more stark when viewed through the lens of Humana's Star Rating gains. Because Humana represents substantial 4+ Star enrollment, their improvement offsets steeper declines elsewhere in the market, meaning the rest of the top 10 experienced significantly larger losses than aggregate figures suggest.

It was a tough year for the rest of the market, particularly Health Care Service Corporation (HCSC), with a 47.6% decrease in enrollment in 4+ Star contracts. Similar to Humana, HCSC's membership is highly concentrated; almost half of HCSC members are enrolled in contract H4513, which dropped from 4.0 to 3.5 this year. Additionally, United and CVS each had about 15% of membership drop out of the 4+ Star range, reflecting about 2 million members combined.

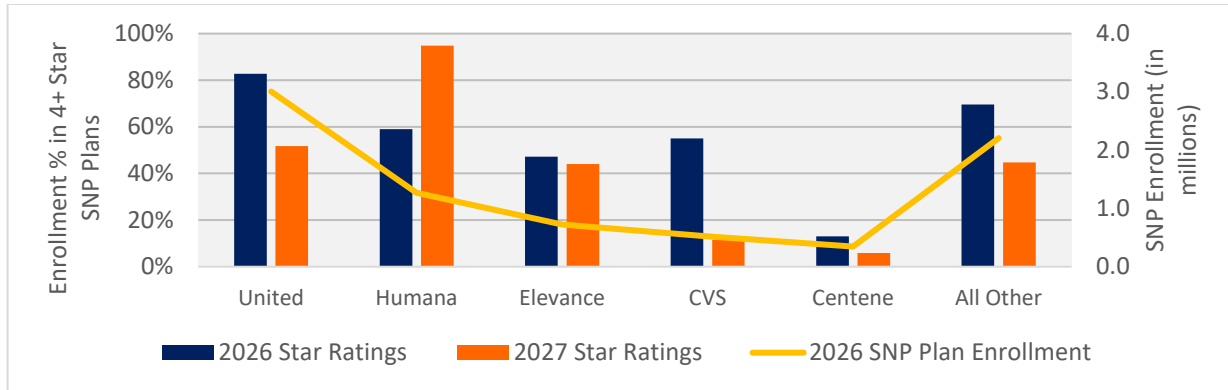
Figure 4. Enrollment Changes in 4+ Star Rating Contracts, Top 10 Parent Organizations



Star Rating Changes: Special Needs Plans

The subset of the market for special needs plans (SNPs), with over 10.7 million members, was hit harder than the market at large, with overall 4+ Star SNP contract enrollment⁴ dropping by 23%, from 78% in 2026 Star Ratings to 55% in 2027 Star Ratings; 74% of all SNP plan members are enrolled in the largest five parent organizations. Unsurprisingly, Humana is the only organization in the top five SNP to experience an increase in membership in 2026–2027.. United, the largest organization with over 3.7 million enrollees, had a 27% decline in 4+ Star SNP contract enrollment. **Figure 5** summarizes the percentage of enrollment in SNP contracts with a Star Rating of 4 or higher for the 2026 and 2027 Star Rating years for these organizations.

⁴ Star Ratings are reported at the contract level. SNP contracts are defined as contracts with at least 25 percent of members enrolled in SNP plans.

Figure 5. SNP Enrollment in 4+ Star Rating Plans, Top 5 Parent Organizations

Star Rating Changes by State

The change in Star Ratings between the two years varies significantly by state. States with the greatest drop in enrollment in 4+ Star contracts include Rhode Island, Louisiana, and Georgia. On the other hand, states with the greatest increases include Montana, South Dakota, and North Dakota. South Dakota and North Dakota experienced some of the largest decreases last year, so it's a quick rebound for both of those states. **Table 1** includes the details for these states with the largest changes.

Table 1. Largest Changes in Star Ratings by State

State	Average Star Rating		% Enrollment in 4+ Stars		Change in Average Star Rating	Change in % Enrollment in 4+ Stars
	SY 2026	SY 2027	SY 2026	SY 2027		
Montana	3.67	4.12	19.6%	99.3%	0.45	79.7%
South Dakota	3.82	4.13	37.8%	100.0%	0.30	62.2%
North Dakota	3.86	4.11	40.9%	97.1%	0.24	56.2%
Georgia	4.10	3.89	79.2%	49.1%	-0.21	-30.0%
Louisiana	4.30	4.01	85.9%	55.6%	-0.29	-30.4%
Rhode Island	4.06	3.68	94.6%	35.0%	-0.38	-59.7%

Star Rating Changes: Cut Points

Finally, considerable changes were made in the measure-level cut points. Refer to Wakely's previous white paper, [Cutting It Close: Initial Takeaways from 2027 Star Rating Changes](#), for a full analysis of these changes.

STAR RATINGS LEGAL ACTION

The legal pursuit of higher Star Ratings has resulted in a hold harmless market recalculation twice now in recent years—first with Tukey in the 2024 Star Ratings and now with a question of the legality of many Star Ratings measures in the 2026 and 2027 Star Ratings. Clover Health successfully sued over the inclusion of 20 measures that were ultimately removed from their 2026 Star Ratings calculation. CMS then recalculated Star Ratings for the whole market but removed a different set of measures than the ones at issue in the Clover Health lawsuit.

2027 Star Ratings have now been released with the measure set as proposed and finalized by CMS prior to Clover Health's lawsuit; therefore, the published 2027 Star Ratings currently include 27 measures (only counting the duplicate Part C/D measures once) with questionable legality. **That means two-thirds of the weight of the Star Ratings program is currently in question.**

The Clover Health lawsuit and its resulting impacts have created many other questions for MA-PD plans, including:

- Will these measures continue being included in the measure set going forward, despite being removed from 2026 Star Ratings?
- Outside of the 2026 Star Ratings market recalculation, are any Part D measures required in order to receive an Overall Star Rating?
- Will CMS continue to hold plans harmless for future changes that stem from individual health plan lawsuits?
- The legal reasoning in Clover Health's applies beyond 2026, could the court's ruling extend to other Star Rating years before or after 2026?

We'll be tracking legal updates and CMS announcements closely for insights into questions like these. Regardless, another year of successful litigation tells us that challenging Star Ratings in court is a tactic that is sticking around.

CONCLUSION

The 2027 Star Ratings reveal a market far more turbulent than CMS's published snapshots suggest. The overall result could be viewed as a relatively stable year for the program, but Humana's strong performance actually masks substantial deterioration across the rest of the market. The impact is even more severe in the SNP segment, where more than a quarter of enrollment has dropped below 4.0 Stars and signifies serious challenges in a quickly growing market.

These declines are driven by two structural forces: plan performance has improved, but not as quickly as CMS cut points have risen. Combined with significant geographic variation – some states rebounded strongly while others saw dramatic deterioration – the message is clear: many organizations will need substantial improvement plans to maintain their QBP bonuses.

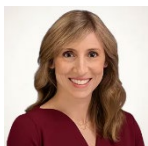
The outlook is further complicated by unprecedented legal uncertainty. With two-thirds of the Star Ratings program's weight now in question following the Clover Health litigation, and measure-level changes on the horizon, the program is facing a critical inflection point. Whether resolved from ongoing lawsuits or finalized upcoming methodological and measure changes, the Star Ratings program is destined for significant evolution in the coming years. Organizations that can navigate both the immediate performance pressures and the longer-term uncertainty will be best positioned for 2028 and beyond

Please contact the authors with any questions or to follow up on any of the concepts presented here.

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Founded in 1999, Wakely Consulting Group, an HMA Company, is well known for its top-tier healthcare actuarial consulting services. With nine locations nationwide, Wakely has expertise in Medicare Advantage, Medicaid managed care, risk adjustment and rate setting, market analyses, forecasting, and strategy development. The firm's actuaries bring extensive experience across all sectors of the healthcare industry, collaborating with payers, providers, and government agencies.

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APPENDIX A. 2026 AND 2027 STAR RATING COMPARISON OF ENROLLMENT CHANGES

		2027 Star Rating						
		5	4.5	4	3.5	3	2.5	2
2026 Star Rating	5	1.3%	1.2%	0.0%	0.2%	0.0%	0.0%	0.0%
	4.5	1.1%	28.2%	10.9%	3.9%	0.0%	0.0%	0.0%
	4	0.0%	3.8%	11.8%	9.4%	1.2%	0.1%	0.0%
	3.5	0.0%	1.1%	11.0%	4.8%	3.8%	0.2%	0.0%
	3	0.0%	0.0%	1.6%	1.1%	2.8%	0.2%	0.0%
	2.5	0.0%	0.0%	0.0%	0.1%	0.0%	0.1%	0.0%
	2	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%