

CAPITOL STREET

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Humana & United Challenge CMS on Stars

Outlook & Legal Challenges

Relevant Companies



»» Our Take & Next Up

MA 2025 Landscapes & Stars have led to CMS challenges (HUM, UNH), which we believe may not be successful in any material way. In advance of the release of the 2025 Star Ratings data to the public on or before October 10th (open enrollment starts on October 15th) two health plans – Humana and United – have signaled that their star ratings have been negatively impacted and are pursuing different engagement strategies with CMS to resolve their issues. In Humana’s case, they are appealing the Star Ratings with CMS, and in United’s case, they are suing CMS. The 2025 Star Ratings are used to determine if a plan qualifies for the quality bonus payment in 2026. Plans must have a Star Rating of at least 4 stars to be eligible for these bonus payments. The Star Ratings for 2025 are likely to be released on or before October 10th.

»» Key Points

Next Up : 1) Open enrollment starts Oct. 15 (ends Dec. 7) for 2025 (2) MA benefit files should be released mid-October (3) MA rate notice for 2026 will be released Jan/Feb 2025, with the current CMS leadership authoring a majority of the rate notice no matter who wins the Presidential election (4) Final rates for 2026 will be released by the first Monday in April of 2025. See plan specific takeaways below.

Humana is appealing Stars changes to CMS – if a calculation error can be demonstrated then there is hope for the agency to make changes. This week, Humana announced to its investors that its largest Medicare Advantage contract would no longer have a star rating of at least 4 stars for 2026, which would dramatically reduce its payment for 2026. Humana has noted that it is in the process of appealing their star rating from CMS. Plans are generally allowed to appeal their star ratings after the publication of two plan preview periods. Generally speaking, these appeals depend on whether or not the plan is able to identify a calculation error or the use of incorrect data by CMS. The details of Humana’s appeal are not available to the public.

United filed a lawsuit (link to suit is [here](#)) over how CMS determined whether or not the plan met the requirement to meet language and/or disability accessibility standards. The specific star rating measure in question is “D01 – Call Center – Foreign Language Interpreter and TTY Availability”. In their lawsuit, United notes that their Star Rating on this measure was downgraded “based on an arbitrary and capricious assessment

of how the Plaintiffs' call center handled a single phone call that lasted less than ten minutes." United notes that it exhausted the review process following the first and second plan preview of the Star Ratings, and that CMS did not acknowledge its arguments about the invalidity of this call.

Elevance filed a similar legal challenge last year & prevailed. We note that other plans have previously taken action. Last year, Elevance filed a similar legal challenge on this same measure, also because of a single phone call. In that case, CMS resolved the challenge in Elevance's favor. United is arguing that in their case, CMS should also apply the same logic and that the call at issue did not fail due to actions taken by United.

What does the election mean for MA – Kamala vs Trump? Based on the fact sheet released by CMS, average rebates for 2025 are stable, at about \$210 per month. This stability in the rebates, combined with widespread plan availability and a lower average MA premium, could mean that if Harris was to win in November, the 2026 Advance Rate Notice could contain some additional reductions in MA payment. Under a Trump Administration, discretionary policies that reduce payment would likely be rolled back.

Current CMS staff is writing 2026 advance notice (due Jan/Feb), which could mean it is not a terrific print for MA plans. Given the timing of the Inauguration and the Advance Notice for 2026 (which should be released by the end of January/early February), it is unlikely that new policies would be introduced by a Trump administration in the Advance Notice. Regardless of how the election turns out, the Advance Notice is likely to include a full transition to the V28 model in 2026.

NOTE: We are correcting the 2025 MA Landscape analysis we printed with the below (our initial weekend analysis is [here](#)). Below is a revised assessment, per CMS data, of plan participation for 2025.

MOH will dramatically reduce its footprint in the MA program, going from 645 counties this year to only 69 counties in '25, with others (HUM, CVS, UNH, ELV) planning to exit 5-110 counties but entering an additional 13-134 counties. The following covers the Medicare Advantage Prescription Drug plans only. With benefit files only recently released, the impact of benefit changes is difficult to assess at this time.

- **Humana (-2%):** Withdrawing from 73 counties, adding 13 counties (2,906 in 2024 vs. 2,845 in 2025).
- **CVS (1%):** Withdrawing from 66 counties, adding 87 counties (2,205 in 2024 to 2,226 in 2025).
- **United (1%):** Withdrawing from 19 counties, adding 50 counties (2,777 in 2024 to 2,808 in 2025).
- **Elevance (2%):** Withdrawing from 5 counties, adding 28 counties (1,143 in 2024 to 1,166 in 2025).
- **Centene (1%):** Withdrawing from 110 counties, adding 134 counties (1,748 in 2024 to 1,772 in 2025).
- **Molina (-89%):** Withdrawing from 637 counties (645 in 2024 to 9 counties in 2025, 99% decrease).

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