

October 13, 2023

Medicare Advantage 2024 Stars Are Finally Out

Open Enrollment Starts This Weekend

Relevant Companies



Today, CMS announced 2024 star ratings for Medicare Advantage (MA) plans ([here](#)). This is ahead of the open enrollment period which begins this Sunday October 15.

»» Our Take & Next Up

CVS and CNC improve in stars while ELV dips; HUM and UNH are high performers. Plans are gearing up for v28 and concerned about the 2025 environment as rates are released in 1Q24. The long-awaited stars indicate HUM, UNH, and ELV are among the top performers with 5 star contracts and CNC lags with a majority of the low performing contracts for 2024. Premiums are up a smidge next year for MA and Part D plans. As a reminder, insurers typically find enrollees in MA to be higher margin, and attempt to convert Part D to MA as quickly as possible. Also recall Part D restructuring, per the Inflation Reduction Act, starts in 2024 and will cost \$30 B over ten with \$2,000 OOP cap starting in 2025.

»» Key Points

Approximately 42% of MA-PDs (229 contracts) that will be offered in 2024 earned 4 stars or higher for their 2023 overall rating. This is down from approximately 51% of MA-PDs (260 contracts) in 2023. Approximately 27% of PDPs (13 contracts) that will be active in 2024 received 4 or more stars for their 2024 Part D weighting. A total of 36 contracts earned 5 stars and 6 contracts with a low performing icon.

Humana (HUM), United Health Group (UNH), and Elevance (ELV) are among some of the contracts that received the 2024 high performing icon (earned 5 stars). This is in line with expectations as all three had contracts with 5 stars in previous years including 2023. A total of 36 contracts received a high performing icon, 11 of which did not receive this icon in 2023.

Centene (CNC) is the main focus for contracts receiving low performing icons for 2024. 6 total contracts received a low performing icon and CNC had 4 of the 6 contracts in this group. This again was in line with expectations, and CNC has continued its efforts and focus on getting to its 3.5 star target over the next couple of years.

This announcement is on top of the 2024 Medicare Parts A & B Premiums and Deductibles and Part D income-related month adjustment amounts announced yesterday (October 12) by CMS ([here](#)). The 2024 standard monthly premium for Medicare Part B is up +5.9% to \$174.70. The 2024 annual deductible is up +6.2% to \$240. Total monthly premium amounts will range from \$174.70 to \$594.00, depending on a beneficiary's income, with income-related monthly adjustment amount ranging from \$0.00 to \$419.30. Medicare Part A deductibles and coinsurance all increase. Inpatient hospital deductible, daily hospital coinsurance for 61st-90th day, daily hospital coinsurance for lifetime reserve days, and SNF daily coinsurance are all up +2%.

This increase is mainly due to projected increases in healthcare spending (e.g., 340B). CMS also calls out, to a lesser degree, that the increase is due to the remedy for the 340B-acquired drug payment policy for the 2018-2022 period under the Hospital OPPS. As a reminder, CMS adopted a policy beginning in 2018 generally to pay an adjusted amount of average sales price (ASP) minus 22.5% for certain separately payable drugs or biologics acquired through the 340B program.

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