

# Enhancing Star Ratings: Unlocking the Key to Health Plan Excellence

FTI Consulting can help address Stars program changes to improve Star Ratings through strategic gap analysis and operational enhancements.

## The High Cost of a Low Star Rating

The Centers for Medicare & Medicaid Services (CMS) Stars Program provides members with a report card reflecting the quality of Medicare Advantage and Part D plans and also has significant financial implications for health plans. Earning a high Star Rating tells members that a health plan routinely scores higher on key performance measures, and it results in considerable bonuses for the health plan, directly benefiting the bottom line. To help illustrate the importance of the financial incentives, in the 2024 Star Ratings (published October 2023), a large national plan experienced a drop from 4.5 to 3.5 stars, resulting in about \$800 million in lost operating income.<sup>1</sup> Benefits of high performance are material.

Recent trends point to a challenging operating environment. The number of 5-star contracts fell from 74 in 2022 to only 31 in 2024, and the average health plan Star Rating fell from 4.37 to 4.04 over that same period. This pressure is creating urgency for health plans to prioritize quality improvements to enhance their performance on most every Star Measure.

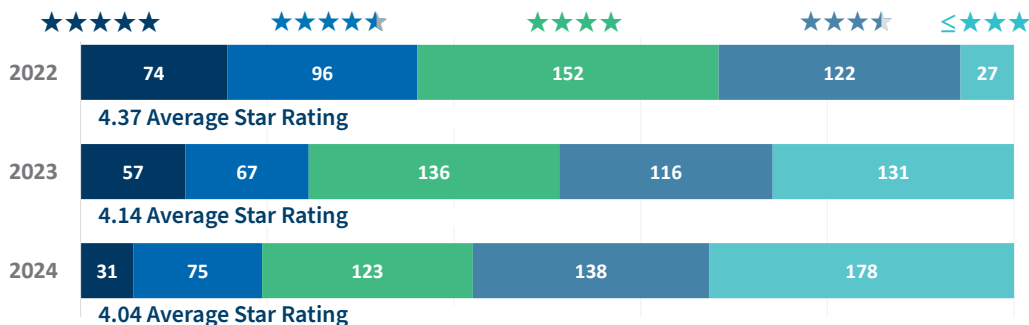
*FTI Consulting is well-positioned to help clients enhance their Star Rating through assessments, analysis, and modeling of key changes to the Star Ratings program.*

### A CHANGE IN METHODOLOGY

The CMS Star Ratings program is dynamic, with minor changes made to the program each year. One notable change is the Tukey outlier deletion method. This was announced in 2020 and implemented in the 2024 Star Ratings, and its intent was to refine measurement accuracy by eliminating statistical anomalies that can skew results. Yet, despite the intent to simplify and reduce statistical anomalies, its implementation created a number of questions with health plans, affecting quality bonuses.

In April 2023, CMS finalized a key update to the Star Ratings program by introducing the Health Equity Index (HEI), which is one of the CMS' key strategic initiatives. The HEI gauges health plans' effectiveness in serving diverse and underserved members based on analysis of 2024 and 2025 service data. CMS projects that implementation of the HEI will have significant financial implications for health plans, potentially reducing Star bonuses by an estimated \$670 million by 2028, which is expected to increase to \$1.08 billion by 2031.<sup>2</sup>

Evolution of MA-PD Contract Star Ratings (2022-2024)<sup>3</sup>



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**Rapid Stars Assessment**

- **Focused Evaluation:** Assess key aspects affecting Star Ratings, like member-provider interactions and data management, including engagement tools analysis.
- **Efficient Analysis:** Review of Star Ratings data processing and reporting systems, highlighting organizational roles in Star Ratings oversight.
- **Practical Recommendations:** Immediate, actionable steps for key improvements, advising on resource optimization for boosts to Star Ratings.



**Comprehensive Stars Assessment**

- **Operational Processes Examination:** Evaluate engagement practices, tools, and incentives, focusing on improving member-provider interactions.
- **Information Systems Review:** Assess the IT infrastructure supporting Star Ratings, provider platforms, and tracking systems.
- **Data Utilization Analysis:** Evaluate the flow and application of data to improve decision-making support for stakeholders.
- **Strategic Recommendations:** Develop tailored action plans targeting operational, technological, and data improvements to boost Star Ratings.



**Stars Projection Modeling**

- **Quick Insight:** Assessment of plan’s current Star Rating position, highlighting strengths and improvement areas.
- **Predictive Analysis:** Forecast Star Ratings using advanced analytics and industry insights.
- **Strategic Enhancements:** Identify key improvement areas with proactive strategies to increase Star Ratings.



**Stars Governance Structure Enhancement**

- **Framework Establishment:** Refine governance with a focus on Star Ratings, establishing dedicated leadership and cross-functional teams.
- **Policy and Strategy Integration:** Align Star Ratings goals with corporate strategies, ensuring organization-wide coherence.
- **Performance Monitoring:** Implement regular review cycles for Star Ratings performance, leveraging data insights for informed strategic change.
- **Continuous Improvement:** Promote ongoing enhancement and innovation in Star Ratings practices, adapting to changing CMS standards and metrics.

1 Noah Tong, “2024 Outlook: How experts say payers will – or should – try to improve their Medicare Advantage star ratings,” Fierce Healthcare, (Dec. 21, 2023). <https://www.fiercehealthcare.com/payers/2024-outlook-heres-how-payers-will-or-should-try-improve-star-ratings-says-experts>

2 “Medicare Program; Contract Year 2024 Policy and Technical Changes to the Medicare Advantage Program, Medicare Prescription Drug Benefit Program, Medicare Cost Plan Program, and Programs of All-Inclusive Care for the Elderly,” Federal Register, (April 12, 2023). <https://www.federalregister.gov/documents/2023/04/12/2023-07115/medicare-program-contract-year-2024-policy-and-technical-changes-to-the-medicare-advantage-program#p-2059>.

3 “2024 Medicare Advantage and Part D Star Ratings,” Centers for Medicare & Medicaid Services web site, (Oct. 13, 2023). <https://www.cms.gov/newsroom/fact-sheets/2024-medicare-advantage-and-part-d-star-ratings>.

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