2025 MEDICARE ADVANTAGE STAR RATINGS

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Falling Stars: Dissecting the Decline in Medicare Advantage Star Ratings

Note: this white paper assumes the reader has a technical understanding of the Centers for Medicare and Medicaid Services (CMS) Part C and D Medicare Part C and D Star Rating program[1].

On October 10th, CMS publicly released the 2025 Medicare Part C and D Star Ratings. The latest data indicates a significant decline in Star Ratings for many Medicare Advantage Organizations, or MAOs, for 2025 which will result in lower Quality Bonus Payments in the 2026 payment year. This whitepaper summarizes Wakely's observations of changes in the published 2025 Star Ratings data.

The majority of the discussion that follows centers on changes in Star Ratings of 4.0 or higher. We focus on these contracts because of the non-linear nature of the 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.

General Trends in 2025 Star Ratings

The change in 2025 Star Ratings will result in approximately $4 to $5 billion less in Quality Bonus Payments, or QBPs, in 2026. This change is largely influenced by two main factors:

- Changes to measure-level Star Rating cut points, which were materially impacted for the second year in a row by the guardrail-limited implementation of the Tukey outlier deletion methodology
- Changes in contract performance between the 2022 and 2023 measurement years

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In the discussion below, we cover a few of the larger trends in the 2025 Star Ratings. In addition, we continue to observe ongoing changes to the Star Ratings program.

[1] https://www.cms.gov/medicare/health-drug-plans/part-c-d-performance-data

Overall Star Ratings

Overall Star Ratings have declined in 2025, from an enrollment-weighted average of 4.16 in 2024 to 3.93 in 2025.[2] Figures 1 and 2 below show the number of contracts and enrollment at each Star Rating in 2024 and 2025. Overall, the number of contracts achieving Star Ratings of 4.0 or above has dropped significantly in 2025, while the number of contracts below 4.0 Stars has increased. This change is even more drastic when viewed on an enrollment basis, as several large contracts dropped by more than half a Star in 2025.

Figure 1: Medicare Advantage Contracts by Star Rating

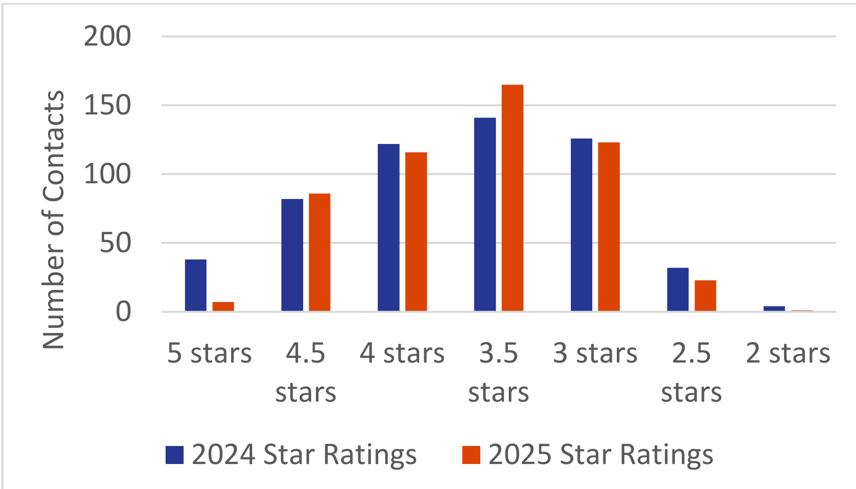
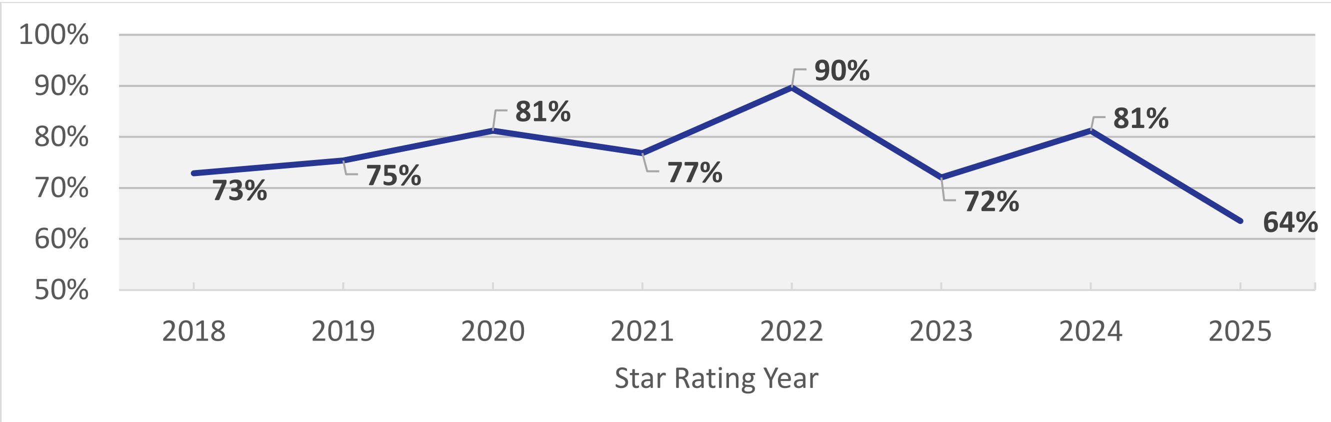


Figure 2: Medicare Advantage Enrollment by Star Rating

[2] Throughout this report, enrollment for Star Rating Years (SY) 2024 and 2025 uses September 2024 enrollment adjusted for 2025 crosswalks. The CMS Fact Sheet does not account for enrollment that will crosswalk to a different contract in 2025; therefore, the figures in this report do not tie exactly to the CMS Fact Sheet summary tables.

The overall result of these changes: a 17% decline in 4+ Star enrollment, from 81% in 2024 to 64% in 2025. As Figure 3 indicates, this is the lowest proportion of 4+ Star enrollment observed over the past 8 years of the program.

Figure 3: Historical Enrollment Star Ratings of 4.0 or Higher



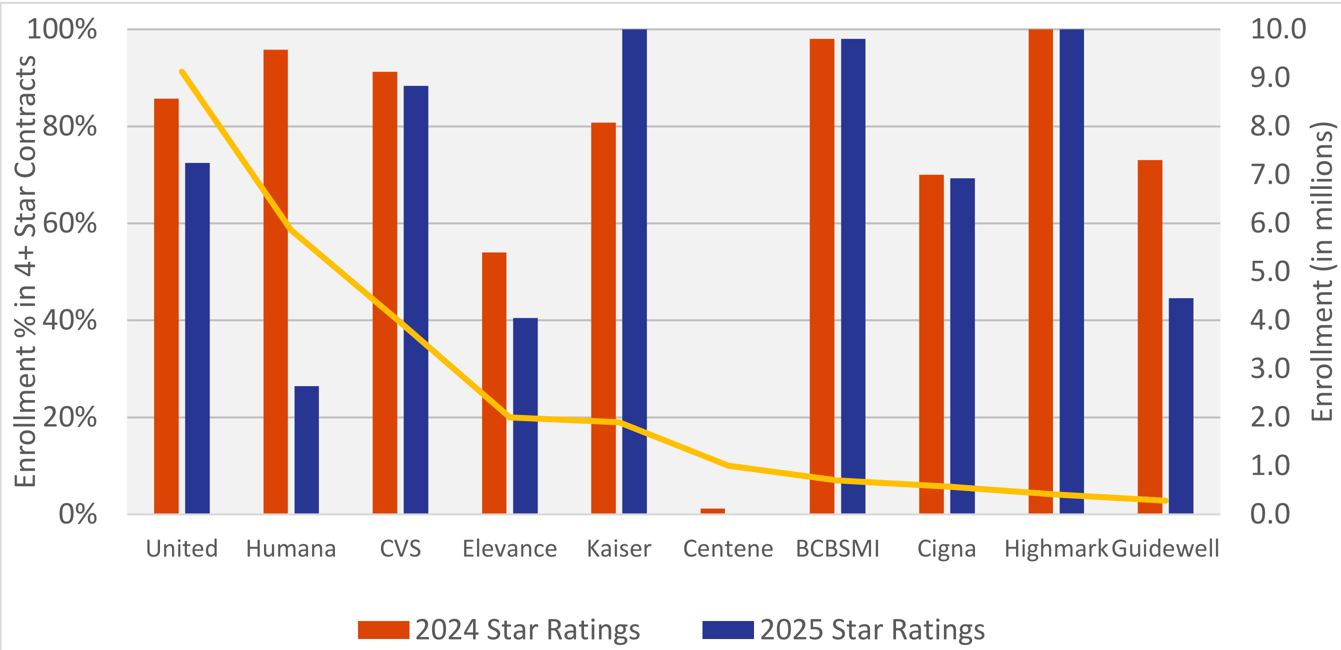
Star Rating Changes – Largest Parent Organizations

Overall Star Ratings

Wakely also reviewed the changes in Star Ratings for the largest ten parent organizations. The top 10 organizations enroll 26.9 million members, roughly 80% of the total Medicare Advantage population. Figure 4 summarizes the percentage of enrollment in contracts with a Star Rating of 4 or higher for the 2024 and 2025 Star Rating years. The most notable change for these parent organizations is Humana's drastic drop from 96% to 26% of enrollment in 4-star and higher rated contracts. Humana has appealed these Star Ratings, but the outcome of that appeal remains in progress. We cover ongoing appeals and lawsuits in the "Call Center Measure Appeals & Lawsuits" section below.

Other organizations with significant declines include United Healthcare Group (-13%), Elevance (-13%), and Guidewell (-28%). Alternatively, Kaiser has rebounded with an increase in 2025 Star Ratings, returning to 100% enrollment in 4+ Star contracts.

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

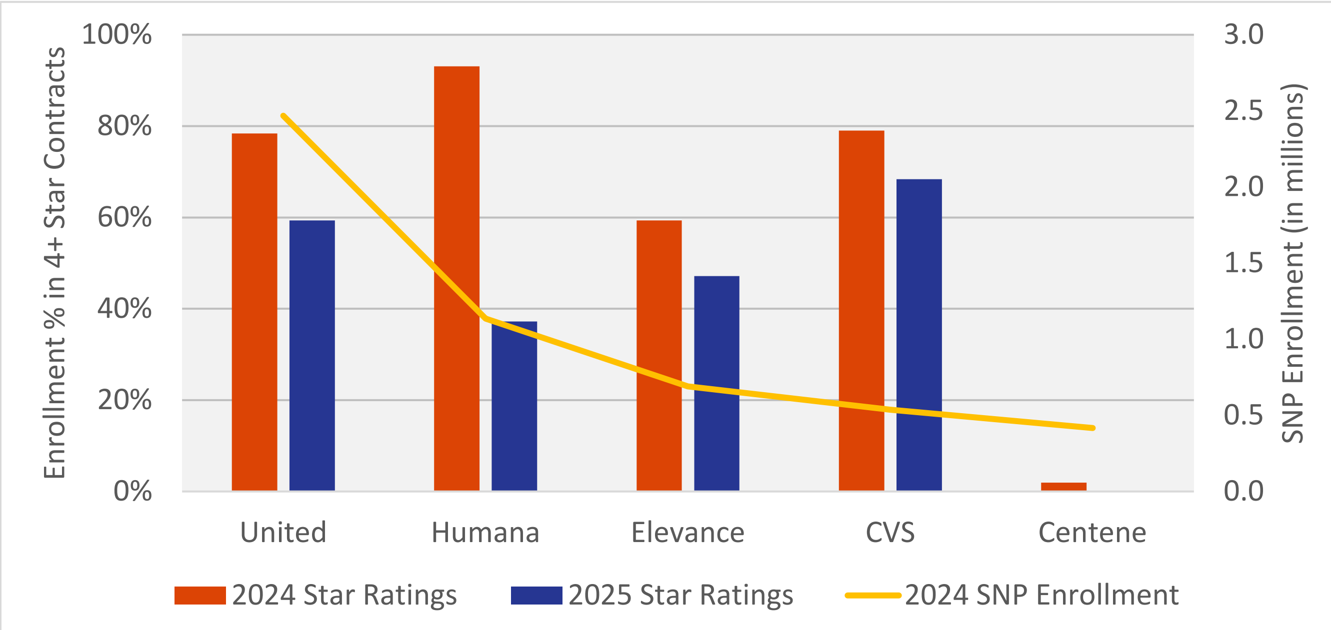


Factoring in the 2025 plan-level crosswalks is especially important for parent organizations where crosswalks are utilized to maintain as much membership as possible in contracts with a Star Rating of 4 or higher. For example, United Healthcare has approximately 86% of enrollment in 4+ Star contracts in the 2024 Star Ratings after crosswalks (shown in the leftmost bar of the above graph). This is due to some advantageous crosswalks employed by United for the 2025 payment year, when 2024 Star Ratings will impact the QBPs. Without accounting for 2025 crosswalks, United would have only 80% in 4+ Star contracts for the 2025 payment year. It is likely the larger MAOs will attempt to crosswalk more plans in the 2026 payment year, potentially dampening the impact of these low 2025 Star Ratings.

Special Needs Plan Star Ratings

The general decline in Overall Star Ratings across all Medicare Advantage contracts extends to a unique subset of the market called Special Needs Plans, or SNPs. 77% of all SNP plan members are enrolled with just 5 parent organizations. Figure 5 summarizes the percentage of enrollment in SNP plans that fall under contracts with a Star Rating of 4 or higher for the 2024 and 2025 Star Rating years for these organizations.

Figure 5: SNP Enrollment in 4+ Star Rating Contracts, Top 5 Parent Organizations



Overall, 4+ Star SNP enrollment has declined by 20%, from 72% in 2024 Star Ratings to 52% in 2025 Star Ratings. This decline is consistent across all of the top 5 parent organizations.

Star Ratings by State

The change in Star Ratings between the two years varies significantly by state. States with the greatest drop in enrollment in contracts with a Star Rating of 4 or higher include Kentucky, Mississippi, and Arkansas. The large changes in these states are primarily due to negative Star Rating changes in large Humana contracts. On the other hand, states with the greatest increase include Maryland, Oregon, and Washington. These large changes are predominantly driven by Kaiser's increased Star Ratings. Chart 1 includes the details for these states with the largest changes.

Chart 1: Star Ratings, Largest Changes by State

	Average Star Rating		% Enrollment in 4+ Stars		Change in Average Star Rating	Change in % Enrollment in 4+ Stars
State	SY 2024	SY 2025	SY 2024	SY 2025		
Maryland	3.53	3.97	47.0%	63.8%	0.44	16.8%
Oregon	3.49	3.62	28.8%	43.0%	0.13	14.3%
Washington	3.23	3.68	41.1%	48.7%	0.45	7.7%
Arkansas	4.12	3.73	81.1%	43.9%	-0.38	-37.3%
Mississippi	4.20	3.63	83.0%	31.2%	-0.56	-51.9%
Kentucky	4.14	3.67	92.3%	30.1%	-0.47	-62.2%

Star Rating Cut Points

Finally, there were considerable changes to the measure level cut points as there are each year. Refer to Wakely's previous whitepaper "A Cut Above the Rest: Summary of 2025 Star Rating Cut Point Changes"[3] for a full analysis of these changes.

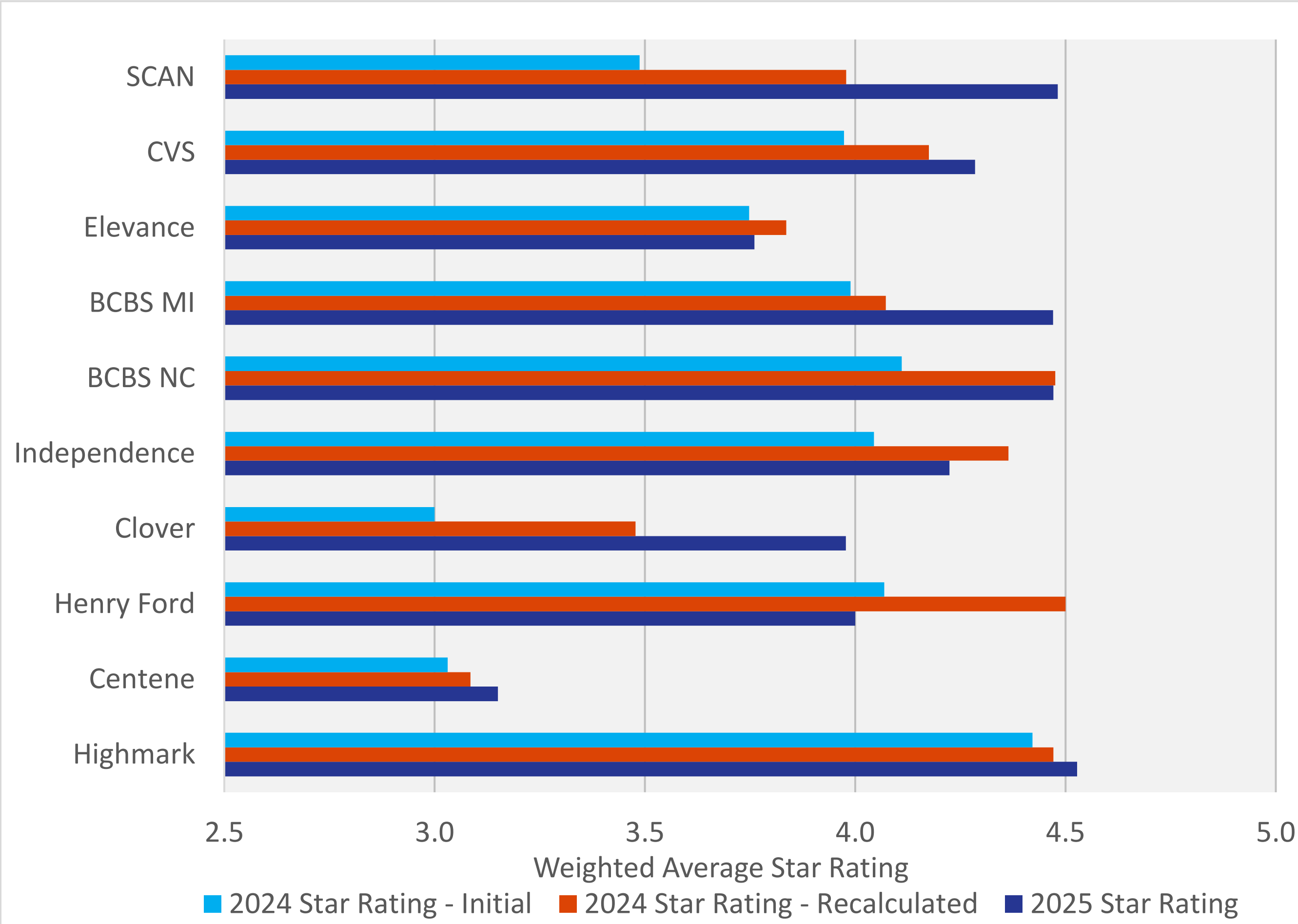
2024 Star Rating Recalculation "Winners" – Where are They Now?

In June 2024, CMS announced that they would recalculate the 2024 Star Ratings following court rulings in favor of SCAN Health Plan and Elevance Health. The recalculated 2024 Star Ratings used different, lower cut points, resulting in a Star Rating increase that led to higher QBPs on 41 contracts. See Wakely's whitepaper "Oops, Let's Do It Again: CMS Announces Sweeping Changes to the 2025 Quality Bonus Payments"[4] for a recap of these changes.

As discussed in the previous whitepaper, the recalculation of 2024 Star Ratings resulted in several "winners" that experienced an increased Star Rating and a higher QBP. However, the impact of Tukey is still being phased in year over year, so these improvements may be temporary – plans must improve in performance to keep their Star Ratings at the higher level they received upon recalculation. Figure 6 summarizes the average Star Rating changes for the 10 organizations that benefited the most from the 2024 recalculation of Star Ratings. Notably, several of these organizations – SCAN Group, BCBS of Michigan, and Clover Health – managed to build upon this momentum, achieving even higher Star Ratings in 2025 despite more difficult cut points. On the other hand, Elevance Health and Henry Ford Health System are struggling to keep up with the higher targets and have returned to their initial 2024 Star Rating levels.

[3] https://www.wakely.com/blog/2025-star-rating-cut-point-changes/
[4] https://www.wakely.com/blog/oops-lets-do-it-again-cms-announces-sweeping-changes-to-2025-quality-bonus-payments/

Figure 6: Weighted Average Star Rating, Organizations with Largest Star Rating Increase in 2024 Recalculations



Star Rating Appeals & Lawsuits

In the past year, we've observed a new trend of Star Ratings lawsuits from some of the larger Medicare Advantage organizations. At the time of this publication, there are three large organizations filing lawsuits to contest their 2025 Star Ratings – United Health, Humana, and Centene. In addition, we are aware of one large organization appealing their Star Ratings – Elevance Health.

Elevance Health also filed a lawsuit to contest the 2024 Star Ratings and won. In that lawsuit, Elevance sued CMS over a single call center call that CMS attributed as a missed call. When Elevance won that lawsuit, the 2024 Overall Star Rating increased for four of their contracts. This multi-contract change was possible because, for the most part, all contracts under the same parent organization receive the same measure rate on the Call Center measures. What Elevance proved last year is that a single phone call can have a major impact on the Overall Star Ratings, and therefore the total revenue, of a parent organization.

This year, United, Humana, and Centene have also sued CMS over the call center measure results. If these organizations win their lawsuits, it will have a major impact by increasing the 2025 Overall Star Rating on multiple contracts and increasing their combined revenue by several billion dollars. This, in turn, will mitigate some of the negative effects shown in the published 2025 Star Ratings data and discussed throughout this paper.

Elevance's Star Rating appeal is less transparent, so the exact nature of what they are contesting is unclear. However, we presume the impact of winning this appeal would be a significant increase to revenue, based on comments made in the Q3 2024 Earnings Call[5].

Conclusion

Overall, the Medicare Advantage market will experience a meaningful decline in Quality Based Payments in 2026. While the market as a whole is still experiencing downward Star Rating pressure from Tukey, some of the most marked movements in the 2025 Star Ratings are hinging on pending lawsuits over the Call Center measures. As has become an ongoing trend for Medicare Star Ratings, the coming years will present new challenges, starting with the weight decrease of Patient Experience and Access measures next year and continuing on in future years with the reward factor/HEI reward switch and transition to digital measurement.

Please contact Lisa Winters at Lisa.Winters@wakely.com or Suzanna-Grace Tritt at SuzannaGrace.Tritt@wakely.com with any questions or to follow up on any of the concepts presented here.

[5] https://www.fool.com/earnings/call-transcripts/2024/10/17/elevance-health-elv-q3-2024-earnings-call-transcri/

OUR STORY

Five decades. Wakely began in 1969 and eventually evolved into several successful divisions. In 1999, the actuarial arm became the current-day Wakely Consulting Group, LLC, which specializes in providing actuarial expertise in the healthcare industry. Today, there are few healthcare topics our actuaries cannot tackle.

Wakely is now a subsidiary of Health Management Associates. HMA is an independent, national research and consulting firm specializing in publicly funded healthcare and human services policy, programs, financing, and evaluation. We serve government, public and private providers, health systems, health plans, community-based organizations, institutional investors, foundations, and associations. Every client matters. Every client gets our best. With more than 20 offices and over 400 multidisciplinary consultants coast to coast, our expertise, our services, and our team are always within client reach.

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.

Our Vision: To partner with clients to drive business growth, accelerate success, and propel the health care industry forward.

Our Mission: We empower our unique team to serve as trusted advisors with a foundation of robust data, advanced analytics, and a comprehensive understanding of the health care industry.

Learn more about Wakely Consulting Group at www.wakely.com

Appendix A: 2024 and 2025 Star Rating Comparison – Enrollment Changes

		2025 Star Rating						
		5	4.5	4	3.5	3	2.5	2
2024 Star Rating	5	1.8%	2.7%	3.5%	0.0%	0.0%	0.0%	0.0%
	4.5	0.0%	12.1%	17.0%	10.5%	0.1%	0.0%	0.0%
	4	0.0%	13.4%	10.0%	7.8%	2.1%	0.0%	0.0%
	3.5	0.0%	0.5%	2.2%	7.1%	2.8%	0.3%	0.0%
	3	0.0%	0.0%	0.2%	1.5%	2.8%	0.7%	0.0%
	2.5	0.0%	0.0%	0.0%	0.1%	0.3%	0.0%	0.0%
	2	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	New/Low	0.0%	0.0%	0.0%	0.0%	0.3%	0.0%	0.0%

Appendix B: Revenue Methodology

Methodology Overview

Wakely used the published 2024 and 2025 Overall Star Ratings[6] to evaluate the 2025 and 2026 revenue impact of the Star Rating changes.

New Contracts Under an Existing Parent Organization

Contracts under an existing parent organization that were new in 2023 or later do not have their own 2024 Star Rating – instead, these contracts will receive 2025 MA payments based on the weighted average 2024 Star Rating of the parent organization. The weighted average 2024 Star Rating is calculated using enrollment from November of 2023. For contracts that were too new to receive a 2024 Star Rating, we calculated the average parent organization Star Rating using November 2023 enrollment.

Contracts under an existing parent organization that were new in 2024 or later do not have their own 2025 Star Rating – instead, these contracts will receive 2026 MA payments based on the weighted average 2025 Star Rating of the parent organization. The weighted average 2025 Star Rating is calculated using enrollment from November of 2024. For contracts that were too new to receive a 2025 Star Rating, we calculated the average parent organization Star Rating using September 2024 enrollment because November 2024 enrollment was not yet available at the time of this publication.

MA Spending Changes

The above sections describe how changes in Overall Star Ratings were determined for all contracts based on the CMS Star Rating methodology. The last step in the analysis was to quantify the resulting financial impact of these changes. Table A1 demonstrates the relationship between contract Star Ratings, QBP, and rebate percentages.

Table A1: Quality Bonus and Rebate Percentages, by Star Rating

Plan Rating	Bonus Payment	Quality Bonus Quartile-Adjusted Benchmark	Rebate Percentage
5.0 Stars	5.0%	105% of Benchmark	70%
4.5 Stars	5.0%	105% of Benchmark	70%
4.0 Stars	5.0%	105% of Benchmark	65%
3.5 Stars	0.0%	100% of Benchmark	65%
3.0 or Less Stars	0.0%	100% of Benchmark	50%
New Plans under New MAOs	3.5%	103.5% of Benchmark	65%

[6] https://www.cms.gov/medicare/health-drug-plans/part-c-d-performance-data

Plan Rating	Bonus Payment	Quality Bonus Quartile-Adjusted Benchmark	Rebate Percentage
Low Enrollment Contracts	3.5%	103.5% of Benchmark	65%
Plans Not Reporting	0.0%	100% of Benchmark	50%

First, we excluded contracts that do not have MA payments tied to Overall Star Rating. This includes PDP, Demo, 1876 Cost, and MSA contracts. We also excluded contracts without published CMS enrollment. CMS does not report enrollment for plans with less than 10 members in each county, therefore we cannot estimate the MA spending impact on these contracts.

To quantify the MA spending impact of the Star Rating changes, first, Individual county-level benchmarks for 2025 and 2026[7] were determined for every contract at each 2024 and 2025 Star Rating, respectively, from 1.0 to 5.0. This involved utilizing published November 2023 and September 2024 county-level enrollment and Wakely internal county benchmark projections based on the known quartile changes, ACA benchmark caps, qualifying “double bonus” counties, and current CMS benchmark projections. A bid estimate was derived for each Star Rating by applying an estimated bid to benchmark ratio to the contract level benchmark. The bid to benchmark ratios were developed at the county, product, and SNP type-level based on historic publicly available bids and benchmarks and trends in bid to benchmark ratios by quartile. Using this established bid and benchmark, the resulting MA revenue was then determined for all individual plans at each Star Rating. To develop a range around the MA revenue at each Star Rating level, the bid was varied between a constant Per Member, Per Month (PMPM) rate and a constant bid to benchmark rate.

Because Employer Group Waiver Plans (EGWP) do not submit a bid, the revenue for these plans at each Star Rating was determined by the EGWP payment rate. The MA spending impact of a change in Star Rating, therefore, is based on the change in the payment rates based on Star Ratings.

Finally, the quantified impact to MA spending was multiplied by the estimated contract risk score. Risk scores were developed from 2021 publicly available data at the county, product, and SNP type level. They were applied to the contract based on their enrollment distribution at the county, product, and SNP type level.

[7] Contract level benchmarks for 2026 assumed a constant county level enrollment distribution from 2024.