

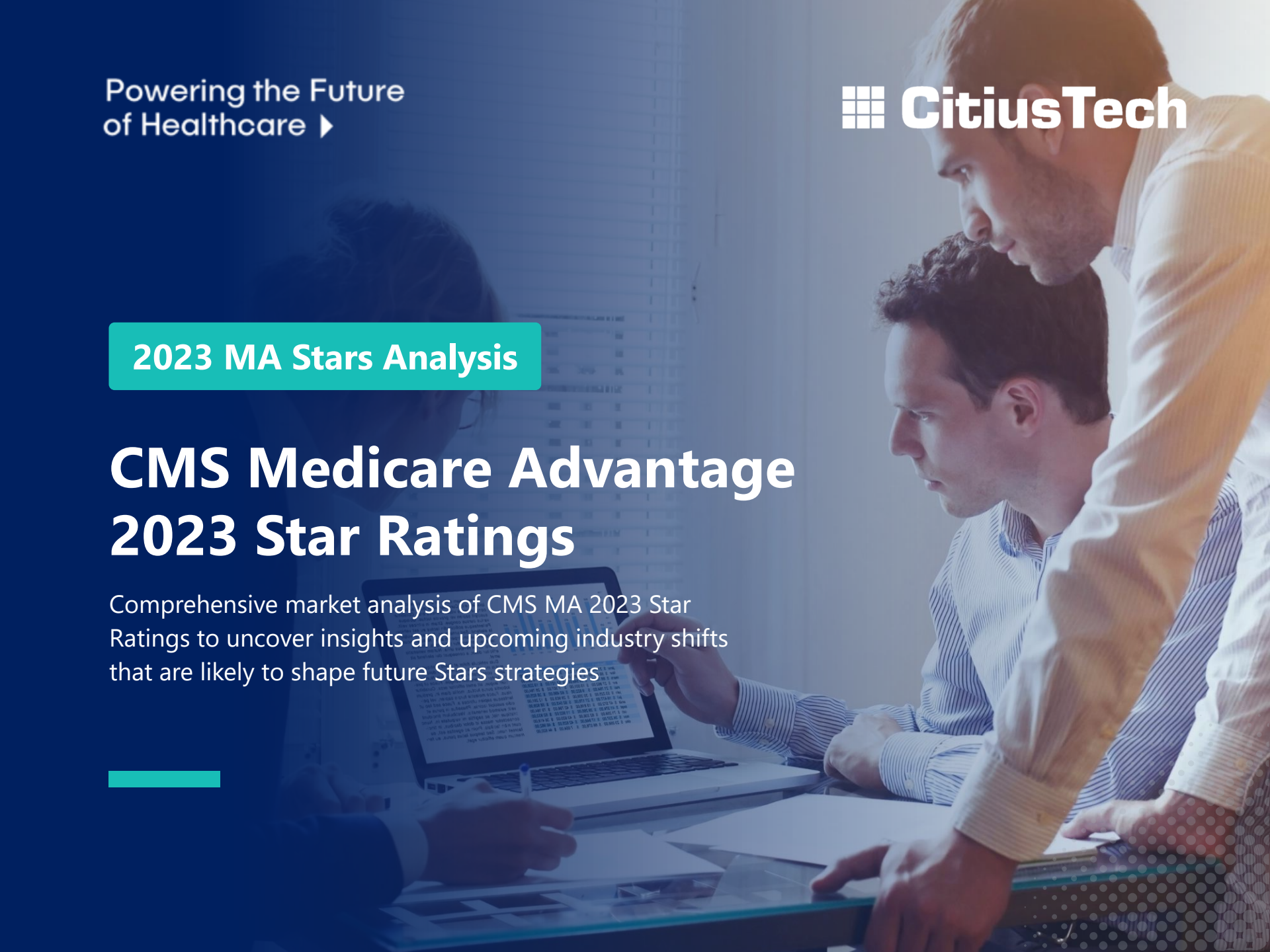
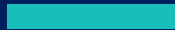
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 **CitiusTech**

2023 MA Stars Analysis

CMS Medicare Advantage 2023 Star Ratings

Comprehensive market analysis of CMS MA 2023 Star Ratings to uncover insights and upcoming industry shifts that are likely to shape future Stars strategies



2023 Star Ratings Performance Analysis

CMS released the 2023 Star Ratings for the Medicare Advantage program in October 2022. CitiusTech's latest report on Star Ratings performance provides an industry-wide perspective around Star ratings released for 2023 and compares them to the prior year's ratings.

This analysis is geared to provide holistic insights to business, consulting and technology stakeholders who are actively involved in improving MA Star Ratings to help them strategically position themselves and modify their initiatives for Stars improvement.

Objectives

- Get a detailed retrospective Stars performance analysis
- Identify focus areas for actionable planning
- Inform Stars performance challenges for 2024 and beyond

Highlights for 2023 Stars

1

Medicare Advantage enrollment share continues to grow steadily and nearing ~50% of overall Medicare in 2024

2

Significant drift of contracts and enrollments towards less than 4 Stars with percentage share higher than pre-pandemic level

3

Both large size (greater than 50K enrollment) and small size contracts took similar fall from 4 Stars performance of 2022

4

National payers relatively lost more share of 4 Stars and above rated performance compared to Blues; Hi-Tech MA plans edges out

5

2X to 4X weight shift followed by underperformance across high weighted areas (experience and operations) contributed to the drift

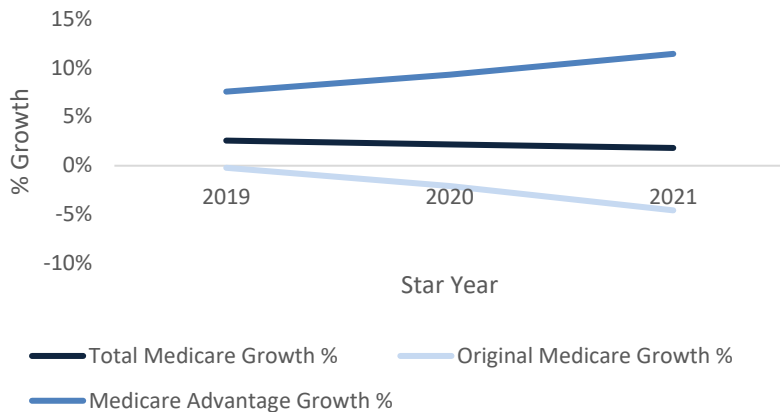
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Guardrail has stabilized 4 Star threshold for most measures; fluctuations are mostly felt for 2 and 3 Star cut-points

1

Medicare Advantage enrollment share continues to grow steadily and nearing ~50% of overall Medicare by 2024

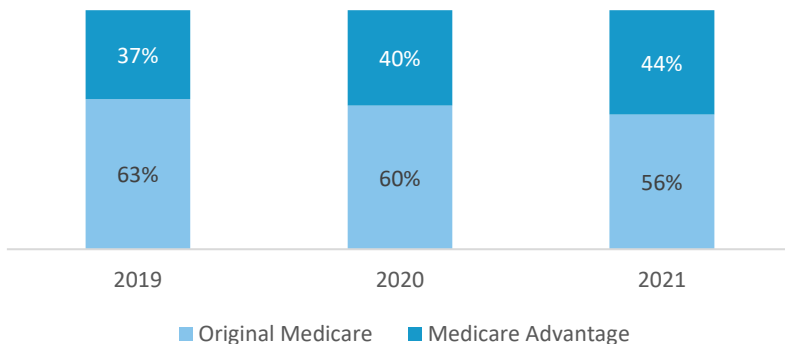
Steady YOY Growth of Medicare Advantage*



Key Statistics

- ~ **10%** YOY Growth Rate for MA enrollment since 2018 thru 2021
- ~ **50% of Medicare** by 2023-24: Likely penetration of MA based on current growth rate
- **68 new contracts** got added in 2023 (96% H-Contracts & 4% S-Contracts)
- **43 contracts** did not get renewed from 2022 (86% H-Type, 7% S-Type, 5% R-Type, 2% E-Type)

YOY Increase in MA Share in Overall Medicare*



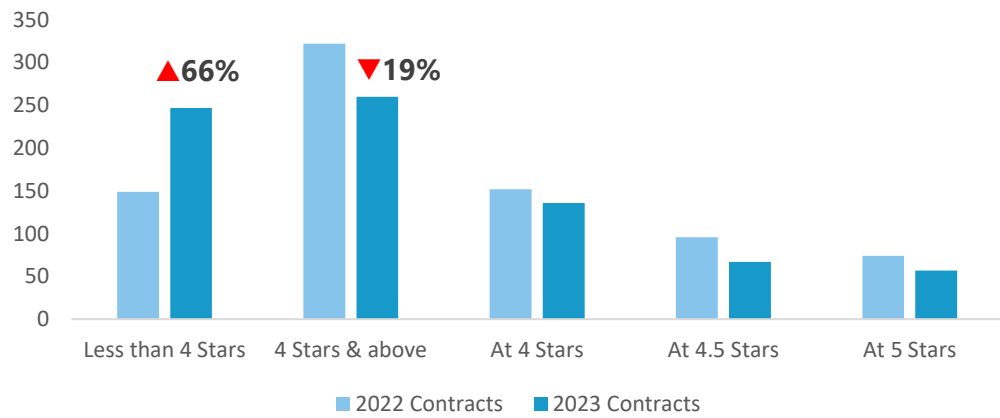
Our perspective

- Although overall Medicare growth is flat, share of Medicare Advantage has been steadily rising
- ~\$56 PMPM benchmark increase in 2023 across various bonus categories further enhances the bonus earning opportunity by \$ 1.5 billion
- Market is likely to be more competitive with further penetration of national players into regional market, regional fragmentation of MA contracts

2

Significant drift of contracts and enrollments towards less than 4 Stars with percentage share higher than pre-pandemic

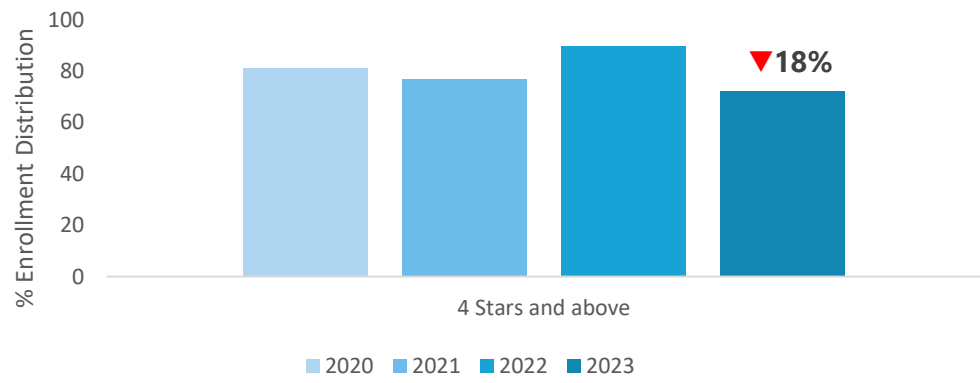
Significant drift towards less than 4 Stars in 2023



Key Statistics

- ▲ **66%** rise in MAPD Contracts with less than 4 Stars in 2023 (i.e. 247 in 2023 vs 149 in 2022)
- ▼ **18% fall** in MAPD enrollments in 4 Stars & above; highest fall in 4 Star enrollment concentration since 2020 (pre-pandemic levels)
- ▼ **17-19%** percentage fall across contracts and enrollments for both large size (greater than 50K lives) and small size contracts

2023 Enrollment concentration in above 4 Stars is lowest in last 4 years



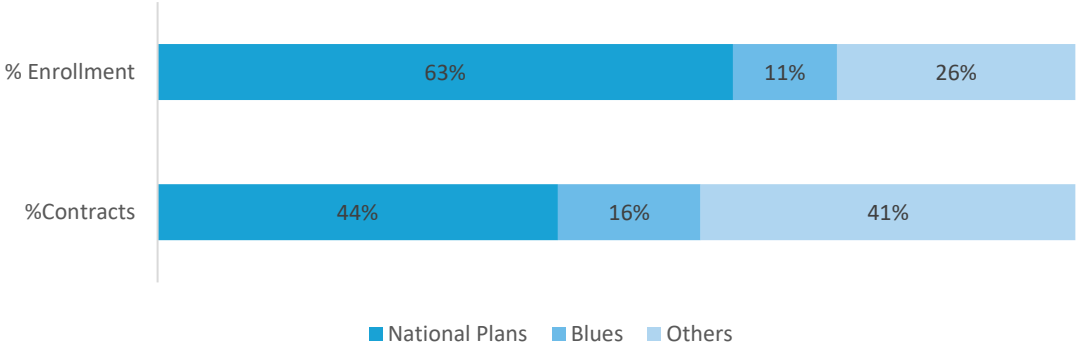
Our perspective

- 2024 should see pressure of Star rating drop with loss of QBP - plans need to squeeze margin or lean out benefits
- Low rated contracts to plan for additional budgets to enhance /capitalize member experience and prevent voluntary terms
- Significant acquisition and market consolidation opportunities

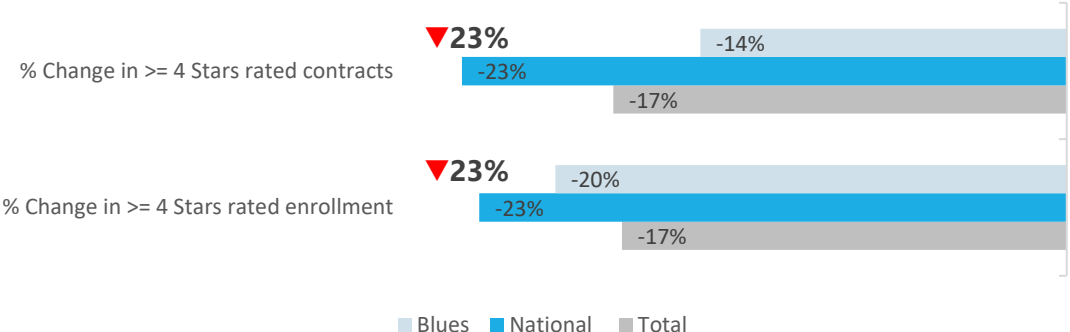
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National payers relatively lost more share of 4 Stars and above rated performance compared to Blues

Percentage distribution of MAPD contracts and enrollment remained unchanged across payer types



National plan's share of 4 Stars and above performance is lower than Blues

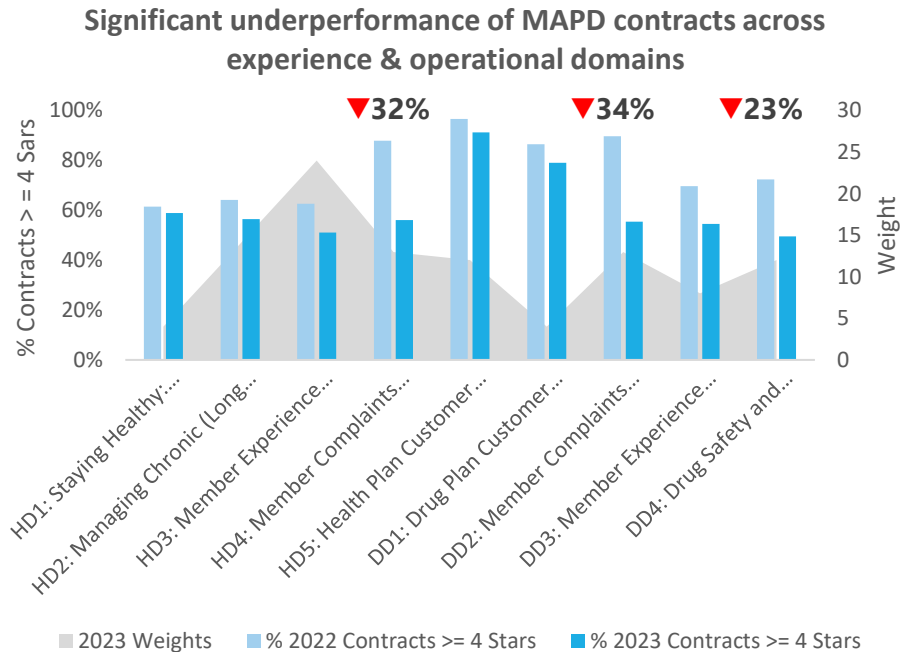


Our perspective

- Overall enrollment and contract distribution remained unchanged between 2023 and 2022 Stars between National, Blues and other payers
- MAPD enrollment gain (36 contracts, 360K enrollment) got shared between National (60%) and Other (30%) payers
- Blues relatively have lower fall of 4 Stars and above rated contracts and enrollment compared to National payers (Stars 2023 vs 2022)
- Looking at four new age high-tech payer organizations catering 174K lives, 9% more contracts reported data, and 49% enrollment is rated 4 Stars and higher in 2023 versus 25% in 2022

4

Significant underperformance of MAPD contracts across experience and operational domains



Key Statistics

- ▼ **23 -34%** fall in percentage of 4 Stars and above rated contracts across HD4, DD2 and DD4
- ▼ **3-34%** fall in 4 Stars and above rated contracts across all domains

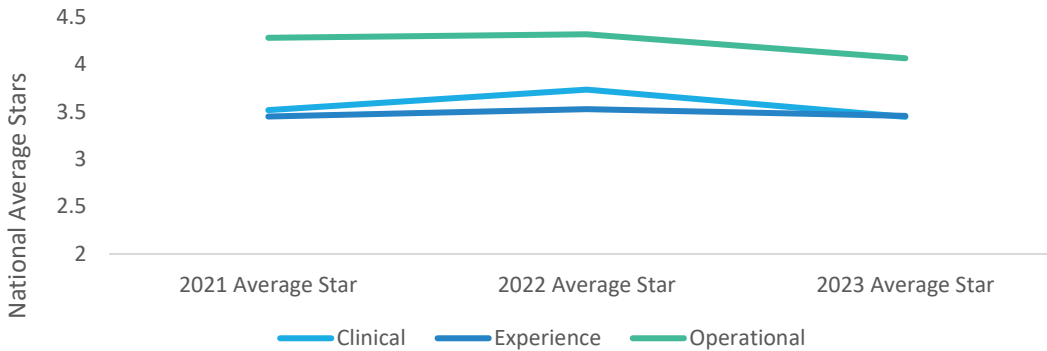
Our perspective

- Fall in 4 Stars and above performance across high weighted domains have significantly skewed the overall performance
- Payer should invest in high precision capabilities to simulate improvement projections and realistic goal setting
- With fewer contracts scoring overall 4 Stars & above, member interaction quality, complaints and voluntary terms to be closely monitored and actioned with targeted campaigns
- Targeted members to be enrolled in specialized year-round medication adherence programs with continuous improvement monitoring

5

2X to 4X weight shift followed by underperformance across high weighted areas have contributed for the drift

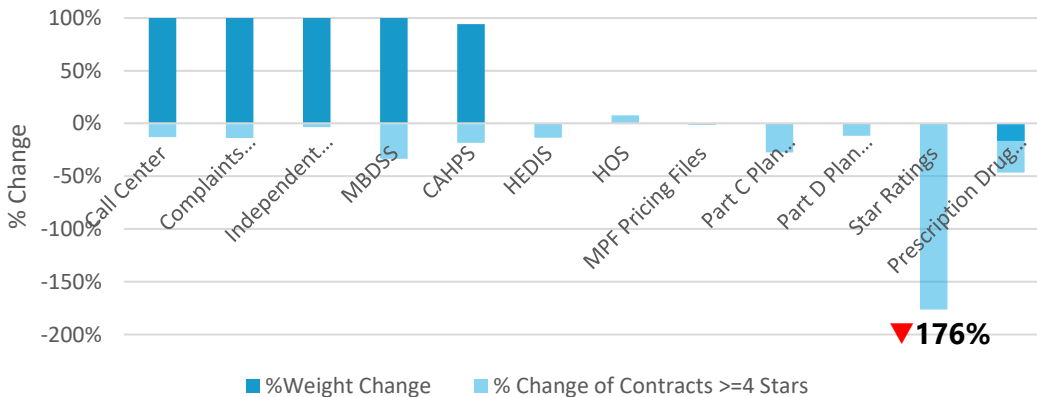
YOY National Average Stars Movement



Key Statistics

- ▲ **94% - 100%** Weight shift for operational and CAHPS measures
- ▼ **176%** fall in 4 Stars and above rated contracts across improvement data source (Star Ratings)

Significant drop in 4 Stars+ contracts across Improvement data source



Our perspective

- YOY National average Stars movement across clinical, operational and experience sources almost remained flat with huge room of improvement for both clinical and experience sources
- Payers need to ensure all internal operations have adequate oversight, processes, and monitoring to achieve high performance
- Payers need focused strategies to influence CAHPS scores (4X)

6

Measure-level improvements across ≥ 4 Stars rated contracts were driven by pandemic relaxations and minimum threshold changes

Top 9 measures with significant fall in performance	Data Source	Weight Change	% Change 4 Star Threshold	% Change in Contracts ≥ 4 Stars
C08: Osteoporosis Management in Women who had a Fracture	HEDIS	0	10%	-15%
C10: Diabetes Care – Kidney Disease Monitoring	HEDIS	0	1%	-15%
C19: Customer Service	CAHPS	2	0%	-20%
C24: Members Choosing to Leave the Plan	MBDSS	2	-6%	-18%
D03: Members Choosing to Leave the Plan	MBDSS	2	-6%	-17%
D06: Getting Needed Prescription Drugs	CAHPS	2	0%	-21%
D08: Medication Adherence for Diabetes Medications	PDE	0	1%	-16%
D09: Medication Adherence for Hypertension (RAS antagonists)	PDE	0	2%	-27%
D10: Medication Adherence for Cholesterol (Statins)	PDE	0	1%	-17%

Key Statistics

- **▼ Up to 27%** fall in percentage of 4 Stars and above rated contracts for 33 out of 40 measures
- **14-20% contracts** missed the 4 Stars threshold by 2 basis points or less directly influencing CAHPS (4X) and PDE (3X) measure performance
- Cut points for C23 and D02 i.e. Complaints about the Health Plan and Drug plan got pushed upwards significantly due to overall high industry performance
- Cut points for C24 and D03 i.e. Members Choosing to Leave the Plan got pushed downwards significantly due to overall low industry performance

Our Perspective

- Even with guardrails on, payer would need high degree of precision in projection of next year cut-points for aiming measure level annual targets appropriately
- With FHIR interoperability and clinical data exchange going live by Jan 2023, seamless clinical data availability can significantly improve year-round coordination for higher Star outcomes
- Payers need to review and align with PQA specification for Medication adherence measures for 2024

2023 Star Ratings Analysis: Focus Areas for 2024-25

1

Readiness and alignment for clinical measure changes, new clinical measures

- Early adoption and validation using PQA specifications for medication adherence measures
- Operationalizing strategy for new clinical measures expected in display category for 2024-25

2

High precision capabilities for accurate forecasting and goal setting – Guardrail, Tukey

- High accuracy advanced analytics for projecting 2024-25 cut-points, Improvement thresholds
- Goal projection while accounting for cut-point shift, performance trend, region, ops constraints

3

Data and analytics strategies to transition into future digital quality

- Assess enterprise analytics readiness for Stars Improvement 2024-26
- Assess readiness for FHIR based clinical data and alert exchange with providers

4

Enhanced and new partnerships to drive focused strategies and outcomes

- Engagement model with community-based organizations with deep focus on health equity
- Adopt VBC arrangements with specialized clinical partners across experience and outcomes

About CitiusTech

CitiusTech (www.citiustech.com) is a leading provider of healthcare technology services, solutions and platforms to over 130+ organizations across the payer, provider, medical technology and life sciences markets. With over 7,500 technology professionals worldwide, CitiusTech powers healthcare digital transformation through next-generation technologies, solutions and accelerators. Key focus areas include healthcare interoperability & data management, quality & performance analytics, value-based care, omni-channel member experience, connected health, virtual care coordination & delivery, personalized medicine and population health management.

CitiusTech has two subsidiaries, FluidEdge Consulting (www.fluidedgeconsulting.com) and SDLC Partners (www.sdldapartners.com) with deep expertise in healthcare consulting and payer technologies, respectively. CitiusTech's cutting-edge technology expertise, deep healthcare domain expertise and a strong focus on digital transformation enables healthcare organizations to reinvent themselves to deliver better outcomes, accelerate growth, drive efficiencies, and ultimately make a meaningful impact to patients.

7,500+
healthcare IT professionals

\$420M+
worldwide revenue

130+
healthcare clients

70+
NPS - highest in the industry!

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