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DIGITAL BYTES

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Medicare Advantage Star Ratings decline will cost CVS Health up to $1 billion in revenue

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CVS Health projects that its 2024 net income will decline by up to $1 billion because the number of its Medicare Advantage (MA) members enrolled in 4 star plans diminished this year. Only 21% of its MA members are enrolled in plans with a Star Rating of at least 4 or greater in 2023, compared with 87% in 2022.[1]

CMS publishes Star Ratings for each MA plan, which are based on performance in a diverse set of measures related to medical and/or drug benefits. Plans with at least 4 stars are awarded quality bonus payments.[2]

The Aetna National PPO covers more than 1.9 million members, or 59% of Aetna's total MA memberships, and is the main driver of the 1-star decrease.[3] The PPO scored below 4 stars in 2023 within 3 of 9 domains, including member experience with health plan, member experience with drug plan, and drug safety and accuracy of drug pricing. Specific measures below a 4-star rating within these domains included, but were not limited to, monitoring physical activity, adherence for diabetes medications, adherence for cholesterol, getting needed care, and care coordination.[4]

This signals a need for additional interventions to improve member experience, among various other measures. Further, CMS reported a decline in the number of plans with at least 4-star overall ratings, as a result of relaxed provisions during the COVID-19 pandemic.[5]

THE PAYER PERSPECTIVE:

- **Digital health solutions may improve member experience scores by providing an additional touchpoint for tailored, convenient care to ensure treatment adherence and member engagement, driving satisfaction and plan retention**
- **This may lead to improvement across specific Star measures like care coordination, adherence for diabetes medications, and physical activity monitoring, depending on the digital health solution and individual member needs**

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