



Welcome to *Washington Update*, the weekly e-newsletter on the latest health care happenings in the nation's capital that affect APG's members.

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Star Ratings Changes Causing Pain For Medicare Advantage Plans Could Portend Further Payment Pressures On APG Groups

On the eve of annual Medicare [open enrollment](#), soon-to-be-announced revisions in Medicare Advantage (MA) Star Ratings promise to put financial pressure on major MA organizations (MAOs) that could prompt further marketplace changes and depress payments to APG members and other health care providers.

Humana [disclosed](#) this week that only 25 percent of its MA plan enrollees are likely to be in plans with four stars or more in 2025 – a sharp drop from the 94 percent of members enrolled in such high-achieving plans this year. The company's share price promptly slumped further, contributing to a one-third decline over the past month. Meanwhile, UnitedHealthcare (UHC) signaled that it, too, apparently faces Star Ratings downgrades, as several of its MA plans [filed suit](#) in a Texas federal court challenging what they said was a flawed CMS assessment of their call-center services for non-English speakers.

Critical funding: Star Ratings, which attempt to capture performance measures of health plan services and MA enrollees' care, are based on studies and surveys by the Centers for Medicare & Medicaid Services (CMS). Based on a scale ranging from one to five stars, the ratings allow Medicare beneficiaries to comparison-shop among MA plans and are one of the foremost features used by enrollees who do shop around to pick their plans (see item below). The ratings can also translate into [large financial bonuses](#) for MAOs, which can be used to expand benefits and make plans even more attractive for enrollees. The ratings are thus critical to MA plans' profitability and success in the marketplace, and as downgrades reduce revenues, payments to providers caring for MA enrollees could be under pressure as well.

Although the official 2025 Star Ratings won't be published until October 10, the ratings have been on a roller-coaster ride for much of the year. As previously [reported](#) in *Washington Update* (June 7, 2024), CMS was forced to recalculate the 2024 Star Ratings after a federal district court ruled that the agency improperly calculated some plans' ratings as it implemented changes in its methodology. These methodological changes appear to be still affecting MAOs; Humana noted, for example, that its problems in the 2025 ratings stem from "narrowly missing higher industry cut points on a small number of measures," and said it is appealing some of the results with CMS. APG will follow further developments and continue to analyze the likely impact on members.



Mostly Mild, But Mixed, Picture Emerges For Medicare Enrollees On Medicare Advantage And Part D Benefits In 2025

Medicare patients of APG member groups won't see many changes in their Medicare Advantage and Part D prescription drug plans in 2025, a new [report](#) from CMS suggests. But the agency's benign assessment, based on averages across thousands of plans and geographies, masks some distinct changes in discrete markets – and as far as Part D is concerned, reflects a government effort to blunt what might otherwise have been a sharp increase in premiums.

In its September 27 announcement, the agency also said that MA benefit offerings, including supplemental benefits, are stable, and that more Special Needs Plans will be available. Nationwide, the average monthly premium for plans is expected to decrease by \$1.23, to \$17.00 in 2025; and 60 percent of MA enrollees will have a zero-dollar premium.

Marketplace differences: As expected, [state-by-state comparisons](#) show differences. In California, the average monthly MA plan premium will fall by about 23 percent, to \$12.48, from 2024 to 2025, whereas in Idaho, the average monthly MA premium will rise by more than 30 percent, to \$22.29. In addition, about 7 percent of MA enrollees across the country will see the plans that they picked in 2024 cancelled by insurers and will have to choose new plans for next year.

Many MA plans incorporate Part D benefits, but for beneficiaries who buy Part D plans separately, the average “stand-alone” plan total premium is projected to decrease about 3 percent, to \$40.00 in 2025. But here again, there are wide state-by-state variations.

What’s more, the overall moderation in premiums stems in large part from a special [program](#) that CMS set up to offset effects of the Inflation Reduction Act that would otherwise have boosted Part D premiums sharply. A so-called “demonstration program” also couched as “voluntary,” the program will in effect [funnel](#) more than \$7 billion in government funding directly to Part D plans in 2025 to induce them to keep premiums low. The arrangement earlier earned the ire of some congressional Republicans, as previously [reported](#) in *Washington Update* (August 9, 2024).

Few shopaholics here: Separately, a [KFF analysis](#) suggests that none of these changes may make much difference in Medicare beneficiaries’ choice of plans. Based on 2022 data, nearly 7 in 10 Medicare beneficiaries didn’t comparison shop among MA or Part D coverage options, nor did they examine proposed changes in their prior year’s coverage – all despite government [tools](#) to help them do so, let alone common sense.



In Case You Missed It

- CMS will [select](#) by next February **the next slate of 15 drugs whose prices will be negotiated** with pharmaceutical manufacturers in the second year of the Medicare Drug Price Negotiation Program. As part of next year’s negotiation process, the agency will hold up to 15 roundtable events and a town hall meeting to garner feedback “on the clinical considerations related to the selected drugs,” the agency said.
- Patients treated under Medicare’s **Acute Hospital at Home waiver** generally had a lower mortality rate than those treated as inpatients, but saw mixed differences in readmission rates depending on their condition, a new CMS

[study](#) says.

- A newly published [study](#) of patients from **Northern California Kaiser Permanente** affirms that patients with complex medical comorbidities and social risks – such as financial strain, housing instability, and food insecurity – face higher odds of inpatient admissions and emergency department or mental health visits than those without these social risks.



APG Announcements And Offerings

- [REGISTRATION IS OPEN!](#) - **APG's Fall Conference 2024 - Health Care Strong: Embracing Change and Thriving in Uncertain Times** - will be held **November 11 – 13 in Washington, DC**. Don't miss our superb lineup of speakers and unparalleled networking opportunities.
- Want to get more involved in APG's Federal advocacy efforts? [Join APG Advocates today.](#)

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