

# Medicare Downgrades Humana Plan Over Quality. Time to Shop Around?

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For 2024, almost everyone in [Humana](#) [↑ HUM +1.38%](#)'s Medicare Advantage program is in a plan rated at least 4 stars by the government. That may not be the case going forward, with its largest plan slated to go from 4.5 stars to 3.5 stars, starting in 2025.

It raises a question: What should you do if you're in Medicare Advantage with Humana or another insurer?

Humana's loss of a star rating, disclosed in a regulatory filing, shocked Wall Street and sent its stock [tumbling on Wednesday](#). The company said that the percentage of its members in a plan rated 4+ stars would drop from 94% in 2024 to 25% in 2025. Most of that will be due to its largest plan going from a 4.5 star rating from the Centers for Medicare and Medicaid Services to 3.5 stars.

The plan that lost its star covers around 45% of Humana's Medicare Advantage membership, or 2.8 million "lives," according to Morgan Stanley, which estimates that another one million enrollees are also no longer in 4+ star plans.

Government star ratings rank Medicare plans on factors such as customer satisfaction and how well they manage members' chronic conditions. Humana said in a filing that its loss of a star was "driven

by narrowly missing higher industry cut points on a small number of measures.” The company said it believes there might be potential errors in the calculation and is appealing to CMS.

If the lower star rating were upheld, it would lead to a decline in revenue and profits for Humana in 2026. Morgan Stanley estimates a 66% to 90% hit to 2026 earnings per share, depending on mitigating factors.

That in turn would affect how much money its plans have to provide supplemental benefits for members, says Gretchen Jacobson, vice president of the Medicare program at the Commonwealth Fund.

In isolation, a decline in your Medicare Advantage plan’s rating shouldn’t be a reason to change plans, says Louise Norris, health policy analyst for Medicareresources.org. However, it is one factor to weigh. If two plans offer the same access to your doctors and cover all your medications, then a higher star rating could be the deciding factor.

You can also shop around, and now would be the time as open enrollment for Medicare approaches.

From Oct. 15 through Dec. 7, the nation’s 67 million Medicare recipients can pick a new Medicare Part D drug plan, a new Medicare Advantage plan, or switch from traditional Medicare into a Medicare Advantage plan or vice versa. Any coverage changes made during this period will go into effect Jan. 1, 2025.

Plan design is already set for 2025, so Humana’s lower star ratings wouldn’t have an immediate impact on its members. Benefits for next year are based on star ratings that were announced last year at this