



# 2027 Medicare Advantage and Part D Advance Notice

By Brittney Phillips and Tony Pistilli

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The Centers for Medicare and Medicaid Services (CMS) released the CY 2027 Medicare Advantage and Part D Advance Notice on January 26, 2026. The Advance Notice kicks off the annual bid cycle and lays out the methodological changes CMS is proposing for the next payment year. The bid season is already moving quickly, with that infamous first Monday in June already in sight! This article is a payer-oriented summary of proposed changes in Stars, covering what changed, why it matters and what to do.

## Measure Set Changes For the 2027 Star Ratings

### What Changed

CMS is adding four new or updated measures for the 2027 Star Ratings. The Colorectal Cancer Screening measure is being replaced by a respecified version and will be treated as a new measure. Concurrent Use of Opioids and Benzodiazepines (COB) and Polypharmacy: Use of Multiple Anticholinergic Medications in Older Adults (Poly-ACH) are being added. “Care for Older Adults – Functional Status Assessment” is returning to Star Ratings after a substantive specification change and will be treated as a new measure. CMS also stated that three measures will be removed beginning with the 2027 Star Ratings: (1) Care for Older Adults – Pain Assessment; (2) Medication Reconciliation Post-Discharge; and (3) Medication Therapy Management (MTM) Program Completion Rate for Comprehensive Medication Review (CMR).

CMS also included forward-looking notes on future display and removal decisions, including that a substantive specification change to “Statin Therapy for Patients with Cardiovascular Disease” will move the updated version to the 2028 display page, and CMS has proposed removing the measure from the 2028 Star Ratings.

### What It Means

Stars measure changes are not new to plans, yet the pace and degree of change in recent years have significantly accelerated. At the same time, Stars has long timelines - the 2027 Stars will be calculated on 2026 data and impact 2028 payment.

### What To Do

Plans should update their 2027 Stars workplan to account for the new measures.

## Categorical Adjustment Index (CAI) Change for Contract Consolidations

### What Changed



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Starting with the 2027 Star Ratings, CMS will change how it calculates the Categorical Adjustment Index (CAI) when there is a contract consolidation. CMS will determine the percentage of LIS/Dual Eligible enrollees and the percentage of disabled enrollees for the surviving contract for the first two years following consolidation by combining the December enrollment data across all contracts in the consolidation.

### What It Means

For payers undertaking consolidation (organic or M&A-driven), a CAI methodology change can shift the mechanics of adjustments during the transition period after consolidation, potentially affecting Stars' outcomes in ways not obvious from operational performance alone.

### What To Do

Plans contemplating contract consolidations should incorporate the CAI consolidation methodology into their transition planning assumptions for the first two post-consolidation years.

## Health Equity Reward Factor (EHO4all)

### What Changed

CMS proposed removing the Excellent Health Outcomes for All (EHO4all) reward (also known as the Health Equity Index reward) from Star Ratings beginning with the 2027 Star Ratings and continuing to implement the historical reward factor. CMS states that if this proposal is finalized, the 2027 Star Ratings will not include the EHO4all reward.

### What It Means

If the equity reward factor is removed for 2027, plans that expected incremental Stars lift from that component may need to rebase expectations and revenue scenarios tied to Stars outcomes.

### What To Do

Treat EHO4all as a bid-season scenario item until final policy is known. Plans should quantify the delta between (a) a Stars forecast that assumes the equity reward continues and (b) a Stars forecast that assumes only the historical reward factor applies.



Lewis & Ellis and Axene Health Partners (LEAHP) are partnering to support Medicare Advantage organizations with concierge actuarial analytics and strategy needed to navigate the Medicare bid season and take the next leap forward in achieving their goals in the Medicare market. LEAHP provides bid development, risk and revenue optimization, risk model and coefficient impact studies, Part D formulary and pricing strategy under expanding MFPs and emerging CMMI models, and broader market-level bid strategy to respond to continued funding tightening.

If you'd like to discuss your CY 2027 priorities and where you see the greatest bid and execution risk, we'd welcome a working session to chart the course to a concrete plan of action so you can leap ahead of the competition and achieve your CY 2027 Medicare market goals.

