



# Rebate Reallocation Training

*CMS Office of the Actuary*  
*April 2024*



Welcome to rebate reallocation training at the Centers for Medicare & Medicaid Services (CMS). My name is Teresa Buller, and I am an actuary in CMS' Office of the Actuary (OACT). My colleagues and I have prepared these training materials to assist Medicare Advantage Organizations (MAOs) in developing Medicare Advantage (MA) Bid Pricing Tool (BPT) resubmissions during the rebate reallocation period. We hope you find this presentation to be useful.

# Agenda

Overview

Permissibility

Appendix E Guidelines

Resubmission Review



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These training sessions are intended for individuals who will be completing or certifying MA and Part D BPTs. Actuaries and other professionals attending these sessions should be familiar with the Medicare programs, the bidding process, and the instructions for completing the BPTs.

This training covers the rebate reallocation process that typically begins at the end of July. It is divided into four sessions, and you may skip to a later session if you are already familiar with the material.

The first session provides an overview of rebate reallocation, including the process, purposes, goals, and timeline for it. The second session describes the rules that specify when an MAO is required, permitted, or not permitted to participate in rebate reallocation. The third session provides a summary of the guidelines that are outlined in Appendix E of CMS' instructions for completing the MA BPTs. The fourth and final session presents a summary of OACT's review of all rebate reallocation resubmissions and provides a demonstration of the rebate reallocation tool, which is a new tool for contract year 2025 that is intended to assist MAOs in understanding the rebate reallocation guidelines.

Please email any questions to OACT's actuarial bid mailbox at [actuarial-bids@cms.hhs.gov](mailto:actuarial-bids@cms.hhs.gov).

**Overview**

- Process
- Timeline
- Purpose
- Goals

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This session of the rebate reallocation training describes the high-level overview for MAOs resubmitting MA BPTs during the rebate reallocation period. This session will cover the process for MAOs estimating and updating BPTs for published benchmark amounts, the timeline of CMS' bid desk review, the purposes of reallocating rebates, and the goals of rebate reallocation. This first session is intended for actuaries who are unfamiliar with rebate reallocation.

## Overview –Process

MAOs submit initial BPTs based on estimated benchmarks

CMS calculates the benchmarks after review of BPTs

MAOs resubmit BPTs with published benchmark values



Rebate Reallocation Training

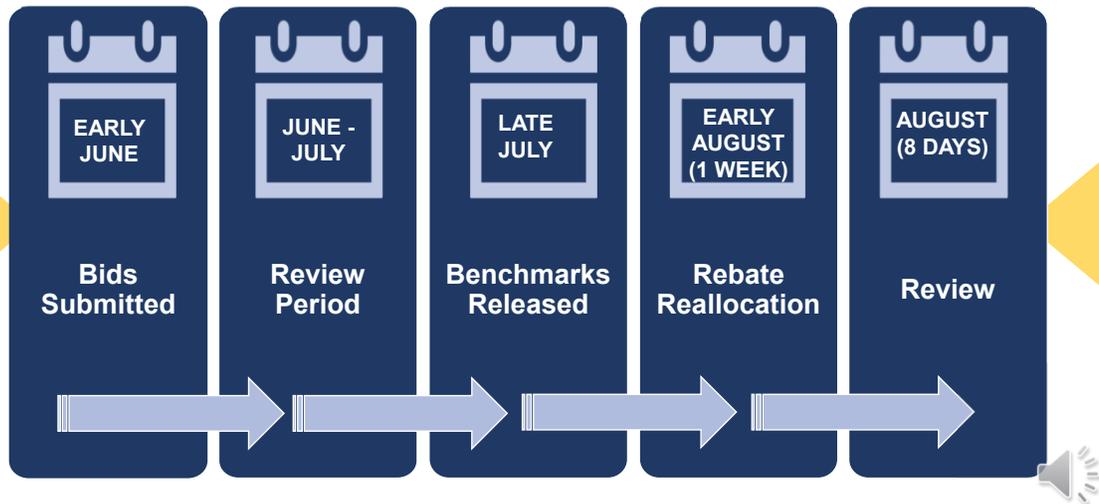
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In the prescription drug program, beneficiary premiums must be based on the national average monthly bid amount (NAMBA), the base beneficiary premium amount, and, in some cases, the low-income premium subsidy amount (LIPSA). For a regional preferred provider organization (RPPO), the region-specific benchmark amount is based, in part, on a weighted average of the plan bids for Medicare Part A and Part B benefits. CMS cannot calculate these amounts until after all BPTs have been reviewed. Therefore, the initial BPTs are based on estimated values of the Part D NAMBA, the Part D base beneficiary premium, the Part D LIPSA, and the Part C RPPO benchmark.

After reviewing the initial BPTs, CMS calculates the benchmark values. CMS typically publishes the benchmark values and initiates the start of the rebate reallocation period by the end of July.

When MAOs update their Part D BPT submissions for the published benchmark values, the Part D basic premiums will be affected by the change in the NAMBA, base beneficiary premium amount, and LIPSA. When MAOs update the RPPO plans with the published benchmark values, the total MA rebate dollars will be affected by the change in an RPPO's benchmark. Depending on the circumstance for each BPT, MAOs are required, permitted or not permitted to make minor adjustments to the BPT to account for the difference between the estimated benchmark values used in the initial submission and the published benchmark values.

## Overview – Timeline



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1. By the first Monday of June, all plan bids are submitted to CMS for the following contract year.
2. CMS and CMS' contracted bid desk reviewers review all plan bid submissions in June and July.
3. After this review, CMS calculates the benchmarks based on all plan bid submissions. The benchmarks are published in the Health Plan Management System (HPMS) by the end of July.
4. Following publication of the benchmarks, MAOs will have one week to resubmit their BPTs for rebate reallocation in HPMS.
5. After the rebate reallocation period ends, CMS runs a series of tests on all BPTs. CMS and bid desk reviewers contact MAOs to resolve all outstanding issues and answer questions for rebate reallocation. Resolution may require additional supporting documentation and/or BPT resubmission. CMS expects the rebate reallocation review to be completed within eight days after the rebate reallocation period ends. CMS requires the rebate reallocation review to be completed prior to final actuarial certification of the BPTs.

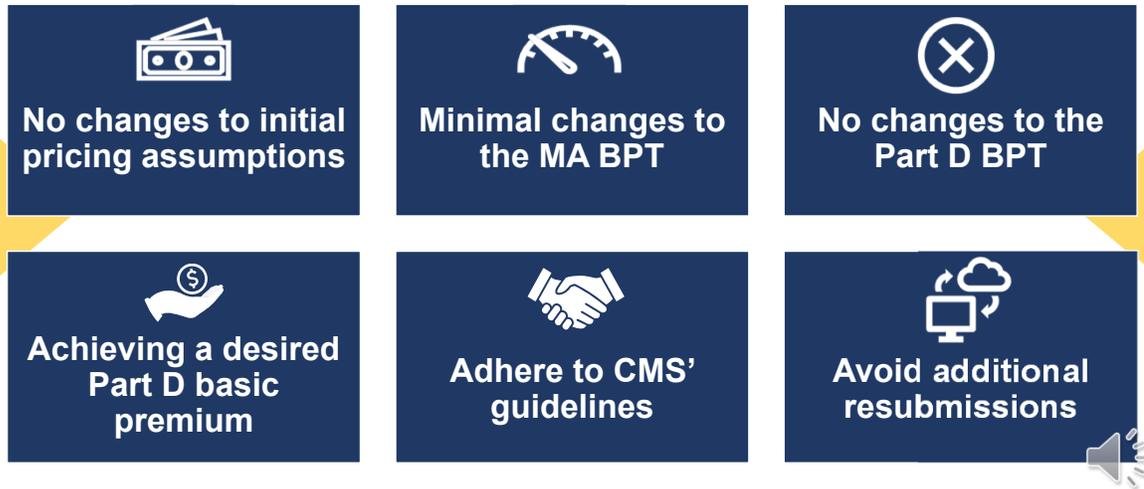
# Overview – Purposes



There are four purposes—that is, reasons—for reallocating rebates.

- 1. Reallocation of the excessive portion of the rebate.** When the amount of rebates allocated to the Part D basic premium exceeds the value of the Part D basic premium, the result is that a portion of the rebate is not provided to the beneficiary as required by law. Compliance with statute requires a reallocation of the excessive portion of the rebate back to other allowed uses of the Part C rebate.
- 2. Modification of Part D basic premium.** CMS allows MAOs to redistribute their Part C rebates to correct for the difference between the projected and final benchmarks so that they can achieve their previously proposed intention for the Part D basic premium.
- 3. Modification of rebate dollars by RPPOs.** An RPPO's initial plan bid submission is based on unknown benchmarks not only for the drug premium, but also for Medicare Part A and Part B benefits. The region-specific benchmark amount is based, in part, on a weighted average of the plan bids for Medicare Part A and Part B benefits, and CMS cannot calculate this benchmark amount until after plan bids have been submitted. Accordingly, the exact amount of an RPPO's Part C rebate is unknown and will shift to the extent that the estimated benchmark it uses to create its initial BPT differs from the region-specific non-drug benchmark that CMS establishes based on plan bids. Therefore, RPPOs will also be allowed to modify the allocation of rebate dollars, in addition to the Part D rebate reallocation.
- 4. Rounding of the total plan premium.** When published benchmarks result in premiums that do not represent a whole dollar value, it may be seen as burdensome to both the MAO and the beneficiary. Therefore, CMS allows small changes in the MA gain/loss amount to round the total plan premium to the nearest whole dollar.

## Overview – Goals



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During the rebate reallocation period, MAOs must ensure each resubmission achieves the following goals—that is, objectives—of rebate reallocation.

1. **No changes to the initial pricing assumptions that have already been reviewed by CMS and CMS' bid desk reviewers.**
2. **Minimal changes to the MA BPT during rebate reallocation.**
3. **No changes to the Part D BPT other than updates for the published NAMBA and base beneficiary premium amounts.** Changing the benefits in Part D would have a domino effect. It would have implications for pricing of the plan bid for basic Part D benefits, which in turn could affect the NAMBA and the base beneficiary premium, which CMS would have just previously calculated and published for the year. The one exception to this goal occurs when there is a negative Part D basic premium that cannot be offset by the Part D supplemental premium without making changes to the Part D benefits.
4. **Achieving a desired Part D basic premium.** As noted previously, the only objective of the Part D rebate reallocation is to achieve the target intention for the Part D basic premium. CMS provides some flexibility for achieving the target intention for this premium. In some instances, an MAO may not be able to achieve a desired total plan premium during rebate reallocation, as the only objective of the Part D rebate reallocation is to achieve the target intention for the Part D basic premium.
5. **Adherence to all the guidelines in CMS' Appendix E of the MA BPT instructions for every resubmission during rebate reallocation.**
6. **Avoid additional resubmissions after the rebate reallocation period.** When MAOs adhere to all of CMS' guidelines, CMS can move quickly to final actuarial certification.

This concludes the session describing the overview of rebate reallocation.

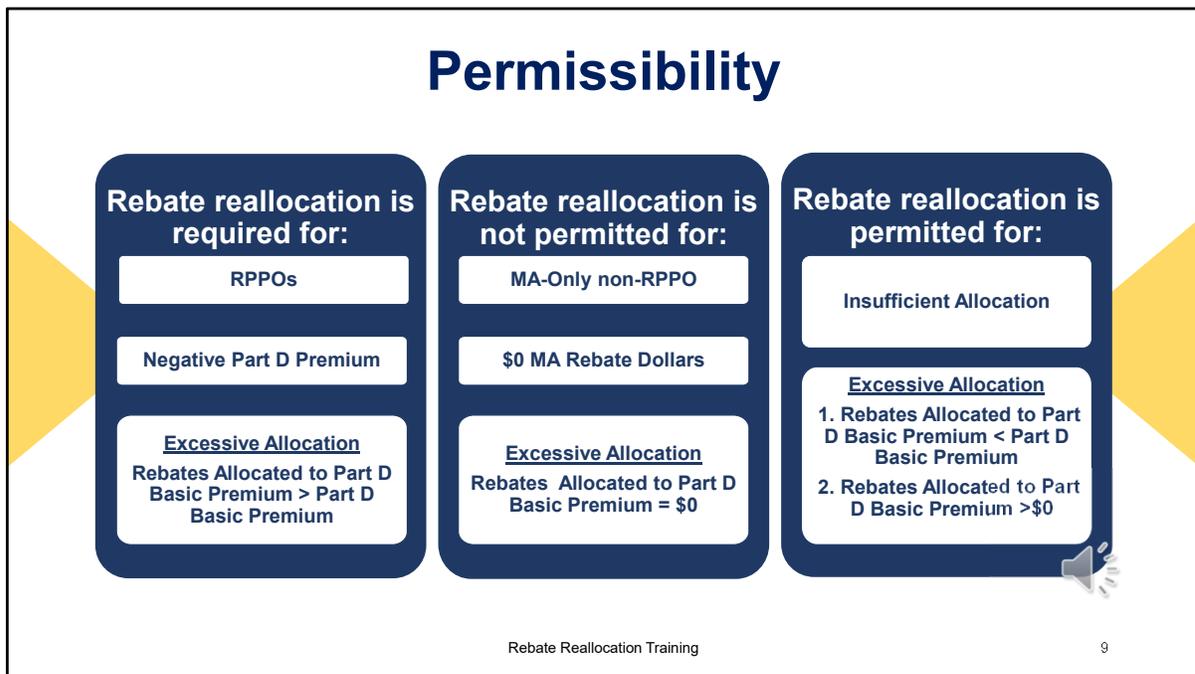
# Permissibility



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This session of the rebate reallocation training describes the permissibility of MAOs submitting MA BPTs to CMS during rebate reallocation. It covers CMS' rules for when MAOs are required, permitted, or not permitted to resubmit MA BPTs during the rebate reallocation period.



### **Required**

- Some MAOs may have MA BPTs for which rebate reallocation is required.
- All MAOs are required to resubmit their RPPO MA BPTs during rebate reallocation to update their region-specific benchmarks. This update may or may not change the Part C rebate amount. When it changes the value of the Part C rebates, reallocation of rebates is required.
- A premium of less than \$0 is not permitted. Thus, when a negative Part D basic premium is not fully offset by a Part D supplemental premium, compliance with statute requires a reallocation of rebates to ensure that the Part D basic plus supplemental premium is at least \$0.
- Excessive allocation occurs when a rebate allocation to the Part D basic premium is overestimated. When the amount of rebates allocated to the Part D basic premium exceeds the value of the Part D basic premium, the result is that a portion of the rebate is not provided to the beneficiary as required by law. Compliance with statute requires a reallocation of the excessive portion of the rebate back to other allowed uses of the Part C rebate.

### **Not permitted**

- Some MAOs may have MA BPTs for which neither resubmission nor rebate reallocation is permitted. However, some MAOs may have MA BPTS for which resubmission is permitted but rebate reallocation is not.
- The published benchmarks for rebate reallocation have no effect on MA-Only non-RPPO BPTs. Therefore, MAOs are not permitted to resubmit these BPTS during rebate reallocation.
- When BPTs have zero MA rebate dollars in the initial plan bid submission—and when RPPO plans have \$0 before and after the BPTs are updated for the published region-specific benchmarks—there are no rebates to reallocate, and thus MAOs are not permitted to participate in rebate reallocation for these BPTs.
- When an MAO made an excessive allocation to the Part D basic premium and submitted the initial BPT with \$0 allocated to the premium, the final Part D basic premium will be a lesser amount than the MAO had as the target intention for the premium. That is, the MAO will be unable to achieve the target intention for the premium—a situation that is referred to as a partial return to the Part D basic premium—and the MAO will not be permitted to participate in rebate reallocation.

### **Permitted**

- Some MAOs may have MA BPTs for which rebate reallocation is permitted.
- When an MAO has underestimated the rebate allocations to the Part D basic premium—that is, when the premium has an insufficient allocation—the MAO is permitted to either charge the new increased Part D basic premium or reallocate rebates. Rebate reallocation will be optional since the Part C rebate has already been provided to the enrollee.
- When an MAO has made an excessive allocation to the Part D basic premium and does not fall under the rebate reallocation scenarios designated as “required” and “not permitted,” then the MAO is permitted to either charge the new decreased Part D basic premium or reallocate rebates. Rebate reallocation will be optional since the Part C rebate has already been provided to the enrollee.

This concludes the session describing the permissibility of rebate reallocation.

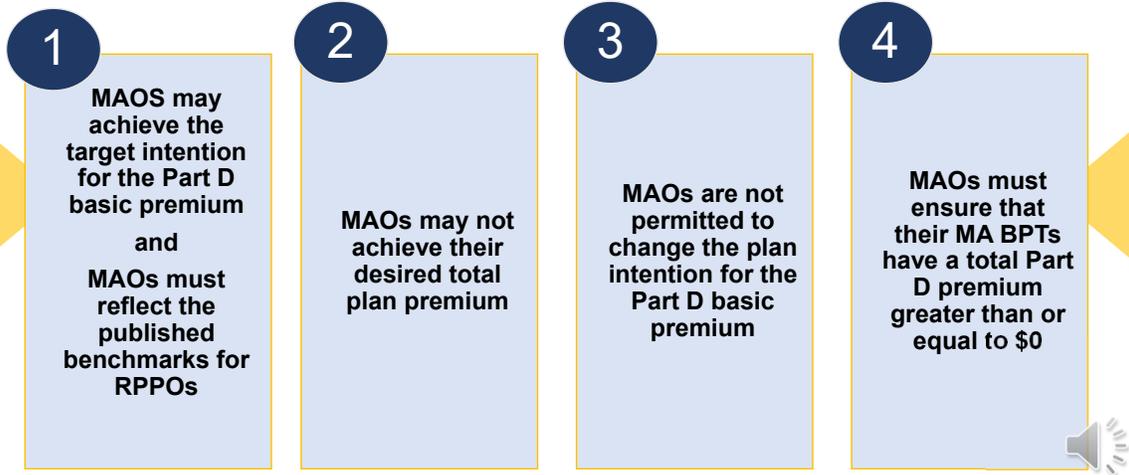
# Appendix E Guidelines



This session of the rebate reallocation training describes the guidelines listed in Appendix E of CMS' instructions for completing the MA BPTs.

# Appendix E Guidelines

## Rebate Reallocation



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For MAOs participating in rebate reallocation, there are twelve guidelines listed in Appendix E of CMS' instructions for completing the MA BPTs.

1. **MAOs may achieve the target intention for the Part D basic premium when required or permitted, and they must reflect the region-specific published benchmarks for RPPOs.**
2. **MAOs may not achieve their desired total plan premium.** CMS allows MAOs to redistribute their Part C rebates to correct for the difference between the projected and final benchmarks so that they can achieve the previously proposed intention for the Part D basic premium. Note that in some instances, an MAO may not be able to achieve a desired total plan premium during rebate reallocation, as the only objective of the Part D rebate reallocation is to achieve the target intention for the Part D basic premium.
3. **MAOs are not permitted to change the plan intention for the Part D basic premium.** That is, they are not permitted to change from targeting the initial submission for the Part D basic premium to targeting the LIPSA or vice versa.
4. **MAOs must ensure that their MA BPTs have a total Part D premium—that is, the Part D basic premium plus supplemental premium net of rebates—greater than or equal to \$0.**

# Appendix E Guidelines

## Rebate Reallocation

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MAOs must not allocate more rebates to the Part D basic premium than the value of that premium

6

MAOs must not change the Part D BPT

7

MAOs must reflect the published benchmarks in the BPT

8

MAOs must not allocate more rebates to a premium than the value of that premium

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5. **MAOs must not allocate more rebates to the Part D basic premium than the value of that premium.** When the amount of rebates allocated to the Part D basic premium exceeds the value of that premium, the result is that a portion of the rebate is not provided to the beneficiary as required by law. Compliance with statute requires a reallocation of the excessive portion of the rebate back to other allowed uses of the Part C rebate. When the Part D basic premium is negative, then the rebates allocated to Part D basic premium must equal \$0.
6. **MAOs must not change the Part D BPT other than updates for the published NAMBA and base beneficiary premium amounts.** Changing the benefits in Part D would have a domino effect. It would have implications for pricing of the plan bid for basic Part D benefits, which in turn could affect the NAMBA and the base beneficiary premium, which CMS would have just previously calculated and published for the year. The one exception to this guideline occurs when there is a negative Part D basic premium that cannot be offset by the Part D supplemental premium without making limited changes to the Part D benefits.
7. **When BPTs are resubmitted after the benchmarks are published, MAOs must reflect the published benchmarks in the BPTs.**
8. **MAOs must not allocate more rebates to a premium than the value of that premium.** As in guideline 5, the amount of rebates allocated to each premium in the BPT cannot exceed the value of that premium. In fact, the final validation of the BPT will not allow this circumstance to occur.

# Appendix E Guidelines

## Rebate Reallocation

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MAOs may consider CMS' recommended approach

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MAOs must limit any changes to the Part A/Part B mandatory supplemental benefits

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MAOs must comply with total beneficiary cost (TBC) rules

12

MAOs must provide additional supporting documentation if CMS requests it

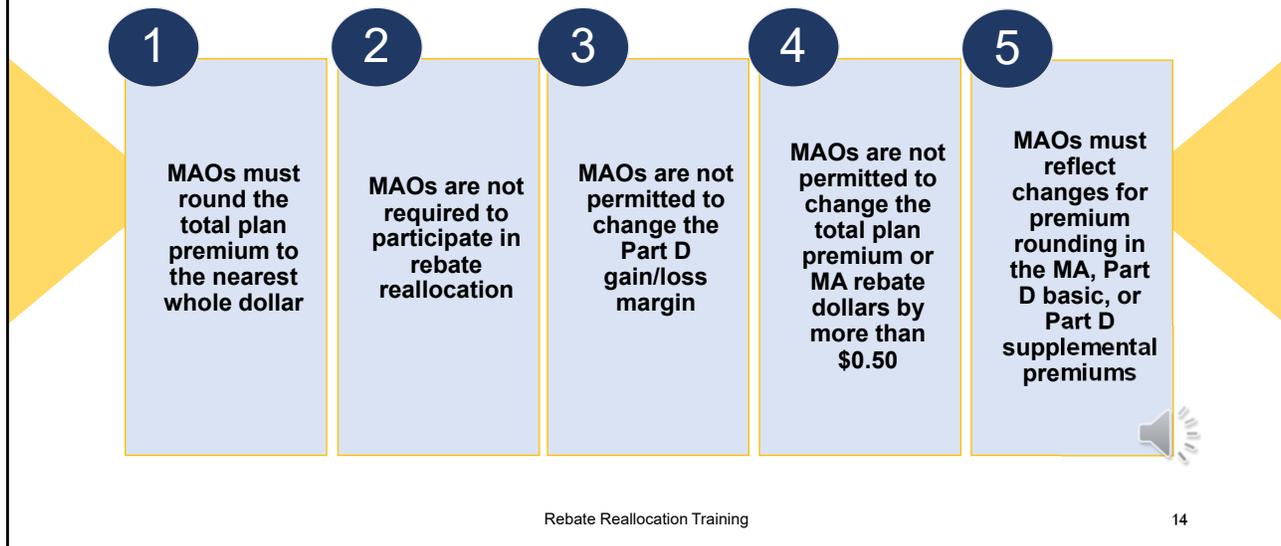
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- 9. MAOs may consider CMS' recommended approach when making changes to Part A/Part B mandatory supplemental benefits for rebate reallocation.** CMS recommends this approach to minimize changes to the MA BPT.
- 10. MAOs must limit any changes to the Part A/Part B mandatory supplemental benefits.** CMS does not expect, and will not allow, MAOs to substantially redesign Part C supplemental benefits during rebate reallocation. To limit any adjustments to the Part A/Part B mandatory supplemental benefits, CMS requires that the change in the Part A/Part B mandatory supplemental revenue requirement (MA BPT worksheet 4, R108) be between \$0 and the amount of unallocated rebate dollars. Furthermore, the MA gain/loss margin (MA BPT worksheet 4, H107) must not increase or decrease by more than \$1. CMS evaluates both requirements by comparing the pre-rebate reallocation BPT to post-rebate reallocation updates prior to premium rounding. In the instance that an MAO has not made any updates to a plan benefit package, CMS does not permit any changes to worksheet 4, cell R108 and H107 other than changes for premium rounding only.
- 11. MAOs must comply with total beneficiary cost (TBC) rules.** These rules were enacted as part of the Federal standards in the Affordable Care Act (ACA). All BPT resubmissions must continue to comply with TBC rules. If changes to the Part D basic premium or Part C supplemental benefits during rebate reallocation cause a BPT to be out of compliance with these rules, there may be an exception to the limits in guideline 10 for changes in the MA gain/loss margin. In this situation, CMS contacts MAOs directly and works with them and the certifying actuaries to determine the best solution for each case.
- 12. MAOs must provide additional supporting documentation if CMS requests it.** In accordance with item 45 of Appendix B in CMS' instructions for completing the MA BPTs, it is required that additional support—for all changes made during rebate reallocation—must be prepared and readily available for CMS reviewers upon request. When additional support is requested by CMS reviewers, it must be provided by the certifying actuary or additional MA BPT contact within 48 hours.

# Appendix E Guidelines

## Premium Rounding



For participating in premium rounding, there are five rules listed in Appendix E of CMS' instructions for completing the MA BPTs.

- 1. MAOs must round the total plan premium to the nearest whole dollar when participating in premium rounding.** When published benchmarks result in premiums that do not represent a whole dollar value, CMS allows small changes in the MA gain/loss margin to round the total plan premium to the nearest whole dollar. CMS provides one exception to the rebate reallocation guidelines that (i) allows MAOs to use the premium rounding rules rather than rebate reallocation guidelines; and (ii) does not require the final total plan premium to represent a whole dollar amount. To be eligible for the exception, MAOs must meet the following three requirements for an MA BPT: (i) the target intention must be the LIPSA benchmark, (ii) the Part D basic premium must be equal to the total plan premium, and (iii) there must be less than or equal to \$0.50 needed for rebate reallocation.
- 2. MAOs are not required to participate in rebate reallocation in order to participate in premium rounding.** If an MAO is not required to participate in rebate reallocation for a BPT and the total premium for that BPT changes due to the published benchmark values, the MAO is permitted to participate in premium rounding without participating in rebate reallocation.
- 3. MAOs are not permitted to change the Part D gain/loss margin for any Part D BPT.**
- 4. MAOs are not permitted to change the total plan premium or MA rebate dollars by more than \$0.50.** These changes are measured by comparing the total plan premium and MA rebate dollars after any changes for rebate reallocation have been made and the final BPT has been submitted. That is, the rules for premium rounding are applicable after all changes have been made in compliance with the guidelines for rebate reallocation.
- 5. MAOs must reflect changes that result from rounding the total plan premium in the MA, Part D basic, or Part D supplemental premiums.**

This concludes the session on Appendix E guidelines for rebate reallocation.

# Resubmission Review



This session of the rebate reallocation training will introduce the rebate reallocation tool and explain the review process that CMS completes after the rebate reallocation period. It will also provide a demonstration of the rebate reallocation tool.

# Resubmission Review

## 1. CMS evaluates for clear violations of the guidelines

If violations are discovered—

- MAOs receive notification
- MAOs must resubmit

## 2. CMS evaluates other changes

If CMS identifies other changes that require review—

- MAOs must provide documentation
- MAOs must resolve all issues



After the rebate reallocation period ends, CMS runs two set of tests to evaluate all BPTs.

In the first set of tests, **CMS evaluates for clear violations of the guidelines**. CMS and CMS' contracted bid desk reviewers will contact MAOs regarding any violations that are discovered, and MAOs must correct all violations through BPT resubmissions. These tests are described in more detail on the next slide .

In the second set of tests, **CMS evaluates other changes** that were made during the rebate reallocation period and that are beyond the scope of the guidelines or that may lead to the discovery of guideline non-compliance. CMS and CMS' contracted bid desk reviewers require MAOs to submit additional supporting documentation for all changes made during rebate reallocation, and MAOs must resolve any issues identified during the rebate reallocation resubmission review. The second series of tests are not as explicit as the first series; that is, for the second set, if changes are beyond the scope of the guidelines, the results are at CMS' discretion. Therefore, there is no need to describe these tests in further detail.

# Resubmission Review

## Clear violations of the guidelines include—

1. Permissibility (Guidelines 1, 4, 5, 8)
2. Gain/Loss Margin PMPM Change (10)
3. A/B Mandatory Supplemental Revenue Requirement Change (10)
4. Part D Basic Bid (6)
5. Part D Basic Premium Target (1, 4, 5, 8)
6. Part D Supplemental Bid (6)
7. Plan Intention for Part D Target Premium (3)



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The first series of tests—those that evaluate for clear violations of the guidelines—require MAOs to resubmit a BPT if it fails one of the tests. The tests are as follows:

1. **Permissibility.** If an MAO is required to participate in rebate reallocation for a BPT but has not resubmitted it, or if an MAO is not permitted to participate in rebate reallocation for a BPT but has attempted to reallocate rebates, the BPT will fail the permissibility test. This is a clear violation of guidelines 1, 4, 5, or 8.
2. **Gain/Loss Margin Per Member Per Month (PMPM) Change.** If the change in the MA gain/loss margin (MA BPT worksheet 4, cell H107) increased or decreased by more than \$1 before premium rounding, the BPT will fail the gain/loss test. This is a clear violation of guideline 10. The BPT will fail this test for violations of Appendix E's premium rounding rules (which specify that failure will occur if the changes to the MA gain/loss margin—after the changes for rebate reallocation have been made—represent a higher amount than is required to round the total plan premium).
3. **Part A/Part B Mandatory Supplemental Revenue Requirement Change.** If the Part A/Part B mandatory supplemental revenue requirement (MA BPT worksheet 4, cell R108) changed by more than the value of unallocated rebates for rebate reallocation before premium rounding, the BPT will fail the Part A/Part B mandatory supplemental test. This is a clear violation of guideline 10. The BPT will fail this test for violations of Appendix E's premium rounding rules (which specify that failure will occur if the changes to the Part A/Part B mandatory supplemental revenue requirement—after the changes for rebate reallocation have been made—represent a higher amount than is required to round the total plan premium).
4. **Part D Basic Bid.** If the Part D basic bid amount changed, the BPT will fail the Part D basic bid test. This is a clear violation of guideline 6. The BPT will not fail this test when a Part D benefit change is required for a bid with a negative Part D basic premium that cannot be offset in the Part D supplemental premium without a change in Part D benefits. CMS reviews bids with this exception on a case-by-case basis to ensure that Part D benefit changes are reasonable and appropriate.
5. **Part D Basic Premium Target.** If the MAO participated in rebate reallocation and did not return to the target for the Part D basic premium—or did not implement a partial return in situations in which a full return is impossible—the BPT will fail the Part D target test. This is a clear violation of guidelines 1, 4, 5, or 8.
6. **Part D Supplemental Bid.** If there are changes to the Part D supplemental benefits, the BPT will fail the Part D supplemental test. This is a clear violation of guideline 6. The BPT will not fail this test when a Part D benefit change is required for a bid with a negative Part D basic premium that cannot be offset in the Part D supplemental premium without a change in Part D benefits. CMS reviews bids with this exception on a case-by-case basis to ensure that Part D benefit changes are reasonable and appropriate.
7. **Plan Intention for Part D Target Premium.** If an MAO changes its intention for the Part D target—that is, if it shifts from targeting the initial submission for the Part D basic premium to targeting the LIPSA benchmark, or vice versa—the BPT will fail the plan intention for the Part D target premium test. This is a clear violation of guideline 3.

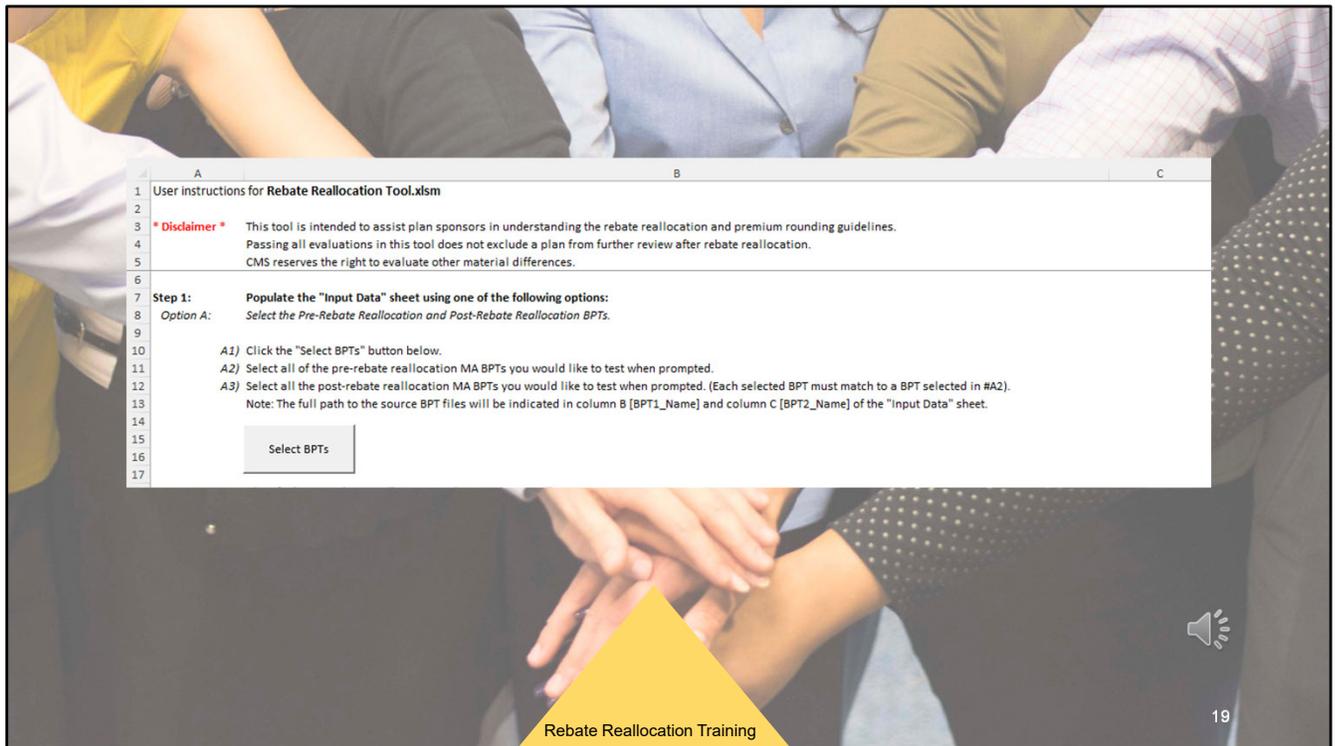


Starting in contract year 2025 , OACT provided MAOs with a rebate reallocation tool, which allows MAOs to ensure that BPT rebate reallocation resubmissions comply with CMS’ guidelines for rebate reallocation and premium rounding.

OACT expects MAOs to use this tool prior to the end of the rebate reallocation period, thereby significantly reducing the number of additional resubmissions.

The rebate reallocation tool identifies when BPTs fail any of the tests that were described in the previous slide. Because CMS requires MAOs to resubmit the BPT to address these issues, it is in the best interest of both MAOs and CMS to address all failures in the rebate reallocation tool prior to the end of the rebate reallocation period.

As previously explained, CMS and CMS’ contracted bid desk reviewers may contact MAOs about other changes—beyond those identified in the tool—in their BPT resubmissions for rebate reallocation. Resubmissions may be required to resolve other changes.



The following is a brief demonstration of how to use the rebate reallocation tool and interpret the results.

On the first worksheet, there is a disclaimer along with directions listed in four steps.

In the first step, there are three options to input data for the tool to analyze. If you want to select BPTs to upload, use option A. If you want the tool to upload the BPTs by sharing the file location and not selecting the BPTs from the folders manually, use option B. If you want to input BPT cell data without uploading BPTs, use option C.

In option A, you will be selecting two versions of each BPT that you want the tool to evaluate. It is probably easiest to save your pre- and post-rebate reallocation BPTs in two separate folders to ensure that you are selecting the correct versions of the BPTs in each part of this step. When you click the "Select BPTs" button, a message will appear and prompt you to select the MA BPTs in the file explorer. Select at least one MA BPT—OACT suggests not selecting more than 200—that has the pre-rebate reallocation assumptions. There is no need to select Part D BPTs in this tool. After you select "Open" for the MA BPTs, you will be prompted with a message again to select your "rebate reallocation" BPTs. After you select "Open" for these MA BPTs, the tool will upload data into the "Input Data" worksheet.

The screenshot displays the 'User instructions for Rebate Reallocation Tool.xlsx' window. It includes a disclaimer and instructions for Option B, which involves identifying Pre-Rebate Reallocation and Post-Rebate Reallocation BPTs. A 'Populate' button is visible below the instructions. Below the instructions is a table with columns A, B, and C, and rows for Plan ID, BPT1 Name, and BPT2 Name. The table contains data for Plan IDs H0000 001 00 through H0000 007 00. The bottom of the screenshot shows the 'Input Data' worksheet selected in the application's navigation pane.

**User instructions for Rebate Reallocation Tool.xlsx**

1 User instructions for Rebate Reallocation Tool.xlsx  
 2  
 3 \* **Disclaimer** \* This tool is intended to assist plan sponsors in understanding the rebate reallocation and premium rounding guidelines.  
 4 Passing all evaluations in this tool does not exclude a plan from further review after rebate reallocation.  
 5 CMS reserves the right to evaluate other material differences.

18 **Option B:** Identify the Pre-Rebate Reallocation and Post-Rebate Reallocation BPTs.  
 19 B1) On the "Input Data" sheet, populate column B [BPT1\_Name] contiguously with the full path to pre-rebate reallocation MA BPT; e.g.,  
 20 C:\BPT\H0001001000MAv1.xlsx  
 21 B2) On the "Input Data" sheet, populate column C [BPT2\_Name] with the full path to post-rebate reallocation MA BPT associated with pre-rebate reallocation MA  
 22 BPT specified in column B; e.g., C:\BPT\H0001001000MAv2.xlsx  
 23 B3) Click the "Populate" button below.  
 24 Note: If the BPTs are located in cloud storage and you encounter errors, make sure your cloud storage is fully synced. If errors persist, copy BPTs to your local  
 25 drive and update for #B2 and #B3 accordingly.  
 26

Populate

Plan ID	BPT1 Name	BPT2 Name
H0000 001 00	C:\PRR\H0000 001 00 - MA BPT Version 5_PRR.xlsm	C:\RR\H0000 001 00 - MA BPT Version 6.xlsm
H0000 002 00	C:\PRR\H0000 002 00 - MA BPT Version 5_PRR.xlsm	C:\RR\H0000 002 00 - MA BPT Version 6.xlsm
H0000 003 00	C:\PRR\H0000 003 00 - MA BPT Version 5_PRR.xlsm	C:\RR\H0000 003 00 - MA BPT Version 6.xlsm
H0000 004 00	C:\PRR\H0000 004 00 - MA BPT Version 5_PRR.xlsm	C:\RR\H0000 004 00 - MA BPT Version 6.xlsm
H0000 005 00	C:\PRR\H0000 005 00 - MA BPT Version 5_PRR.xlsm	C:\RR\H0000 005 00 - MA BPT Version 6.xlsm
H0000 006 00	C:\PRR\H0000 006 00 - MA BPT Version 5_PRR.xlsm	C:\RR\H0000 006 00 - MA BPT Version 6.xlsm
H0000 007 00	C:\PRR\H0000 007 00 - MA BPT Version 5_PRR.xlsm	C:\RR\H0000 007 00 - MA BPT Version 6.xlsm

Notes | **Input Data** | RR Review | Summary | +

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In option B, you will identify the folder location for each bid ID's BPT by inputting data in the "Input Data" worksheet, columns A, B and C. When you click the "Populate" button, the tool will upload data into the "Input Data" worksheet.

1 User instructions for Rebate Reallocation Tool.xlsx

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3 **\*Disclaimer\*** This tool is intended to assist plan sponsors in understanding the rebate reallocation and premium rounding guidelines.

4 Passing all evaluations in this tool does not exclude a plan from further review after rebate reallocation.

5 CMS reserves the right to evaluate other material differences.

27 **Option C:** Use your own custom method to populate the "Input Data" sheet. Note the following:

28 C1) Do not change the field names in row 1 or insert any rows above the field names. Note that the [BPT1\_Name] and [BPT2\_Name] fields do not need to be populated for this method.

29 C2) Do not change the number format of field columns on the "Input Data" sheet. (We strongly recommend that you use Paste Values to populate the "Input Data" sheet once you have collected the data through your custom method.)

30 C3) Variables with the prefix "BPT1\_WS" represent the pre-rebate reallocation BPT. Variables with the prefix "BPT2\_WS" represent the post-rebate reallocation BPT. Use the indicated worksheet number and cell reference to identify the appropriate field to pull from each BPT.

31 C4) If you add fields to "Input Data", specify a unique, non-blank field name in row 1 to avoid unexpected errors. Do not insert empty columns between fields.

32 C5) If you have already populated columns DJ through your custom method, go to Step 3.

33

1	A	K	L	M	N	O	P	Q
1	Plan_ID	BPT1_WS1_G5	BPT1_WS1_G6	BPT1_WS1_G7	BPT1_WS1_G8	BPT1_WS1_K5	BPT1_WS1_K6	BPT1_WS1_K7
2	H0000 001 00							
3	H0000 002 00							
4	H0000 003 00							
5	H0000 004 00							
6	H0000 005 00							
7	H0000 006 00							
8	H0000 007 00							
9								

Notes Input Data RR Review Summary +

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In option C, you will use your own method to complete the "Input Data" worksheet, columns K through CG. For this option, you will not upload any BPTs.

It is important that you do not change the column names in the first row of the "Input Data" worksheet. Do not change the number format of the columns. Do not insert empty columns in the worksheet. I recommend that you use paste values.

The screenshot displays the 'Rebate Reallocation Tool' interface. At the top, a text box provides user instructions and a disclaimer. Below this, a worksheet titled 'Input Data' is shown with columns for Plan ID, PRR\_BBP, PRR\_NAMBA, PRR\_LIPSA, BBP, NAMBA, LIPSA, and LIPSA\_Unrounded. The data rows are highlighted in yellow, indicating input fields.

**User instructions for Rebate Reallocation Tool.xlsx**

**\* Disclaimer \*** This tool is intended to assist plan sponsors in understanding the rebate reallocation and premium rounding guidelines. Passing all evaluations in this tool does not exclude a plan from further review after rebate reallocation. CMS reserves the right to evaluate other material differences.

**Step 2:** In columns D:J of the "Input Data" worksheet, manually enter the pre-rebate reallocation (PRR) and post-rebate reallocation National Average Monthly Bid Amount (NAMBA), Base Beneficiary Premium (BBP), and Low-Income Premium Subsidy Amount (LIPSA). Also enter the post-rebate reallocation unrounded LIPSA. Before CMS publishes the benchmark values for NAMBA, base beneficiary premium, RPPO regional benchmarks, and Part D regional low-income subsidy amounts, these values are your estimates only. When CMS publishes these values in late July or early August before the rebate reallocation period begins, the "post-rebate reallocation submission" must be updated to use the actual benchmark values. Estimates are no longer acceptable.

Plan_ID	PRR_BBP	PRR_NAMBA	PRR_LIPSA	BBP	NAMBA	LIPSA	LIPSA_Unrounded
H0000 001 00	\$36.78	\$166.78	\$44.80	\$36.78	\$179.45	\$50.60	\$50.63
H0000 002 00	\$36.78	\$176.78	\$50.00	\$36.78	\$179.45	\$46.30	\$46.32
H0000 003 00	\$36.78	\$186.78		\$36.78	\$179.45		
H0000 004 00	\$36.78	\$176.78	\$25.50	\$36.78	\$179.45	\$47.30	\$47.25
H0000 005 00	\$36.78	\$176.78		\$36.78	\$179.45		
H0000 006 00	\$36.78	\$166.78		\$36.78	\$179.45		
H0000 007 00	\$36.78	\$161.78		\$36.78	\$179.45		

In the second step, you will need to enter input assumptions in the yellow boxes of the "Input Data" worksheet.

- The input assumptions include pre-rebate reallocation (PRR) and post-rebate reallocation National Average Monthly Bid Amount (NAMBA), Base Beneficiary Premium (BBP), and Low-Income Premium Subsidy Amount (LIPSA).
- You are only required to input assumptions in the columns designated for pre-rebate reallocation LIPSA, LIPSA, and LIPSA unrounded if the bid ID has the plan intention for target Part D basic premium in worksheet 6, cell R47 equal to "LOW INCOME PREMIUM SUBSIDY AMOUNT."
- The values for BBP and NAMBA must match the values that are in the Part D BPTs. The columns with the prefix "PRR" in the name are the assumptions used in the BPT submissions prior to rebate reallocation. The columns without a prefix are the updated values for rebate reallocation.
- The RPPO benchmark estimates and RPPO benchmark actual values are included in the BPT data (that is, columns AC and BM of the "Input Data" worksheet).
- Prior to rebate reallocation period, you may use estimates of CMS' published values to test your BPTs. During the rebate reallocation period, you must use the actual values that are published by CMS.

The screenshot shows an Excel spreadsheet titled "User instructions for Rebate Reallocation Tool.xlsm". The spreadsheet is divided into columns A and B. The content is as follows:

Row	Column A	Column B
1	User instructions for Rebate Reallocation Tool.xlsm	
2		
3	<b>* Disclaimer *</b>	This tool is intended to assist plan sponsors in understanding the rebate reallocation and premium rounding guidelines.
4		Passing all evaluations in this tool does not exclude a plan from further review after rebate reallocation.
5		CMS reserves the right to evaluate other material differences.
35	<b>Step 2:</b>	In columns D:J of the "Input Data" worksheet, manually enter the pre-rebate reallocation (PRR) and post-rebate reallocation National Average Monthly Bid Amount (NAMBA), Base Beneficiary Premium (BBP), and Low-Income Premium Subsidy Amount (LIPSA). Also enter the post-rebate reallocation unrounded LIPSA.
36		Before CMS publishes the benchmark values for NAMBA, base beneficiary premium, RPPO regional benchmarks, and Part D regional low-income subsidy amounts, these values are your estimates only.
37		When CMS publishes these values in late July or early August before the rebate reallocation period begins, the "post-rebate reallocation submission" must be updated to use the actual benchmark values. Estimates are no longer acceptable.
39	<b>Step 3:</b>	Click the "Run" button below to run the rebate reallocation tests.
41		<input type="button" value="Run"/>
44	<b>Step 4:</b>	Check for failures on the "Summary" sheet.
45		View details on the "RR Review" sheet by selecting a bid from the drop-down list in cell B2.
47	<b>(Reset)</b>	You may click on the "Reset Tool" button below to clear results from Step 3.
49		<input type="button" value="Reset Tool"/>

At the bottom of the spreadsheet, there is a yellow triangle pointing upwards with the text "Rebate Reallocation Training". A speaker icon is visible in the bottom right corner of the spreadsheet window.

In the third step, select "Run". You will review the "Summary" worksheet to check which bid IDs have passed each test and which have failed. You may also view more details about each bid ID and the tests in the "RR Review" worksheet. The tool will create a drop-down menu on the "RR Review" worksheet for you to select a bid ID from the list of bid IDs in the "Input Data" worksheet.

In the fourth step, if you wish to clear all data from "RR Review" and "Summary" worksheets in the tool, click the "Reset Tool" button.



	A	B	C	D	E	F	G	H	I	J	K	L	M
	BID ID	Part D Rebate Reallocation Permissibility	Is the Bid Participating in Part D Rebate Reallocation?	Total Unallocated Rebates	RPPD Unallocated Rebates	Part D Unallocated Rebates	Permissibility Test	Gain/Loss Margin PMPM Change Test	A/B Mandatory Supplemental Revenue Requirement Change Test	Part D Basic Bid Test	Part D Basic Premium Target Test	Part D Supplemental Bid Test	Plan Intention for Part D Target Premium Test
1													
2	H0000 001 00	Permitted	Yes	\$18.40	\$0.00	\$18.40	Pass	Pass	Pass	Pass	Pass	Pass	Pass
3	H0000 002 00	Permitted	Yes	-\$1.00	\$0.00	-\$1.00	Pass	Fail	Pass	Pass	Pass	Pass	Pass
4	H0000 003 00	Not Permitted	Yes	\$0.00	\$0.00	\$0.00	Fail	Pass	Pass	Pass	Pass	Pass	Pass
5	H0000 004 00	Not Permitted	No	\$0.00	\$0.00	\$0.00	Pass	Pass	Pass	Pass	Pass	Pass	Pass
6	H0000 005 00	Permitted	Premium Rounding Only	\$2.70	\$0.00	\$2.70	Pass	Pass	Pass	Pass	Pass	Pass	Pass
7	H0000 006 00	Required	Yes	\$12.70	\$0.00	\$12.70	Pass	Pass	Fail	Pass	Pass	Pass	Pass
8	H0000 007 00	Required	Yes	\$17.60	\$0.00	\$17.60	Pass	Pass	Pass	Pass	Pass	Pass	Pass

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Here is a sample output for the “Summary” worksheet. The first several columns provide information about permissibility and the value of unallocated rebate dollars after the BPTs reflect changes for the published benchmark values. The last several columns are for the rebate reallocation tests; if the BPT fails any of these tests, resubmission is required. The “RR Review” worksheet provides additional details when a bid ID fails a test.

H0000 002 00		MA-PD	Part D Permissibility	Permitted	Estimates for Benchmark Release	Reallocatio	Rebate
1	H0000 001 00	C:\PFRH0000 002 00 - MA BPT Version 5.1	Part D Plan's Participation	Yes	National Average Monthly Bid Amc	\$176.78	\$173.45
2	H0000 002 00	C:\PFRH0000 002 00 - MA BPT Version 5.1	Total Unallocated Rebates	-\$100	Base Beneficiary Premium	\$36.78	\$36.78
3	H0000 003 00		RFPD		Part D Basic Premium Target	\$50.00	\$46.30
4	H0000 004 00		Part D		LIPSA Benchmark	N/A	\$46.30
5	H0000 005 00				RFPD Benchmark		
6	H0000 006 00						
7	H0000 007 00						
8		ABC Parent Org (Demo)	Enrollee Type:	A/B	Region Name:	N/A	
9		Plan H0000 002 (Demo)	MA Region:	N/A	SNP Type:	Dual-Eligible	
10		MA	Ant. Swap/Equiv. Apply:	N	VBID-C:	N	
11		Y	SNP:	Y			
12	Cell		Pre-Rebate Reallocati on Submissio n (1st	Pre-Rebate Reallocati on Updated for	Post-Rebate Reallocati on Submissio n (2nd BPT)	Tests	Notes
13							
14	H07	MA Worksheet 4	\$83.43	\$83.43	\$81.54	Fail	The change in SelfIns margin PPHM is too significant. Please refer to Appendix E of the MA BPT Instructions.
15		MA Worksheet 6					
16		B. Rebate Allocation for Part B Premium					
17		1.FMFM Rebate Allocation for Part B premium	\$0.00	\$0.00	\$0.00		
18	L13	2. Part B Rebate Allocation, rounded to one decimal	\$0.00	\$0.00	\$0.00		
19							
20		C. Development of Estimated Plan Premium					
21		1. A/B Mandatory Supplemental revenue requirements	\$101.44	\$101.44	\$101.32	Pass	
22	R22	2. Less rebate allocations:					
23		2a. Reduce A/B Cost Sharing	-2.21	-2.21	-2.21		
24	R24	2b. Other A/B Mand Supplemental Benefits	-99.23	-99.23	-99.11		
25	R25						
26		3. A/B Mandatory Supplemental premium	0.00	0.00	0.00		
27	R27						
28		4. Basic MA premium	0.00	0.00	0.00		
29	R29	5. Total MA Enrollee Premium (excl. Opt. Suppl.)	0.00	0.00	0.00		
30	R30						
31	R31	6. Rounded MA Premium (excl. Opt. Suppl.)	\$0.00	\$0.00	\$0.00		
32							
33		7. Part D Basic Premium					
34	R34	7a. Prior to rebates (rounded value from Part D BPT)	\$61.90	\$59.30	\$59.10	Pass	
35	R35	7b. A/B rebates allocated to Part D Basic Premium	\$11.90	\$11.60	\$12.20		
36	R36	7c. A/B rebates for Part D Basic Premium (rounded)	\$11.80	\$11.80	\$12.00		
37	R37	7d. Part D Basic Premium*	\$50.00	\$47.30	\$46.30	Pass	
38							
39		8. Part D Supplemental Premium					
40	R40	8a. Prior to rebates (rounded value from Part D BPT)	\$0.00	\$0.00	\$0.00	Pass	
41	R41	8b. A/B rebates allocated to Part D Suppl Premium	\$0.00	\$0.00	\$0.00		
42	R42	8c. A/B rebates for Part D Suppl Premium (rounded)	\$0.00	\$0.00	\$0.00		
43	R43	8d. Part D Supplemental Premium	\$0.00	\$0.00	\$0.00		
44							
45	R45	9. Total estimated plan premium*	\$50.00	\$47.30	\$46.30		
46							
47	R47	10. Plan Intention for target PD basic premium	LOW INCOME PREMIUM SUBSIDY AMOUNT	LOW INCOME PREMIUM SUBSIDY AMOUNT	LOW INCOME PREMIUM SUBSIDY AMOUNT	Pass	
48							

Here is a sample output for a bid ID worksheet.

At the top, there is information about the bid ID, the BPTs that were selected for comparison, general information about the plan, an overview of permissibility, unallocated rebate dollars, benchmark values, and Part D basic premium target values.

At the bottom, there is MA BPT information from worksheet 4 and worksheet 6.

- The first column (column C) displays values from the first BPT—that is, the BPT with estimates for the benchmark values.
- The second column (column D) displays only the update to worksheet 6, line 7a—that is, the update to the Part D basic premium for the updated benchmark but before rebate reallocation.
- The third column (column E) displays the values from the second BPT—that is, the BPT with updates for rebate reallocation.
- The last two columns (column F&G) display the tests that are performed on the changes in those cells, with notes that give more details regarding what is permitted.

B	C	D	E	F	G
<b>H0000 003 00</b>	MA-PD				
File Name				<b>Part D Permissibility</b>	Not Permitted
Pre-Rebate Reallocation BPT (1st BPT)	C:\PRR\H0000 003 00 - MA BPT Version 5_PRR			<b>Part D Plan's Participation</b>	Yes
Rebate Reallocation BPT (2nd BPT)	C:\PRR\H0000 003 00 - MA BPT Version 6.xlsm			<b>Total Unallocated Rebates</b>	\$0.00
				<b>RPO</b>	
				<b>Part D</b>	
<b>No changes are permitted (except for cell R34) because plan is not permitted to participate in rebate reallocation.</b>					
<b>General Information</b>					
Organization Name	ABC Parent Org (Demo)			Enrollee Type:	
Plan Name:	Plan H0000 003 (Demo)			MA Region:	
Plan Type:	HMOPOS			Act. Swap/Equiv Apply:	
MA-PD:	Y			SNP:	

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If the BPT fails the permissibility test, there will be a message that displays above the general information.

Cell		Pre-Rebate Reallocation Submission (1st BPT)	Pre-Rebate Reallocation BPT Updated for NAMBA and BBP	Post-Rebate Reallocation Submission (2nd BPT)	Tests
<b>MA Worksheet 4</b>					
H107	w. Gain/(Loss) Margin	\$30.99	\$30.99	\$31.73	Pass
<b>MA Worksheet 6</b>					
<b>B. Rebate Allocation for Part B Premium</b>					
L13	1. PMPM Rebate Allocation for Part B premium	\$0.00	\$0.00	\$0.00	
	2. Part B Rebate Allocation, rounded to one decimal	\$0.00	\$0.00	\$0.00	
<b>C. Development of Estimated Plan Premium</b>					
R22	1. A/B Mandatory Supplemental revenue requirements	\$136.50	\$136.50	\$149.69	Fail
	2. Less rebate allocations:				
R24	2a. Reduce A/B Cost Sharing	-58.05	-58.05	-57.98	
R25	2b. Other A/B Mand Supplemental Benefits	-78.45	-78.45	-91.71	
R27	3. A/B Mandatory Supplemental premium	0.00	0.00	0.00	
R29	4. Basic MA premium	0.00	0.00	0.00	
R30	5. Total MA Enrollee Premium (excl. Opt. Suppl.)	0.00	0.00	0.00	
R31	6. Rounded MA Premium (excl. Opt. Suppl.)	\$0.00	\$0.00	\$0.00	
	7. Part D Basic Premium				
R34	7a. Prior to rebates (rounded value from Part D BPT)	\$13.60	\$0.90	\$0.90	Pass
R35	7b. A/B Rebates (rounded to Part D Basic Premium)	\$13.60	\$13.60	\$13.60	
R36	7c. A/B Rebates for Part D Basic Premium (rounded)	\$13.60	\$13.60	\$13.60	

In the bottom section, the first test is the gain/loss margin PMPM change test. In this example, the BPT is passing because the change in gain/loss margin is within the permitted range for rebate reallocation and premium rounding.

The second test is the Part A/Part B mandatory supplemental revenue requirement change test. In this example, the BPT is failing because the change in the Part A/Part B mandatory supplemental revenue is not within the permitted range for rebate reallocation and premium rounding.

The third test ensures that the Part D basic bid has not changed beyond the changes made for the benchmarks. In this example, the value in the cell in the post-rebate reallocation column (\$0.90) must be equal to the value in the cell to the left of it.

		Pre-Rebate Reallocation Submission (1st BPT)	Pre-Rebate Reallocation BPT Updated for NAMBA and BBP	Post-Reb Reallocat Submiss (2nd BP			
					1	Estimates for Benchmark Release	
					2	National Average Monthly Bid Amount	Pre-Rebate Reallocation
					3	Base Beneficiary Premium	Post-Rebate Reallocation
R34	7. Part D Basic Premium				4	Part D Basic Premium Target	
R35	7a. Prior to rebates (rounded value from Part D BPT)	\$13.60	\$0.90	\$	5	LIPSA Benchmark	
R36	7b. A/B rebates allocated to Part D Basic Premium	\$13.60	\$13.60	\$	6	RPPO Benchmark	
R37	7c. A/B rebates for Part D Basic Premium (rounded)	\$13.60	\$13.60	\$			
	7d. Part D Basic Premium*	\$0.00	(\$12.70)	\$0.00			
	8. Part D Supplemental Premium						
R40	8a. Prior to rebates (rounded value from Rx BPT)	\$28.80	\$28.80	\$28.80			
R41	8b. A/B rebates allocated to Part D Suppl Premium	\$28.80	\$28.80	\$28.80			
R42	8c. A/B rebates for Part D Suppl Premium (rounded)	\$28.80	\$28.80	\$28.80			
R43	8d. Part D Supplemental Premium	\$0.00	\$0.00	\$0.00			
R45	9. Total estimated plan premium*	\$0.00	(\$12.70)	\$0.00			
R47	10. Plan Intention for target PD basic premium	PREMIUM AMOUNT DISPLAYED IN LINE 7D	PREMIUM AMOUNT DISPLAYED IN LINE 7D	PREMIUM AMOUNT DISPLAYED IN LINE 7D			

The fourth test ensures that the target is reached when a plan is participating in rebate reallocation. The value in the cell in the post-rebate reallocation column must match the target value that is displayed above in cell K4. Cell K4 is updated to show the correct value for the BPT's situation (that is, the cell will show the value for a partial return, the published LIPSA, or the new target if the plan is permitted to participate in rebate reallocation but chose not to).

The fifth test ensures that the Part D supplemental bid has not changed. In this example, the value in the cell in the post-rebate reallocation column (\$28.80) must be equal to the value in the cell to the left of it.

The final test is the plan intention for the Part D target premium test. The value in the cell in the post-rebate reallocation column must be equal to the value in the cell to the left of it.

# Conclusion



Please send any questions or comments to [actuarial-bids@cms.hhs.gov](mailto:actuarial-bids@cms.hhs.gov).



This concludes the rebate reallocation training sessions. Please send any questions or comments to [actuarial-bids@cms.hhs.gov](mailto:actuarial-bids@cms.hhs.gov).