

## Announcements (4/16/2026 UGC)

### 1) Similar to last year, OACT intends to post the advance Q&A file the morning of the Thursday User Group Calls

- The questions for this week's call were posted on the CMS website this morning at <https://www.cms.gov> > Medicare > Payment > Medicare Advantage Rates and Statistics > Actuarial Bid Questions within the CY2027 Actuarial Bid Questions document. You may want to open this file to follow along during the Q&A portion of this call.
- This file will only contain the questions asked in advance that we plan to address on the call. The responses will not be included in this early posting but will be posted after the call.
- The intent of this advance posting is to help listeners follow along during the Q&A portion of the call.
- Note that this is just a draft and some questions could be added/removed/or modified prior to the final posting.
- If a response read on the call is not clear, please ask additional questions either live on the call or by submitting them in writing to the actuarial-bids mailbox.
- In order to help us respond in a timely manner to feedback that involves other areas of CMS, we ask that you please copy the appropriate resource mailboxes in addition to any emails sent to the actuarial-bids mailbox. These email addresses can always be found in the introductory note within the UGC Q&A file.
- Also note that some questions require more discussion and coordination among our group and may be postponed until a later call if necessary.
- We also plan to post the key announcements from our call each week following the call, similar to last year.

### 2) CY2027 Bid Forms and Instructions

- BPTs and bid instructions were released via HPMS on Friday, April 10<sup>th</sup>
- The files were also posted on the CMS website, under: <https://www.cms.gov> > Medicare > Payment > Medicare Advantage Rates & Statistics > Bid Form & Instructions
- We appreciate the feedback we received during the industry beta testing period. We have incorporated clarifications within the bid instructions.
- No Bid Pricing Tool (BPT) changes from February Beta Release.
- Instruction Changes from Beta Release:
  - MA Instructions
    1. We updated the rebate reallocation language in Appendix E 10.2.1 in response to industry feedback. The update clarifies that, for plans targeting a LIPSA with a negative Part D basic premium, the amount of unallocated rebates includes the amount necessary to return the Part D basic premium to the LIPSA and the Part D supplemental premium to its intended level.
  - Part D BPT Instructions
    1. We added language to Appendix D to clarify how the March 2026 enrollment Low-Income Benchmark Premium Amounts were calculated.
      - a. Similar to the June results, the March results presented in the Appendix D table were floored at the lowest monthly beneficiary premium for a PDP offering basic prescription drug coverage in the applicable PDP region.

- b. Unlike the June results, the March results were calculated using the direct subsidy derived from March enrollment.
  2. We updated the Worksheet 7, Line 2 language to explicitly define “Organization.”
    - a. An “organization” is the legal entity that contracts with CMS to provide benefits under one or more contracts, and it is recorded in HPMS as the Legal Entity name. The NAMBA estimate must be equal for all plans under a single organization.
  3. For both Worksheets 1 and 3, we updated the language for the “Number of Members” column.
    - a. Prior UGC Q&As indicate that members with non-zero scripts but \$0 in allowed claims must be reported in line 2. This guidance is now explicitly included in the instructions.
    - b. The prior language incorrectly stated that members must be reported in Line 4 if their TrOOP costs exceed the out-of-pocket limit. The language should have read *meet or exceed* the out-of-pocket limit. This has been corrected.
- Guidance for MA-PD and PDP plan sponsors with a negative total Part D premium
  - Plan sponsors must develop a reasonable NAMBA estimate at the Organization level and support it.
    1. Artificially lowering the NAMBA estimate to accommodate bids with negative Part D premiums is not acceptable.
    2. Estimates below the CY2026 NAMBA should reflect a thorough review of underlying assumptions and provide a clear basis for the proposed reduction.
  - If a bid’s total Part D premium is negative, plan sponsors must follow the steps below:
    1. The plan sponsor must enhance Part D benefits until a \$0 total Part D premium is reached. However, bids are only required to enhance Part D benefits to the extent necessary to be actuarially equivalent to the LI benefit. OACT is considering excluding the specialty tier from this measurement.
      - a. OACT defines the LI benefit as a \$0 deductible and Category Code 1 copays for Generic/Preferred Multi-Source Drugs and Other Drugs. For CY2027, the Generic/Preferred Multi-Source Drugs Category Code 1 copay is \$5.80 and the Other Drugs Category Code 1 copay is \$14.40.
      - b. OACT will evaluate compliance by running the LI benefit through the OOPC model and comparing it to the bid’s OOPC.
    2. If the bid has a negative total Part D premium after enhancing Part D benefits to the LI benefit, the plan sponsor may increase Part D gain/loss margin to reach a \$0 total Part D premium.
      - a. For basic PDP and Platino bids that do not have the option to become EA, plan sponsors may increase Part D gain/loss margin to reach a \$0 total Part D premium without enhancing Part D benefits.
    3. For PDP bids, plan sponsors must ensure that the PDP aggregate gain/loss margin meets the margin requirements. No bids may be excluded from the PDP aggregate gain/loss margin calculation.
    4. For MA-PD bids, if the above steps result in failure of the MA vs. Part D gain/loss margin requirement, plan sponsors must ensure that the combination of MA benefits and premium have not been enhanced from the prior year.

- a. Supporting documentation item MA Appendix B 8.6.2 must be submitted to demonstrate this.
  - b. This applies regardless of whether the plan sponsor is using Option A or Option B to comply with MA vs. Part D gain/loss margin requirements.
5. For plan sponsors failing the MA vs. Part D gain/loss margin requirement using Option A, no other steps are required.
  6. For plan sponsors failing the MA vs. Part D gain/loss margin requirement using Option B, the following steps are required to ensure compliance:
    - a. Calculate the aggregate MA gain/loss margin as normal. Do not exclude any bids.
    - b. The Part D gain/loss margin on all other bids — excluding those bids that increased their Part D gain/loss margin to reach a \$0 total Part D premium in Step 2 — must be equal and within 1.5% of the aggregate MA gain/loss margin calculated in Step 6a.
    - c. Supporting documentation must be submitted to demonstrate compliance under this situation.
      - Bids new in CY2027 will not be granted the gain/loss margin flexibility, as described above.

### 3) Actuarial Bid Training

- A basic overview of the Medicare Advantage and Part D programs and bid forms for actuaries and other interested parties can be downloaded and printed at any time from the OACT webpage (<https://www.cms.gov/medicare/payment/medicare-advantage-rates-statistics/actuarial-bid-training>).
  - The training consists of 3 sessions:
    - Introduction to Bidding
    - BPT 101
    - Introduction to Bid Review, Audit, and Bid Improvement Initiative
  - Sections 3 (Rebate Reallocation Guidelines) and 4 (Rebate Reallocation Review) of the training, along with the rebate reallocation flowchart, will be updated to reflect the A/B Mandatory Supplemental Revenue Requirement change allowing up to 110% of unallocated rebates. These updates will be posted next week alongside an updated rebate reallocation tool. Sections 1–2 and 5 of the training require no updates.
- 4) The Office of the Actuary has posted the following ratebook-related items on the CMS website at: CMS Home > Medicare > Payment > Medicare Advantage - Rates & Statistics > FFS Trends.
    - FFS unit cost trends for 2025-2027
    - FFS per capita trends for 2022-2027 (revised 4/15/26 to correct inpatient and SNF utilization trends)
    - Non-ESRD FFS USPCC-to-ratebook reconciliation
  - 5) Please direct any technical questions related to the BALANCE Model to Model Mailbox at [BALANCEModel@cms.hhs.gov](mailto:BALANCEModel@cms.hhs.gov). To stay connected, we recommend subscribing to the CMS Innovation Center listserv and visiting the CMS BALANCE Model [Webpage](#) for any updates, including additional technical guidance, on the BALANCE Model.
  - 6) Contract Year (CY) 2027 Final Part D Bidding Instructions were released via HPMS on Friday, February 6<sup>th</sup>

- 7) The CY2027 Final C&D Regulation was released on Thursday April 2<sup>nd</sup> and a summary of key provisions can be found at: <https://www.cms.gov/newsroom/fact-sheets/contract-year-2027-medicare-advantage-part-d-final-rule>
- 8) Release of risk score data for CY2027 bidding
  - Bene-level files released to support MA and Part D bidding
  - See HPMS memo from 4/13 that provides information beneficiary-level files
- 9) Bid Submission - On May 1, 2026, CMS will release the CY 2027 Bid Submission module in HPMS.