

February 2021 Actuarial User Group Call

Thursday February 25, 2021
11:00AM – 12:00 PM ET

To be able to ask questions during the call, join online at—

- <https://cms.zoomgov.com/j/1610310871?pwd=SEpYYnVpakltdjB1YkJMMmxLdG1DZz09>
- Password: 889313

To participate in listen-only mode, join by phone at—

- Participant Dial-In Number: 1-669-254-5252 or 1-646-828-7666
- Webinar ID: 161 031 0871

AGENDA

- Welcome
 - Reminder: A high level agenda for this call has been posted on the CMS website under Medicare Advantage Rates & Statistics (under the Health Plans header) > Actuarial Bid Questions
- Draft CY2022 BPTs and Bid Instructions have been released
 - Announcement memo was released via HPMS; the memo contains the weblink to download the files
 - Draft bid instructions were added to the site on Tuesday, February 23.

Due to the delay in posting the draft bid instructions to the beta site, the comment period is extended until 11:59 PM Pacific Standard Time on Friday, March 5, 2021. However, in order for CMS to continue the development of the CY 2022 BPTs to meet the expected production release on April 9, 2021, all comments related to the Bid Pricing Tools must be submitted to the website by 11:59 PM Pacific Standard Time on Monday, March 1, 2021.
 - We appreciate all of the feedback we received from the Fall UGC. The comments were very helpful in developing the draft bid instructions.
- Revisions to Bid Pricing Tools for CY2022
 - Excel 2010 will no longer be supported. Excel 2013, and 2016 are supported.
 - Changes to BPTs consistent with those announced on Fall UGC with one exception -
 - Input cell z6 (MA WS4 cell R99), will not be added to the MA BPT as originally proposed.
 - MA Bid Pricing Tool Changes – Consistent with Fall UGC
 - Removed product pairing cells from MA WS4 (old lines z4 and z5)
 - New z4 and z5 input cells added to MA WS4 in rows 104 and 105
 - z4 input for Related-Party Benefit Expense PMPM

- z5 input for Related-Party Non-Benefit Expense PMPM
 - Part D Bid Pricing Tool Changes – Consistent with Fall UGC
 - Removed product pairing cells from PD WS3 (old lines 10 and 11)
 - New input cells (lines 10 and 11) added to PD WS3 in rows 50 and 51
 - Line 10 input for Related-Party Benefit Expense PMPM
 - Line 11 input for Related-Party Non-Benefit Expense PMPM
 - More detail regarding the new input cells is provided below in the Bid Instructions section.
 - Beta BPTs released last week include **most** of the updated CY2022 Parameters
 - CY2022 MA, MSA, ESRD-SNP Ratebook incorporated
 - CY2022 Statutory Ratebook incorporated
 - CY2022 AE cost sharing factors incorporated
 - CY2022 Part D benefit parameters incorporated
 - **CY2022 discriminatory cost sharing factors are not yet updated**
- CY2022 Draft Bid Instructions
 - General Comments
 - The instructions may require updating for any changes in policy before finalization
 - The general drafting notes and the revisions discussed today are not a substitute for reading the bid instructions
 - COVID-19
 - There are no changes to the draft bid instructions for completing the CY2022 BPTs due to COVID-19. The base period and credibility instructions continue to apply and contract year 2020 experience must be reported on Worksheet 1 of the BPTs without adjustment.
 - CMS is not prescribing a particular approach for projecting CY2022 costs and refers certifying actuaries to ASOP #23—Data Quality. As stated during the Fall UGC, it would be acceptable to use alternate bid-specific experience, such as 2019 experience, to determine the CY2022 Projected Experience Rate for MA and the Projected Allowed PMPM for Part D. In this case, the “Other Factor” columns on Worksheet 1 of the MA BPT and the “Other Change” columns on Worksheet 2 of the Part D BPT would be used to reflect the adjustment needed due to the alternate projection method.
 - Supporting documentation would address how the 2022 costs were projected from the alternate starting point.
 - Adjustments to unit cost due to COVID-19 would be supported in documentation.

- It would not be appropriate to enfold the alternate projection into the manual rate and use 0% credibility on the BPT.
- We anticipate that projection decisions will be made separately for MA and Part D, and we do not require that MA and Part D use the same projection method.
- Cost Sharing
 - Per the draft bid instructions:
 - All PBP benefits must be reflected on MA Worksheet 3 as though the beneficiary were paying the cost sharing.
 - If the PBP cost sharing is zero, the utilization for the service must still be reflected on MA Worksheet 3.
 - Utilization for beneficiaries who do not pay cost sharing, for example DE# beneficiaries, should not be reported on Worksheet 3.

- Gain Loss Margin

- Bid-Level Margin

Bids with Negative Margin

- Draft bid instructions eliminate the pricing considerations for bids with negative margin, removing the product pairing cells from the BPTs, and removing negative margin support requirements.
- Plan sponsors may, upon request, be asked to support that a bid is not anti-competitive. During bid review, a reviewer may request a comparison of the mandatory supplemental benefits, member premium, and Part B premium buy-down offered by the plan and the plan's competitors. This support would provide an understanding of the product landscape in the bid service area. A demonstration that there is a competitor with richer benefits would not be sufficient.

Benefit Value

- There are no changes to the pricing considerations for benefit value in relation to the margin level.
- The new input cell to collect data for the review of benefit value in relation to the margin level, which was proposed during the Fall UGC, will not be added to the CY2022 BPTs.
- As in prior years, if the margin is greater than 12%, the plan sponsor would support a justification of benefit value in relation to the gain/loss margin. Please see Appendix B 8.7 for required support.

- Aggregate-Level Margin

- There are no changes planned for the aggregate margin pricing considerations for CY2022.
- Support for the corporate margin requirement has been updated in the draft bid instructions as follows:

8.1.1 A demonstration of how the corporate margin requirement is set, including an explanation for any changes from the prior year. The demonstration should show the calculation of the corporate margin or provide details for how the corporate margin was calculated, including a description, quantification, and return for each line of business that makes up the corporate margin requirement.

If the corporate margin basis is “Risk-Capital-Surplus,” then the demonstration is presented as a single line of business, MA and Part D business combined.

- If the aggregate margin is negative, support for how the aggregate bids do not jeopardize financial solvency will be due with the initial bid submission. This is Item 8.6 in Appendix B.

- Low Income Premium Subsidy Amount (LIPSA) Estimate

- We have clarified that the CMS calculation of the LIPSA:

- For a plan that spans multiple Part D regions and has enrollment that is part of an HPMS crosswalk, is the LIS eligible member-weighted average of the LIPSA amounts for each region and that
- For new bids without crosswalk enrollment, the LIPSA amount is the straight average of the low income premium subsidy amounts for each region covered in the MA service area.

- Part B Rx

- We have clarified that if the pharmacy benefit manager (PBM) retains a portion of the manufacturers’ rebate to cover administrative costs, the total rebate including the amount retained by the PBM must be reported as a decrease in medical cost. The retained amount must also be shown to increase NBE.

- Related Party

Two new data input cells were added to the MA and Part D BPTs. On the MA BPT these are cells z4. *Related-Party Benefit Expense PMPM* and z5. *Related-Party Non-Benefit Expense PMPM* on Worksheet 4. On the Part D BPT these are lines 10. *Related-Party Benefit Expense PMPM* and 11. *Related-Party Non-Benefit Expense PMPM* on Worksheet 3.

- The definition of a related party has not changed from prior years.
- When completing the new input cells, it is acceptable to project an estimate or allocation to the contract period. It is not necessary to report the actual utilization of each beneficiary.

- These inputs would reflect the contractual arrangements with all of the related parties for all the services reflected in the bid.
- Optional supplemental benefit expenses and non-benefit expenses for related parties would be excluded from the new inputs.
- For Part D bids, plan sponsors would report related-party benefit and non-benefit expenses associated with the plan benefit - that is the alternative coverage, despite the input cells being located on the Standard Coverage worksheet.
- OACT is soliciting feedback regarding the support required for the new input cells. If OACT were to not require support for each related party, what subset of related parties would be sufficient to give OACT an understanding of the impact of related parties on the bid? Two possible approaches under consideration are:
 - 1) Requiring support for the largest 5 related parties or
 - 2) Requiring support for 50% of the PMPM in the new cells.
 - We seek feedback on these approaches or suggestions for alternatives. Note that all related parties would still be reported on the BPT entries, but more detailed supporting documentation would be required for a subset of the related parties. Please provide feedback—via the website—no later than 11:59 PM Pacific Standard Time on Friday, March 5, 2021.
- VBID-C
 - We have clarified that only plans participating in the non-hospice Value-Based Insurance Design (VBID) model should enter a “Y” in line 15 of MA Worksheet 1. Plans participating in PBP variations consistent with CMS MA uniformity flexibility or Special Supplemental Benefits for the Chronically Ill (SSBCI) outside of the MA-VBID-C model must enter “N” on line 15.
- Supporting Documentation
 - During the Fall UGC, we mentioned that the three years of support for non-benefit expenses PMPM (39.1) would be changed to support for the difference in the projected vs actual ratio of non-benefit expense to total medical expense. That change was not made. Likewise, we announced that the three years of support for Total Allowed PMPM (39.2) would be changed to support for the ratio of the originally projected Total Allowed PMPM to the actual Total Allowed PMPM and the change was not made.
- Part D
 - A detailed breakout of “Claims subject to the deductible” listed in Line 10 and Line 20 of Worksheet 6, was added to Documentation Due Upon Request from CMS Reviewers. This documentation would include the details underlying all values in Lines 10 and 20, and be set up in a similar way to the breakouts for “Claims Not Subject to the Deductible” in Rows 1-8 and 11-18.

- Announcement of Calendar Year (CY) 2022 Medicare Advantage (MA) Capitation Rates and Part C and Part D Payment Policies was released on Friday, January 15th.
- An HPMS Memo was released on Tuesday, January 19th that contains final guidance for Plan Sponsors on Part D Bidding
- Actuarial Certification
 - The overall process expected to be similar to last year
 - An announcement memo will be released via HPMS
 - The Actuarial Certification Module expected to be released May 14th
 - Initial actuarial certification is expected to be due to CMS on June 11th
- OOPC/TBC/meaningful differences/discriminatory cost sharing
 - A revised CY2021 Baseline OOPC model version was released in December
 - This will serve as the baseline for CY2022 change in TBC
 - Work with that model for initial design of CY2022 benefit packages
 - See HPMS announcement dated December 31st
 - CY2022 Bid Review OOPC calculator tool is expected to be released in April
- Online Bidders Training
 - The recorded online CMS Actuarial Bid Training sessions for CY2021 are no longer available for viewing from the Medicare Advantage Rates & Statistics website, due to the discontinued availability of Adobe Flash Player.
 - The pdf documents, containing the slide and script contents, are still available.
 - CMS is considering discontinuing the Actuarial Bid Training. For reference, the most recent training was provided at <https://www.cms.gov/Medicare/Health-Plans/MedicareAdvtgSpecRateStats/BidTraining2020>.
 - OACT is interested in feedback on how your organization uses the training, which sessions are used, which format is used (recording vs pdf), and how your organization will be affected if the training is discontinued
 - Please provide feedback by email to actuarial-bids@cms.hhs.gov by 11:59 PM Pacific Standard Time on Thursday, March 11, 2021.
- The Office of the Actuary has posted the following exhibits:
 - FFS unit cost trends - <https://www.cms.gov/files/document/ffs-trends-2020-2022.pdf>
 - Growth rate narrative - <https://www.cms.gov/files/document/narrative-supporting-2022-growth-rate.pdf>
 - New USPCC reconciliation and Outside the system claims adjustment - <https://www.cms.gov/files/document/non-esrd-uspcc-reconciliation-2022-rate-announcement.pdf>
- Several Q&As have been added in the Actuarial User Group Call Questions link on the CMS website for recent questions that we received. We have received additional questions that we are not yet able to respond to and those questions will be addressed on our Spring user group calls.

- Upcoming Timeline
 - Bid Forms and Instructions expected to be released on Friday April 9th
 - Weekly Actuarial User Group Calls: Thursdays, April 15th through June 3rd
 - Bid Submission deadline Monday June 7th
 - Initial actuarial certification expected to be due to CMS on June 11th
- Live Q&A
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- Conclusion