

February 2022 Actuarial User Group Call

Thursday February 24, 2022
11:00AM – 12:00 PM ET

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

- <https://cms.zoomgov.com/j/1611855749?pwd=QlovUi8zSDIHald5NWd0USt4cmtJZz09>
- Meeting ID: 161 185 5749
- Passcode: 289168

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

- Participant Dial-In Number: 1-669-254-5252 or 1-646-828-7666
- Meeting ID: 161 185 5749
- Passcode: 289168

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 CY2023 BPTs and Bid Instructions were released on Tuesday, February 22nd
 - Announcement memo was released via HPMS on February 11th; the memo contains the weblink to download the files
 - Any comments should be submitted—via the website— as soon as possible, but no later than 11:59 PM Pacific Standard Time on Monday, March 7, 2022.
 - 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 CY2023
 - Excel 2013 will no longer be supported. Excel 2016, 2019 and 365 (offline version only) will be supported.
 - Changes to BPTs consistent with those announced on Fall UGC
 - Removal of insurer fee cells
 - Removal of corporate margin cells

- CY2023 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
 - Capitated Arrangements – Allowed Medical PMPM
 - The draft bid instructions clarify that when a MAO purchases capitated services, the allowed medical cost reported in the BPT must include the capitation paid by the plan sponsor, any related cost sharing, and an estimate of the outcome for any risk sharing arrangement.
 - Gain/Loss Margin
 - Bid-Level Requirements
 - i. Based on feedback from the November UGC, High Margin – Appendix B 8.6 has been modified to require support for bid level margin greater than 11.5% for CY2023. This revision is expected to capture 90% of the support that may be required.
 - ii. Anti-competitive Practices – There are no changes planned to the pricing considerations for anti-competitive practices; however, the support for how the pricing of the bid is not anti-competitive will be clarified to state that upon request the support must include a comparison of the bid benefits and premium to the benefits and premium of competitors.
 - iii. See the draft MA Bid Instructions and Part D Bid Instructions for more information.
 - Aggregate Requirements
 - i. Consistent with the draft instructions announced on the November UGC, we are proposing to replace the previous aggregate gain/loss margin requirement with a requirement to support an aggregate MA gain/loss margin that falls outside of a specified range at the Parent Organization level of aggregation.
 - ii. We do not intend to make changes to the requirements for PD bids that are part of an MA-PD Plan. We do however, propose to make changes similar to the aggregate MA gain/loss margin for the aggregate PDP gain/loss margin requirement, as can be seen in the draft release of the Part D Instructions.
 - iii. See the draft MA and Part D Bid Instructions for more information.

- Minnesota Senior Health Options Program
 - Although specific mention of this program has been removed from the draft bid instructions, the special consideration is covered under the guidance that the gain/loss margin entered in the BPT must be determined in consideration of other CMS instructions, and that if there is a conflict between satisfying gain/loss margin requirement and other CMS instructions, flexibility will be given to the gain/loss margin requirements only to the extent necessary to meet the other CMS instructions.
- Hospice Enrollees
 - The draft bid instructions clarify that enrollees in hospice status as of the first day of the month must be excluded from base period member months, base period risk scores, projected member months, and projected risk scores.
- Projection Factors
 - The draft bid instructions clarify that on Worksheet 1 Section IV all of the columns j through q may be used for new or removed benefits. Thus, the projected cost of a benefit may be estimated using the multiplicative factors in columns j through o or using the additive adjustments in columns p and q.
 - The draft bid instructions remove the request to describe on Worksheet 1 the reason for any values in Column m, Utilization Adjustment-Other Factor of that Worksheet. The dialog boxes were removed from the BPT a few years ago.
- Related Party
 - Consistent with the announcement on the November UGC, we intend to require that benefit costs and non-benefit expenses for related parties be reported in the BPT consistent with the contractual arrangement with the related party, and that sponsors report all related party data in supporting documentation as required in Appendix B.
 - For each related party in the base period and the projection period the support must include a declaration of the related party, disclosure of all services provided, and a summary that explains the relationship of the parties.
 - The draft MA and Part D Bid Instructions reflect a modification based on feedback from the November UGC such that only bids where for MA the ratio of the related-party expenses on Worksheet 4 (cell M104 plus cell M105) to total medical blended allowed PMPM on Worksheet 3 (cell O38) plus total non-benefit expense on Worksheet 4 (cell H106) is greater than 10%, or for Part D the ratio of the related-party expenses on Worksheet 3 (cell D50 plus D51) to total blended allowed PMPM on Worksheet 2 (cell P56) plus total non-benefit expenses Worksheet 2 (cell E67) is greater than 10%. In these cases, plans are required to submit:

- i. A summary of the contractual terms of each relationship that includes a description of the services provided and the money exchanged for the projection period only, and
 - ii. A comparison for each contractual arrangement to the cost of the services or benefits in the absence of a related party contract or to the actual cost for the projection period only.
 - Please note that the bid instructions require entry of related party allowed costs in lines z1 on MA WS 4 and line 7 on PD WS 3. We intend to update the BPT labels from benefit expense to allowed cost for consistency.
 - Additionally, the draft MA bid instructions clarify that if the MAO is not able to show a comparison within 5 percent or \$2 PMPM —whichever is greater, then the plan sponsor may show what the comparison is to Market or FFS even if it is greater than 5 percent or \$2 PMPM.
 - See the draft MA Bid Instructions for more information.
 - Support for changes in A/B mandatory supplemental benefits
 - The draft MA bid instructions clarify that this support (Appendix B item 38) is meant to be a comparison of i) the mandatory supplemental benefits found on MA Worksheet 4, Section IIC, column R, lines a through u and ii) the best estimate of the same items changing only the mandatory supplemental benefits to be identical to CY2022. No other assumptions, including the induced utilization assumptions, should be changed from what was bid for CY2023. If the benefit is no longer offered in 2023, the 2022 fee schedule may be used for the comparison. This comparison may be presented in a working excel worksheet of the plan sponsors design.
- OOPC Model
 - As announced in a December 30, 2021 HPMS memo, CMS is moving forward with enhancements to the OOPC model, including an expanded Part C cohort and a move to a 0.1% sample of all Part D enrollees using their associated PDE.
 - The nonformulary randomization enhancement initially included in this release was removed due to reproducibility issues, as announced in a January 21, 2022 HPMS email announcing the re-release of the OOPC model.
 - CMS also updated the OOPC values posted in HPMS. The CY 2022 baseline values now posted reflect those that will be used for the purposes of the CY 2023 bid review.
- Advance Notice was released on February 2nd. Comments are due by 6:00 PM ET on Friday, March 4th.
- The CY2023 C&D Proposed Regulation was released and can be found at <https://www.federalregister.gov/documents/2022/01/12/2022-00117/medicare-program-contract-year-2023-policy-and-technical-changes-to-the-medicare-advantage-and>. Comments are due by Monday, March 7th.

- An HPMS memo entitled “Contract Year (CY) 2023 Final Part D Bidding Instructions” was released on February 3rd. This document contains information on the Part D program, and provides helpful instructions and reminders as Part D sponsors prepare to submit bids for CY 2023.

PDP Meaningful Difference

- As noted in the 2023 Part D Bidding Instructions, released on February 3, 2022, CMS acknowledges that the enhanced OOPC model is expected to produce values that may vary from the legacy model due to the change in methodology.
 - While we will continue to review standalone PDP plans for meaningful differences, we will not be using the dollar threshold that has been used in years past. We will instead rely on an outlier analysis for CY 2023 to ensure that plan offerings meet the requirements under 42 C.F.R. § 423.272(b)(3)(i).
 - Please note that CMS continues to expect that the OOPC value of the basic plan will be higher than that of the OOPC value of the enhanced plan offering(s), as last specified in the CY 2020 Final Call Letter.
 - In order to demonstrate that the plan offerings by the sponsor within a service area are substantially different from one another, we expect sponsors to be prepared to provide written justification upon request. As part of our negotiation authority under 42 C.F.R. § 423.272(a), sponsors may be asked to make modifications to their Part D benefit structure or formulary, if the submitted justification is not accepted.
- 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 13th
 - Initial actuarial certification is expected to be due to CMS on June 10th
 - Upcoming Timeline
 - Bid Forms and Instructions expected to be released on Friday April 8st
 - Weekly Actuarial User Group Calls: Thursdays, April 14th through June 2nd
 - Bid Submission deadline Monday June 6th
 - Initial actuarial certification expected to be due to CMS on June 10th
 - Live Q&A
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 - Conclusion