

November 2018 Actuarial User Group Call

Thursday, November 29, 2018
11:00AM - 12:00PM ET



Participant Dial-In Number: (877) 251-0301
Conference ID Number: 9379868

Please dial-in ten minutes prior to the call to allow the call to begin on time. Participants will be required to provide the Conference ID number to the operator in order to join the conference call.

AGENDA

- Welcome
 - Reminder that an agenda for this call has been posted to the CMS webpage at:
www.cms.gov > Medicare > Medicare Advantage Rates & Statistics (under the Health Plans header) > Bid Forms & Instructions > Guidance

- CY2019 Bid Review: Lessons Learned feedback from Industry
 - We appreciate all of the feedback we received during the industry comment period. We have shared these comments with other areas within CMS and are taking them into consideration when developing the CY2020 BPTs and Bid Instructions.
 - In particular, we received several requests from plan sponsors for the ability to delete substantiation, particularly during rebate reallocation. We would like to clarify that during rebate reallocation, a summary of changes file needs to be uploaded. Full documentation consistent with the final bid must be uploaded before the final actuarial certification, but is not necessary during rebate reallocation.
 - In order to help us respond in a timely manner to feedback that involves other areas of CMS, we remind plans to 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.
 - For part C policy-related questions (including OOPC/TBC policy):
<https://mabenefitsmailbox.lmi.org/>
 - For part D policy-related questions (including OOPC/TBC policy):
partdbenefits@cms.hhs.gov
 - For technical questions regarding the OOPC model: OOPC@cms.hhs.gov
 - For questions regarding risk score models and released risk score data:
RiskAdjustment@cms.hhs.gov

- CY2019 Bid Review: Lessons Learned feedback from OACT
 - Gain/Loss Margin
 - The aggregate margin rules are required to be satisfied every year, unless an exception is granted. When submitting an aggregate margin exception request, a five-year period to return to compliance is not provided for in the bid instructions. The five-year period mentioned in the bid instructions pertains only to bid-level negative margins.
 - For plans with negative projected gain/loss margin in the prior contract year, we observed that some plan sponsors uploaded new business plans that incorrectly demonstrated profitability within a five-year period from the current year (not from the year of the original business plan).
 - Compliance with the gain/loss margin requirements is based on the gain/loss margin in the BPT. Therefore, an adjusted margin for Platino plans which may incorporate Medicaid revenue and costs requires a margin exception request.
 - Risk Score
 - If plan sponsors state that they are using the preferred approach to develop projected risk score, they must use the preferred approach, with no adjustments, otherwise they need to declare an alternate approach and provide applicable supporting documentation.
 - Permissible adjustments to the CMS-provided risk scores from the beneficiary-level files under the preferred approach are limited to "adjustments for the incomplete run-out of diagnoses data and various status changes."
 - Private Reinsurance
 - Appendix B, item 7.2.1, in the BPT instructions was added for CY2019. Some bid submissions were missing this information. Item 7.2.1 requires a description of the "Net Cost of Private Reinsurance" under non-benefit expenses. The required elements include the type of reinsurance and applicable benefits, attachments points, maximums, and other information pertinent to the reinsurance coverage.
 - Certifying actuaries should be aware of arrangements with reinsurers that are incorrectly reported in the BPT as capitation arrangements. We have seen plans that have arrangements with reinsures and providers together, and incorrectly report these arrangement as capitation arrangements.
 - CMS is reminding Medicare Advantage Organizations (MAOs) that Part C reinsurance arrangements must comply with the statutory requirements in Section 1855 of the Social Security Act (42 U.S.C. 1395w-25). Please note this does not apply to Part D plans, including the Part D portion of an MA-PD plan. Section 1855(b) provides four categories of permissible arrangements and the types of risk for which an MAO may seek reinsurance.
 - During the CY2019 bid review, OACT discovered some reinsurance arrangements that did not comply with the law.

- Supporting Documentation
 - Plan sponsors should remove cell protection from worksheets before uploading substantiation. If the certifying actuary feels that cell protection is necessary, cells should be protected without a password or a password should be provided, so that CMS can unlock the cells.
- Part D
 - For clarification, the definition of brand/generic drugs on pages 11-12 of the Part D bid instructions applies to all entries in the BPT, not just coverage in the gap.
- CY2020 Bid Pricing Tools (BPTs)
 - No major changes are being proposed to any of the bid pricing tools for CY2020 at this time. The only anticipated changes are annual parameter updates and minor corrections (i.e., removing footnote from worksheet 6A of the Part D BPT).
 - Therefore, no mockups for CY2020 have been posted.
 - OACT plans to release CY2020 BPTs for Industry Beta testing in February.
 - OACT is looking to possibly revise the Part D BPT in future years so that average cost sharing is weighted by post-deductible claims below the ICL rather than by all ICL dollars, as it is currently.
 - A macro-free mockup of these potential changes to the Part D BPT is posted at:
www.cms.gov > Medicare > Medicare Advantage Rates & Statistics (under the Health Plans header) > Bid Forms & Instructions > Guidance
 - This would require adding two rows to Worksheet 6 to include claims below the deductible rows for Population below the ICL and for Population that exceeds the ICL. We propose using two currently blank rows and do not intend to shift or insert rows. These new rows are labeled as line items 10 and 20 in the mockup.
 - The value of the deductible and cost sharing would be updated to directly feed from these new rows for WS4 (cell E43) and WS5 (cells F39:G40 and F46:G46), instead of being input cells.
 - Other formulas that reference WS6 would need to be adjusted accordingly for the new rows on WS6.
 - The Part D bid instructions would also be updated to define the values in cells F11:K18, F23:K30, and F34:K41 reflect values after the deductible.
 - These changes will not be implemented for CY2020, but possibly for future years.
 - Please submit comments regarding these potential future Part D bid form changes to actuarial-bids@cms.hhs.gov by January 18, 2019.

- CY2020 Bid Instructions
 - Credibility
 - We will not be revising or adding to any of the CMS credibility guidelines for CY2020. The credibility guidelines will remain as they were for CY2019.
 - Gain/Loss Margin
 - Bids with gain/loss margins over 8% of revenue will require bid-level supporting documentation at the time of the “Initial June Bid Submission, rather than “Upon Request by CMS Reviewers.” See Appendix B, item 38 of the bid instructions.
 - Supporting Documentation
 - Appendix B, item 12.2, will be revised to "An analysis to justify the reasonableness of the manual rate. This requirement applies if the manual rate is based on experience that would not satisfy the CMS guidelines for full credibility, without overriding the CMS formulas for partial credibility."
 - Part D
 - Appendix B, item 5.2, of the Part D bid instructions will be set consistent with the MA Instructions: "5.2. An actuarial report of the credibility procedure used if it varies from the CMS guideline or the CMS override."
 - Please submit comments regarding these proposed bid instruction changes to actuarial-bids@cms.hhs.gov by January 18, 2019.

- Other Bidding Topics/Announcements
 - Quality Initiative Program
 - Outreach is complete.
 - If you have heard from us, we ask that you take the feedback constructively to address our concerns in the next bid submission.
 - If you did not hear from us, please continue to evaluate your supporting documentation and peer review process and make improvements where possible.
 - The Cumulative User Group Call Q&A File is being updated and will be available in the near future.
 - A CY2020 Medicare Advantage and Part D proposed regulation is posted in the Federal Register at: <https://www.federalregister.gov/documents/2018/11/01/2018-23599/medicare-and-medicaid-programs-policy-and-technical-changes-to-the-medicare-advantage-medicare/>. Comments are due by 5:00PM on December 31, 2018.
 - A CY2020 Medicare Advantage and Part D drug pricing proposed regulation is posted in the Federal Register at: <https://s3.amazonaws.com/public-inspection.federalregister.gov/2018-25945.pdf>. Comments are due by 5:00PM on January 25, 2019.

- Early Preview – CY2020 Medicare Advantage Ratebook Growth Rates
 - The 2020 Early Preview has been posted to CMS webpage at:
www.cms.gov > Medicare > Medicare Advantage Rates & Statistics (which is under the Health Plans header) >> Announcements and Documents

- Live Q&A

- Conclusion