

## September 2023 Actuarial User Group Call

Thursday, September 21, 2023  
11:00AM - 12:00PM ET



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

- <https://cms.zoomgov.com/s/1602725030?pwd=anF2OFpsZUM4UWtaczA1OStwbmRhdz09>
- Meeting ID: 160 272 5030
- Passcode: 741378

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

- Participant Dial-In Number: 1-646-828-7666 (East) or 1-669-254-5252 (West)
- Meeting ID: 160 272 5030
- Passcode: 741378

- Welcome
  - Reminder that an agenda for this call has been posted to the CMS webpage at:  
<https://www.cms.gov> > Medicare > Payment > Medicare Advantage Rates & Statistics > Actuarial Bid Questions
  - We have also posted a mockup of the draft CY2025 Part D Bid Pricing tool, it may be helpful to have all of these files open during the call as we walkthrough the proposed updates.
- CY2025 Part D Bid Pricing Tools (BPTs)
  - Reminder that the mock-up does not contain updated Part D benefit parameters for CY2025 and also does not contain working macros.
  - Proposed changes reflect legislative changes from the Inflation Reduction Act as well as recommendations received from industry.
  - We have tried to highlight cells that have been added to the BPT by adding circles. Many cells that are not circled also contain formula updates so we recommend testing the file in detail.
  - We are releasing this draft earlier than our usual timing to allow time for meaningful industry feedback.
    - We appreciate all feedback and questions/concerns you have regarding these proposed changes.
    - We are also interested in the impact these changes will have on bid preparation burden.

- Proposed Part D Bid Pricing Tool Changes from CY2024:

### **Worksheet 1 – Rx BASE PERIOD EXPERIENCE**

- Section II – Added risk score input cells split between LIS and NLI (cells I14:I15). Total risk score now a calculated cell.
- Section III - Adjusted benefit phases consistent with IRA (removal of GAP phase).
  - When completing the CY2023 base period experience in the CY2025 BPT, plan sponsors must enter the number of members with total costs in the CY2025 defined standard cost intervals.
  - For the purposes of completing Worksheet 1 of the CY2025 BPT, all members with TrOOP costs less Gap Discount amounts greater than \$2,000 are considered to have reached the catastrophic phase.
  - This is a temporary transition for two years until the base period benefit phases align with the IRA.
- Section III - Added Manufacturer Discount input cell G37- Grayed out as not applicable until CY2027.
- Added Section IV for IRA Drug Experience – Includes Insulins, Vaccines, Negotiated Drugs – Negotiated Drugs grayed out for CY2025.
  - This section is not mutually exclusive from section III. This section is to include LICS but exclude the coverage gap discount amounts.
- Section V - Added an input within Non-Benefit Expenses for Uncollected Cost Sharing Payments from the Medicare Prescription Payment Plan. Grayed out until CY2027.
  - This entry is to only include uncollected cost sharing payments from the Medicare Prescription Payment plan. This entry must not include any other types of bad debt. This entry must also not include any administrative costs incurred from administering the Medicare Prescription Payment Plan.
- Cell N59 - Total Non-LI Brand Discount Amount will be removed for CY2027 as no longer applicable for a CY2025 base period. Remains in BPT for next two years.

### **Worksheet 2 – RX PROJECTION OF ALLOWED/NON-BENEFIT EXPENSES**

- Section II and Section III - Added rows for Maximum Fair Price Drug projection factors for both utilization and cost. Cells grayed out until CY2026.
  - These new rows are mutually exclusive from Type of Script lines 1-8.
- We would like feedback on the amount of burden required to report Worksheet 2 by point-of-sale (Retail/Mail order).
- Section V - Added an input within Non-Benefit Expenses for Uncollected Cost Sharing Payments from the Medicare Prescription Payment Plan.
  - This entry is to only include uncollected cost sharing payments from the Medicare Prescription Payment plan. This entry must not include any other types of bad debt. This entry must also not include any administrative costs incurred from administering the Medicare Prescription Payment Plan.

- Sections V and VII - Moved Gain/Loss and Related Party cells from Worksheet 3 to Worksheet 2.

**Worksheet 3 – RX CONTRACT PERIOD PROJECTION FOR DEFINED STANDARD COVERAGE**

- Section II – Added risk score input cells split between LIS and NLI (cells H12:H13). Total risk score now a calculated cell.
- Section III - Adjusted benefit phases consistent with IRA (removal of GAP phase). GAP PMPM column also removed.
- Section III - Added Manufacturer Discount PMPM cell M31. This is calculated from WS5 Script Projection Inputs.
  - Plan sponsor will be required to submit documentation which supports the development of the Manufacturer Discount PMPM for both LI and NLI for the projection period.
- Added Section IV for IRA Drug Experience – Includes Insulins, Vaccines, Negotiated Drugs – Negotiated Drugs grayed out until CY2026.
  - This section is not mutually exclusive from section III. This section is to include LICS but exclude the coverage gap discount amounts.
- Removed old lines 10 and 11 from Section III (Projected % OON).
  - OON will be reported as all other covered Part D drug expenses in the relevant sections.

**Worksheet 4 – Script, Allowed Cost, and Cost Sharing Projections by Plan Benefit Package Tier**

- Entirely new worksheet (Replaces old 6A - Gap Coverage which has been removed)
  - This worksheet provides a link between the PBP and BPT to ensure the pricing in the BPT is consistent with the benefits in the PBP. Similarly, this worksheet provides more transparency around changes in utilization across preferred and non-preferred pharmacies.
  - We are soliciting industry feedback on other ideas to accomplish these goals or suggested adjustments to this new worksheet.
- Section II
  - Section II, columns E-G, plan sponsors must enter the number of scripts, total allowed dollars, and total standard cost sharing by drug tier using the cost-sharing structure of the DS plan up to the catastrophic threshold. Rows 8 and 9 are exclusive of rows 1-7.
    - Plans should report the data in columns E-G using the tiers used in the PBP for the alternative benefit.
  - Section II, columns H-J, when the plan benefit type is AE, BA, or EA, plan sponsors must enter the number of scripts, total allowed dollars, and total cost sharing by drug tier using the cost sharing structure of the AE, BA, or EA plan up to the catastrophic threshold. Rows 8 and 9 are exclusive of rows 1-7.

- Section III
  - Plan sponsors must enter the percentage of utilization for retail standard network, retail preferred network, and mail standard network for each drug tier. Rows 8 and 9 are exclusive of rows 1-7.
  - Row 10, plan sponsors must enter the base period percentage of utilization for retail standard network, retail preferred network, and mail standard network for all drug tiers in total.

**Worksheet 5 – Rx Script Projections for Defined Standard, Actuarially Equivalent, or Alternative Coverage**

- Restructured worksheet for changes in benefit phases as a result of the IRA.
- Moved vaccines and insulins from their own separate section to within each benefit phase.
  - The rows for insulins and vaccines are mutually exclusive of the preceding rows.
- Added manufacturer discount input cells within each phase.
  - The manufacturer discount amounts should be entered only into rows 13, 26, 38, and 40. The manufacturer discount amounts should not be entered into any other cells on this worksheet.
- Removed Network Pricing inputs.
- Grayed out cost sharing above catastrophic, as no longer applicable.
- We would like feedback on the amount of burden required to report Worksheet 5 by point-of-sale. (Retail/Mail order)

**Worksheet 6 – Rx Standard Coverage with Actuarially Equivalent Cost Sharing**

- Section IV - Removed “Amounts in Gap” Column.
- Section IV - Updated several formulas for the changes to script projection worksheet.
- Section IV - Hard coded 0% cost sharing above catastrophic, as no longer applicable.
- Section IV - Adjusted net cost of benefit to net out the manufacturer discount entered in script projection worksheet as this is not included in cost sharing in rows above.
- Section IV - Removed Actuarial Equivalence test for catastrophic cost sharing and coverage in the gap.
- Section IV – Removed Insulin AE Test, will be handled in PBP.
- Section V - Adjusted formula for Federal Reinsurance in cell L20 for IRA change.

### **Worksheet 7 – Rx ALTERNATIVE COVERAGE**

- Section IV - Removed Type of Gap coverage and “Gap Amt” column.
- Section IV - Altered several formulas for the changes to script projection worksheet.
- Section IV - Adjusted net cost of benefit to net out the manufacturer discount entered in script projection worksheet as this is not included in cost sharing in rows above.
- Section IV – Removed Alternative Coverage ICL input cell.
- Section IV - Hard coded 0% cost sharing above catastrophic, as no longer applicable.
- Section IV - Adjusted formula for Federal Reinsurance in cells K51:K52 for IRA change.
- Section VI - Removed Coverage in Gap and Catastrophic Cost Sharing AE tests.
- Section VI – Removed Insulin AE Test, will be handled in PBP.

### **Worksheet 8 – SUMMARY OF KEY BID ELEMENTS**

- Section II - Adjusted for new benefit phases as a result of the IRA.
- Section III - Replaced Prospective Brand Discount Amount with Manufacturer Discount Amount in cell F29.
- Please submit any comments regarding the draft **bid pricing tool** changes by 11:59 PM Pacific Standard Time on **Friday, October 6, 2023** to: [actuarial-bids@cms.hhs.gov](mailto:actuarial-bids@cms.hhs.gov)

- Live Q&A
  
- Conclusion