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**DATE:** December 23, 2025

**TO:** All Medicare Advantage Organizations and Prescription Drug Plan Sponsors

**FROM:** Vanessa S. Duran  
Director, Medicare Drug Benefit and C & D Data Group

Shruti Rajan  
Acting Director, Medicare Drug & Health Plan Contract Administration Group

**SUBJECT:** Contract Year 2026 Part C and Part D Baseline Out-of-Pocket Cost (OOPC) Models

The purpose of this memorandum is to announce that the contract year (CY) 2026 Part C and Part D Baseline Out-of-Pocket Cost (OOPC) Models are available for Medicare Advantage Organizations (MAOs) and Prescription Drug Plans (PDPs) to calculate their updated CY 2026 OOPC values. The values produced from these models are based on CY 2026 approved bids and will serve as the baseline for the Medicare Advantage (MA) Total Beneficiary Cost (TBC) calculation for evaluating the TBC change between CY 2026 and CY 2027. The CY 2027 Part C and Part D Bid Review OOPC Models are expected to be released in April 2026 and will be used in CMS' review of CY 2027 bids, to include PDP Meaningful Difference and MA TBC reviews, as well as for evaluating enhanced alternative requirements.

### **General Information**

The CY 2026 Part C and Part D Baseline OOPC Models may be accessed at: <https://www.cms.gov/medicare/coverage/prescription-drug-coverage/out-of-pocket-costs>. CMS encourages PDPs and MAOs to run their plan benefit structures through the updated OOPC model to test their current benefit design in preparation for CY 2027 bids. For the TBC evaluation, please note that MAOs will need to calculate their Part C and Part D OOPC values separately and combine them for their total OOPC value. As in the past, all MA plans (including those that do not include a Part D benefit) will have both a Part C and a Part D OOPC value.

The updates in the CY 2026 Part C and Part D Baseline OOPC Models include:

- The CY 2026 Part C Baseline OOPC Model includes updated Medicare Current Beneficiary Survey (MCBS) utilization, cost data and inflation factors from 2021 and 2022, which reflect CY 2026 levels.
- The CY 2026 Part C Baseline OOPC Model also reflects updated 2026 deductibles, coinsurance, and premiums for Medicare Part A and Part B.

- The CY 2026 Part C Baseline OOPC Model was updated to map dental crown (DVCROWN) utilization and cost-sharing to Restorative Services (PBP category 16c1) from Prosthodontics, fixed (PBP category 16c7).
- The CY 2026 Part D Baseline OOPC Model uses an updated Formulary Reference Files (FRF), namely the CY 2026 FRF released in September 2025 and its associated cross-reference files to generate the beneficiary prescription drug input file.
- The CY 2026 Part D Baseline OOPC Model includes enhancements to incorporate benefit structure parameters for extended day supply cost-sharing amounts, providing increased accuracy of cost-sharing calculations for plan sponsors offering extended-day prescription fills.

The release of the CY 2026 Part C and Part D Baseline OOPC Model will also include an updated Technical User Guide and Methodology document incorporating the updates outlined in the section above.

For convenience, CMS has generated CY 2026 Part C and Part D Baseline OOPC Model values for organizations and posted these values in HPMS. MAO OOPC values can be viewed in HPMS under: **Quality and Performance > Performance Metrics > Reports > Costs > Part C Out-of-Pocket Costs > 2026**. PDP OOPC values can be viewed in HPMS under: **Quality and Performance > Performance Metrics > Reports > Costs > Part D Out-of-Pocket Costs > 2026**. Please note that previous versions of the OOPC and TBC data will continue to be accessible in HPMS. While OOPC values have historically been provided for Section 1876 Cost Plans, they are not included in this posting, as the TBC and meaningful difference requirements do not apply to this plan type.

The CY 2026 Part D Baseline OOPC Model uses a different version of the drug list (RXCUI\_REFERENCE.xpt) than will be used in the CY 2027 Part D Bid Review OOPC Model expected to be released in April 2026. The drug list for the CY 2026 Part D Baseline OOPC Model incorporates information from the September 2025 version of the CY 2026 FRF and other input sources (NDC databases, FDA Brand/Generic definitions, Generic Substitution, Potential Formulary Alternatives, and 2024 PDE average prices). The CY 2027 Part D Bid Review OOPC Model will incorporate updated versions of these files for CY 2027, as well as updated PDE average prices and updated drug utilization for a 2025 0.1% sample of Part D Medicare beneficiaries. The resulting differences from the two different drug list files may not be reflected by the OOPC model change factor and may yield OOPC value differences. It will be the responsibility of plan sponsors to address significant OOPC value differences through the benefit and formulary design.

For technical and policy related questions the following resources are available:

- For Part C policy related questions, such as TBC, please contact <https://mabenefitsmailbox.lmi.org>
- For Part D policy related questions about meaningful difference, please submit an email to [partdbenefits@cms.hhs.gov](mailto:partdbenefits@cms.hhs.gov)
- For technical questions about the Bid Pricing Tool, please submit an email to [actuarial-bids@cms.hhs.gov](mailto:actuarial-bids@cms.hhs.gov)
- For technical questions about the 2026 Baseline OOPC Model, please submit an email to [OOPC@cms.hhs.gov](mailto:OOPC@cms.hhs.gov)