

Centers for Medicare & Medicaid Services CY 2018 Out-of-Pocket Cost Model FAQs

1. **Question:** Does Centers for Medicare & Medicaid Services (CMS) offer any alternative methods for calculating Out-of-Pocket Cost (OOPC) amounts for plan sponsors that do not have access to PC SAS?

Answer: CMS does not offer alternative tools for calculating OOPC values for plans that do not have access to SAS. We recommend that you continue to use the tools/methodology that you employed for calculating OOPC values for contract year (CY) 2017. However, plans are encouraged to use the OOPC model to ensure the plans offered in a given service area are meaningfully different from one another in terms of key benefits or plan characteristics such as cost sharing, benefits offered, or plan type. In addition, Medicare Advantage (MA) plans can use these tools in meeting total beneficiary cost (TBC) requirements. As discussed in the CY 2018 Call Letter, plans are expected to submit bids that comply with CMS requirements. Section 1876 Cost Plans are encouraged to use this model to prepare for implementing cost contract plan transition requirements related to enrollment conversion.

2. **Question:** What are the changes in the CY 2018 model compared with CY 2017?

Answer: The following lists the substantive changes to the model. The CY 2018 Out-of-Pocket Cost Model Methodology document describes the changes more thoroughly.

- Updated MCBS inflation and drug utilization factors provided by the Office of the Actuary (OACT). These factors inflate the 2011 and 2012 MCBS utilization cost data to CY 2017 levels. The April 2016 model inflated utilization data to CY 2016 levels.
- Updated the Medicare Part A and B deductibles, coinsurance, premiums to 2017 values. OOPC estimates will be affected if plans apply cost sharing to any of these values.
- Updated the Part D policy parameters (deductible, initial coverage limit, gap coverage percentages, etc.) to 2018 values.
- Updated the Part D input data using March 2017 updates of the FRF, cross-reference, generic substitution, Medispan-FDB, and ADSF (Applicable/Non-Applicable) files.
- Updated Prescription Drug Event (PDE) data for drug price calculation. (The CY 2018 MPF Plan V1 uses 2016 PDE data.)

- Updated the code to take into account 2018 PBP data structure and variable name changes.
- Made revisions to the code that produces the Druglist_RxCui file. These revisions created a higher match rate of MCBS drugs to NDCs and hence to Formulary Reference File RxCuis.
- Made revisions to the 2011/2012 MCBS dental data to take into account the lack of reported 2011 and 2012 individual category service data. Data was imputed probabilistically from 2008-2010 MCBS survey.
- Updated the SAS code and the MCBS dental data to allow for 2018 PBP changes which allow for separate breakout of cost sharing for Periodontics, Endodontic, and Extraction services. Corrected inflation adjustment for 2011 Dental data. Corrected the SAS code affecting the cost calculations for Comprehensive dental services to eliminate duplicate cost share accumulation.
- Corrected the SAS code so that Medicare and non-Medicare services are no longer treated independently in the allocation of the plan level deductible. In the revised code, the plan deductible is allocated to Medicare covered services if there are any Medicare covered services included in the plan level deductible category list. The deductible is allocated to non-Medicare covered services only if there are no Medicare covered categories selected.

3. **Question:** Are Dual Eligible Special Needs Plans (SNPs) excluded from the OOPC Model?

Answer: The OOPC tool will calculate the OOPC values for Dual Eligible Special Needs Plans (SNPs). However, beneficiary data for Dual Eligible Special Needs Plans (SNPs) were excluded from the MCBS data for the development of the OOPC model as it was deemed unrepresentative of the beneficiaries enrolling in these plans. Therefore, the resulting calculations may not be reliable for Dual eligible SNPs. The CMS Call Letter provides guidance regarding meaningful difference (MA and Prescription Drug Plan (PDP) organizations) and total beneficiary cost requirements (MA organizations). Also, please refer to the OOPC methodology document posted on the CMS website at:

<https://www.cms.gov/Medicare/Prescription-Drug-Coverage/PrescriptionDrugCovGenIn/OOPCResources.html> for further technical details.

4. **Question:** Will the CY 2018 OOPC model work with older versions of SAS or SAS versions other than PC SAS (e.g. SAS running on UNIX or Mainframe)?

Answer: The CY 2018 OOPC model has been tested on PC SAS Versions 9.3 and SAS 9.4. (The model also can be run using SAS Enterprise Guide). We expect the

tool to run, with minor modifications, on older versions of SAS or SAS running on a different environment. However, CMS cannot guarantee a successful run.

5. **Question:** Will the CY 2018 OOPC model run on a networked version of SAS?

Answer: The model code is platform independent and should be able to be run in a network environment.

6. **Question:** What is the approximate amount of free disk space necessary for the model to run?

Answer: It has been recommended that the model requires at least 3GB of RAM and about 30GB of free disk space. However, the actual disk space requirements are dependent on the number of plans being run at one time and the particular hardware/software configuration of a user. In such cases, additional free disk space may be needed.

7. **Question:** Does the CY 2018 OOPC Model require administrative rights on the computer to run?

Answer: Administrative privileges are not required to run this model on a PC.

8. **Question:** Does the CY 2018 OOPC Model require any SAS add-ins to run? Is base SAS 9.3 sufficient?

Answer: Base SAS 9.3 (or SAS 9.4) with SAS/ACCESS Interface to PC Files installed is needed to run the model.

9. **Question:** How can organizations obtain information about policy related questions regarding requirements for meaningful difference (MA and PDP organizations), total beneficiary cost (MA organizations), and implementing cost contract plan transition requirements related to enrollment conversion (section 1876 Cost Plans)?

Answer: Organizations are encouraged to review the CY 2018 Call Letter and related HPMS communications.

- For Part C policy related questions about meaningful difference and Total Beneficiary Cost (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
- For section 1876 Cost Plan transition policy related questions, please contact <https://dpap.lmi.org/DPAPMailbox/>
- For technical questions about the Bid Pricing Tool, please submit an email to actuarial-bids@cms.hhs.gov

- For technical questions about the OOPC model, please submit an email to OOPC@cms.hhs.gov