



Points of Emphasis for Medicare Advantage and Part D Bids in CY 2013

CMS Office of the Actuary
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In this session...

- Contract Year (CY) 2013 Medicare Advantage and Part D
 - Bid Pricing Tools and Bid Instructions
 - Key changes since last year
 - Clarifications
 - Areas of Emphasis
 - MSA and now ESRD-only SNPs covered in MA bid instructions



Medical Loss Ratio (MLR)

- MLR rules effective CY2014 TBD
- CMS collecting data in CY2013 bids
 - Ease transition for bid preparers
 - Obtain feedback from industry



Quality Initiatives, Taxes and Fees, Adjusted MLR

- New fields for QI, Taxes and Fees, MLR
 - MA and PD on Worksheet 1
 - MA Worksheet 4 and PD Worksheet 2
 - Used to calculate projected Adjusted MLR
 - QI subset of Non-Benefit Expenses (NBE)
 - Taxes and Fees subset of NBE and/or gain/loss
 - Description field to list items and file
 - Documentation to support each item



Overall Gain/Loss Margin

- New fields to select aggregation and
 - MA - Worksheet 4, Section IIC
 - PD – Worksheet 3, Section IV
- New field MA WS 4 and PD WS 3
- Gain/Loss aggregation level
 - Contract, Organization or Parent-Org
 - (MA) EGWP defaulted to contract level
 - List of plans included in an org level rollup



Overall Gain/Loss Margin (cont.)

- GE&I/C SNP: General Enrollment and Institutional and Chronic Care SNP
- $\text{GE\&I/C SNP} - 5\% < \text{DE-SNP} < \text{GE\&I/C SNP} + 1\%$
- Consistency of—
 - GE&I/C SNP and margin for all non-Medicare
 - Actual returns and projected margin over the long term
- Supporting documentation updated: must include composition of all non-Medicare business



Bid-level Gain/Loss Margin

- Product pairings used to meet guidance must
 - Be same kind of plans
 - All LCCP, all RPPO or all PFFS
 - Be same SNP type or all non-SNP
 - Have identical service areas
 - Have a combined positive margin
 - Be listed in supporting documentation
- See Non-Benefit Expenses and Gain/Loss Margin presentation



Risk score

- Part C and D risk models recalibrated for CY2013
- Part D RX HCC risk model reflects reduction in cost sharing for non-LIS beneficiaries purchasing drugs in the coverage gap
- Normalization factor and other information contained in 2013 payment notice.



Support for Related Parties

- All Plan sponsors
 - State if related party agreements exist
- Plan sponsors with related-party agreements
 - Disclose all related parties
 - Report the contractual terms
 - Document the approach used



Other topics

- CMS credibility guidelines
 - Developed for allowed costs
 - In other contexts, such as risk scores, must be fully explained
- Read the bid instructions
 - From “On Request” to Required
 - Support for DE# and non-DE#
 - Support for MSP adjustment



MA Medicare Secondary Payer

- $MSP = 1 - (X/Y)$
 - X = Reduced payments for MSP benes
 - Y = Gross payments as if no beneficiaries had a payer primary to Medicare
- Gross payments for MSP benes (Y)
 - Based on MSP-specific risk characteristics
 - Not based on combined data for MSP and Non-MSP beneficiaries



MA Worksheet 1

- New field for “utilizers”
 - Each beneficiary counted only once
- Plans in base for cross-walked plans
 - Must be entered as either
 - Contract-Plan (HXXXX-XXX)
 - Contract-Plan-Segment (HXXXX-XXX-XX)
 - More than eight require documentation
- Out of area members included



MA Worksheet 3

- Cost sharing descriptions: H25:H64 and M25:M64
 - To assist bid preparers
 - Data will be deleted when bid is finalized
- Section IV added
 - Pre-populated with default mapping of PBP to BPT categories
 - Must overwrite if using alternate mapping



MA Worksheet 4

- ESRD Changes
 - Percent of revenue include subsidy
 - OOA member now included
 - Member months now calculated



MA Worksheet 5

- Rebate percentage revised
 - Pre-ACA 75% rebate weighted $\frac{1}{3}$ and the post-ACA rebate level is weighted $\frac{2}{3}$
 - No exception for low enrollment contracts
- Section VIII added
 - Captures components of member months: ESRD, Hospice, Out-of-area, other.



Part D changes

- Coverage in the Gap
 - Non-applicable (generic) drugs
 - Bene cost sharing is reduced to 79%
 - Sponsor liability increased to 21%
 - Applicable (brand) drugs
 - Bene cost sharing 47.5 % of price, dispensing fee and vaccine administration
 - Sponsor liability 2.5% of price plus 52.5% of dispensing fee and vaccine administration



Questions?

- See CY2013 MA and Part D Bid Instructions
 - “Bidding Resources” section of the Introduction, contains links to:
 - Advance Notice and Draft Call Letter
 - Rate Announcement and Call Letter
 - OACT mailbox: actuarial-bids@cms.hhs.gov
 - OACT weekly actuarial user group calls
 - Technical Instructions