

CY2013 Actuarial Bid Training, April 2012

Presentation: Introduction

Slides and Script prepared by CMS Office of the Actuary

[SLIDE #1 – TITLE SLIDE]

Welcome to the Contract Year 2013 Actuarial Bid Training. My name is Paul Spitalnic, and I am the Director of the Parts C and D Actuarial Group within CMS' Office of the Actuary. My staff and I have prepared these training materials in order to assist you in developing contract year 2013 bids for the Medicare Advantage and Prescription Drug programs. We hope you find these presentations to be a useful supplement to the bid instructions.

[SLIDE #2 – CY2013 Highlights]

Before presenting an overview of the training, I will provide some highlights for Contract Year 2013. Changes due to the Affordable Care Act (ACA) and other health reform efforts will continue to affect the MA and Part D programs over the next several years. For example, the Quality Bonus Payment Demonstration and changes in rebate percentages will affect payment levels in 2013. Similarly, Part D coverage levels in the gap in 2013 will be different than in 2012. Also from the ACA, Medical Loss Ratio provisions will come into effect beginning in 2014. To anticipate that change, we have added fields in the BPT to accommodate Quality Initiatives and Taxes and Fees; for 2013 bids these fields will only be informative and will not affect bids or payments.

Also in 2013, OACT has modified the language that describes the gain/loss margin requirements. The changes include greater flexibility for setting margin in certain contexts as well as clarification regarding the relationship of projected margin and actual returns.

The sequestration mechanism of the Budget Control Act creates the possibility that 2013 payment levels—as of the bid submission deadline—may not be known with certainty. Plans may consider the effects of that uncertainty in setting risk margins in their basic bid development.

Lastly, we continue to expect that bids are prepared with professional rigor; are in accordance with the law, regulations, instructions, and the Actuarial Standards of Practice; and are well supported. We began to formally monitor compliance to these standards in 2011, and we will continue to do so for Contract Year 2013. The details of last year's compliance review effort, as well as changes anticipated for 2013 are presented in the Compliance Initiative session.

[SLIDE #3 – Training overview]

The training program will again be split between two tracks. For those familiar with the actuarial bidding process, there are sessions available on what's new and points of emphasis for contract year 2013. To get the most out of the presentations, I suggest that you download the 2013 bid forms and instructions and become familiar with them prior to viewing the training materials. For those who haven't submitted bids in the past or would like to refresh on particular topics, I encourage you to review the introductory and intermediate training presentations before proceeding through the more targeted and detailed contract year 2013 sessions.

[SLIDE #4 – Other Resources]

This slide contains a listing of other key resources regarding the MA and Part D Programs. The Call Letter discusses the plan benefit package requirements. The Advance Notice of Methodological Changes and the Final Rate Announcement contain information on the MA payment rates and other payment policy issues. The Contract Year 2013 bid instructions are available with the bid tools on HPMS, and this written guidance is required reading for actuaries involved in bid development. As in the past, the Office of the Actuary is available for any questions you might have while preparing bids. The best way to contact us is through the weekly series of user group calls. We strongly encourage all actuaries who are preparing or certifying bids to participate. Questions that are sent to the OACT mailbox at least 48 hours in advance of the calls will be discussed and the responses will be documented on our website. Thank you for taking the time to participate in the 2013 bidders training. We look forward to working with you on another successful bidding season.