

Actuarial Bid Training

Presentation: BPT 101

Slides and Script prepared by CMS' Office of the Actuary

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[SLIDE #1] BPT 101

Welcome to BPT 101, an introductory training session on the structure and content of CMS's Medicare Advantage and Part D bid pricing tool (or BPT). This session builds on concepts and terminology presented in the "Introduction to Bidding" training session. It is aimed at new BPT users; however, returning users may also find it useful. This presentation is not a replacement for the BPT Instructions. In fact, its goal is to make the BPT instructions easier to read and more informative for new users. This presentation refers to specific sections of the BPT workbook files but does not include screenshots. So it may be helpful to open the BPT workbook files or print them out for use during the presentation. We begin by addressing some basic questions.

[SLIDE #2] What is the Bid Pricing Tool (BPT)?

What is the bid pricing tool? To bidders, it can be viewed as a form—an “electronic” form specifically—that must be filled out in order to submit Medicare Advantage and Part D plan bids to CMS. For CMS, it’s an organizational tool that structures bid information into a common, standardized format, which helps to automate important tasks such as—bid review, bid audit, and even plan payment. Literally, a BPT is an Excel workbook with multiple worksheets and special functions through which bidders present to CMS their plan pricing information. Bidders enter information, such as plan experience, projected enrollment, and risk profile, and the BPT calculates the plan premiums and other values that drive the bidding process. CMS maintains and updates each BPT file and releases new versions every April.

[SLIDE #3] WHERE are the BPT files?

The BPT files may be downloaded from the Health Plan Management System website (or HPMS), which is a restricted-access website, so users must obtain approval from CMS before using it. From HPMS, the BPT files may be downloaded as part of the Plan Benefit Package (or PBP) software, or they may be downloaded as stand-alone blank files. To open the stand-alone files, follow the path indicated in the slide: from the homepage click—Plan Bids, Bid Submission, select the appropriate Contract Year, click Download and then choose BPT Spreadsheets. Public access to the BPT files is available on cms.gov by following the path at the bottom of this slide; however, the files are usually available on HPMS before they are posted on the CMS website.

[SLIDE #4] BPT Files

When the download screen is reached four BPT workbook files will be visible: one for Part D bids, one for Medicare Advantage (or MA) bids, one for End-Stage Renal Disease Special Needs Plan (ESRD SNP) bids, and one for Medical Savings Accounts (or MSA) bids. There is also an Add-in file, which is further described in the next slide.

[SLIDE #5] The Add-in File (BPT.xlam)

The add-in file is an Excel file with a “dot-X-L-A-M” extension. It enables the special functions that are an integral part of the BPT’s functionality—without it, the BPT workbooks cannot be used. The installation instructions must be followed carefully. For example, the file must be saved in a specific directory on the C:\drive of each PC that will run the BPT. If not, the BPT will not function properly.

[SLIDE #6] Using the BPT

To begin using the BPT—open the blank BPT workbook file in Excel, make sure the Macro Security setting is correct (see the Technical Instructions to check this), and save the file under a different name (to avoid over-writing the blank BPT) . This creates a “working” version of the BPT, which means that the workbook automatically calculates pricing results as the user enters data. When the data entry step is complete and the workbook reflects the desired pricing results, you must finalize the workbook. To do this, click on the FINALIZE icon, which is one of the BPT’s special functions. The finalization process removes the BPT’s formulas and special functions and converts the working file into a format that may be uploaded to HPMS. At this point, the BPT is ready for submission to CMS.

[SLIDE #7] Validations

The BPT's special functions include validation features that check for potential errors at three different levels of bid preparation. During data entry, red circles will appear around a cell if its data-entry rules are violated (for example, leaving a required field blank will generate a red circle). During finalization, the validation process looks for what are called critical errors. These are errors that must be addressed before the bid can be uploaded; as such, they prevent the BPT from successfully completing the finalization process. (One example of a critical error is not fully allocating all of the MA rebate). During upload, the validation process ensures consistency between information in the Bid Pricing tool and information in the Plan Benefit Package (or PBP); for example—it would flag a bid where the service area defined in the BPT differs from the service area defined in HPMS.

[SLIDE #8] Guidance on preparing BPTs

There are multiple resources that offer guidance on completing the BPTs, these include—the BPT Technical Instructions; the two Bid Instructions documents: one for PD plans and one for MA, ESRD-SNP, and MSA plans; the annual bidders training available on the CMS website of which this session is a part; and the Weekly User Group Calls that are held on Thursdays between the release of the BPT files in April and the bid submission deadline in early June. The Instructions documents are required reading for preparing BPTs; this session provides background information to help new users better understand the bid instructions.

[SLIDE #9] MA BPT Overview

We now begin a worksheet-by-worksheet overview of the MA BPT. The slides that follow convey a sense of the structure of the BPT by listing all the sections that comprise each worksheet, while the accompanying comments provide a high-level explanation of what each worksheet accomplishes. The MA BPT includes 7 worksheets. You enter data about the plan including—actual plan experience, projected allowed costs based on that experience, the plan’s cost-sharing values, and much more. Based on that input, the BPT calculates the plan’s revenue requirement, compares that amount to a benchmark—and ultimately—calculates the plan premium or MA rebate. WS7 is used only by plans that offer optional supplemental benefits. It should be noted that plan enrollees with End-Stage Renal Disease (also known as the ESRD population) are treated in two brief, stand-alone sections of the BPT: WS1 Section VI and WS4 Section III. When filling out the rest of the MA BPT, the ESRD population is to be excluded.

[SLIDE #10] MA BPT Overview (WS1)

In Worksheet 1, report the plan’s actual, PMPM cost and utilization experience (in Section III) as well as the assumptions (in Section IV) that will be used to project that experience into the contract year. The general information entered in Section I—such as plan ID, contract number, and plan type—will automatically display in Section I of Worksheets 2 through 7. In section II enter incurred and paid dates for the plan experience, enrollment information, risk scores and a completion factor. Enter other summary base period experience in Section VI.

[SLIDE #11] MA BPT Overview (WS2)

Worksheet 2 develops the PROJECTED ALLOWED COSTS PMPM using the experience and projection assumptions entered in WS1. If plan experience is less than fully credible, you may enter credibility factors and manual rates in WS2. The worksheet calculates the Projected Allowed Cost as a blend of the experience rates and the manual rates. Note that WS2 contains Projected Allowed Costs for two populations: one is Dual Eligible beneficiaries WITHOUT full Medicare cost-sharing liability (which is called the “D-E-pound” population) and the other is everyone else, which includes Dual Eligible beneficiaries WITH full Medicare cost-sharing liability and non-Dual Eligible beneficiaries (this is called the non-D-E-pound population).

[SLIDE #12] MA BPT Overview (WS3)

In Worksheet 3 enter the plan’s cost-sharing information. Enter out-of-pocket maximums in Section II on a PMPY basis. All other cost-sharing information must be entered in Section III on a PMPM basis. In Section III enter “effective” cost-sharing values that reflect the impact of services or circumstances for which cost sharing is waived. For example, reflecting that ambulance cost sharing is waived when the enrollee is admitted to the hospital. Indicate in Section IV how the BPT service category entries correspond to the PBP service categories.

[SLIDE #13] MA BPT Overview (WS4)

Worksheet 4 combines Allowed Costs from WS2 and Cost Sharing information from WS3 to calculate the plan's Projected Revenue Requirement, which includes non-benefit expenses and gain/loss margin entered directly in WS4. WS4 also allocates the projected revenue requirement between Medicare covered and non-covered services. The benefit expense component of required revenue is developed separately for the DE# and Non-DE# populations. WS4 also contains sections that address the ESRD population, Employer Group Waiver Plans (or EGWPs) and Medicaid data for the DE# population.

[SLIDE #14] MA BPT Overview (WS5)

In Worksheet 5, enter county-level data in Section VI to support the development of the benchmark; the data include projected member months and projected risk scores. FFS county-level information is displayed in Section VII. In Section II, the worksheet compares the bid amount from WS4 to the benchmark developed in WS5; Section III displays the results of that comparison as follows: if the bid amount is greater than the benchmark, the difference is the basic MA premium. If the benchmark is greater than the bid, the difference is considered a savings; the rebate amount is a percent of the savings and the percentage depends on the plan's quality rating. Section IV contains benchmark information for Regional Plans. Section V captures quality bonus information. Enter additional projected member month details in Section VIII.

[SLIDE #15] MA BPT Overview (WS6)

In Worksheet 6, indicate (in Section IIIB) how the rebate from WS5 will be allocated; the worksheet then applies the rebate in order to develop (in Section IIIC) the resulting plan premium. WS6 requires input of information from the Part D BPT if the plan includes prescription drug benefits. The Other information in Section II is included to support the allocation of the rebate. In section IV, provide contact information for CMS. The Working Model Text Box, however, is for the user to use at his or her discretion; any data entered here will be deleted during finalization, before the BPT is uploaded to HPMS.

[SLIDE #16] MA BPT Overview (WS7)

Worksheet 7 addresses Optional Supplemental benefits, which are additional benefits that plan members choose by paying a separate premium. Bids may include up to 5 Optional Supplemental Benefit packages; the premium for each package must cover its benefit expenses, non-benefit expenses, and gain/loss margin.

[SLIDE #17] PD BPT Overview (WS1)

The Part D BPT comprises eight worksheets. On Worksheet 1 report (in Sections II and III) base period plan experience including—member months, number of scripts, allowed amounts, and cost sharing. Report this information within the claim intervals associated with the Part D Defined Standard Benefit for the experience year. Enter non-benefit expenses in Section IV.

[SLIDE #18] PD BPT Overview (WS2)

Worksheet 2 develops the projected allowed PMPM benefit and non-benefit expenses. Enter the utilization per thousand and allowed costs PMPM that underlie the information on WS1; report this information separately—for retail and mail-order drugs as well as for preferred brand, non-preferred brand, generic, and specialty drugs. On this worksheet, also enter the following information for both benefit and non-benefit expenses: manual rates, credibility factors, and assumptions that will be used to project the base period data into the contract year.

[SLIDE #19] PD BPT Overview (WS3)

Worksheet 3 is filled out for all Part D bids, regardless of the plan benefit type. Enter the Projected Membership, risk scores and the gain/loss margin. The worksheet develops the bid amount for Part D Defined Standard Coverage. For plan benefit types other than Defined Standard, the bid amount is used for actuarial equivalence testing purposes. Worksheet 3 also allocates non-benefit expenses and the gain/loss margin between Basic and Supplemental benefit categories; however, only Enhanced Alternative plan benefit types are affected.

[SLIDE #20] PD BPT Overview (WS4)

Worksheet 4 is filled out only for Actuarial Equivalent plan benefit types. It calculates the bid amount and performs three actuarial equivalence tests, using data entered on Worksheet 6.

[SLIDE #21] PD BPT Overview (WS5)

Worksheet 5 is filled out only for Basic Alternative and Enhanced Alternative plan benefit types. It calculates the plan bid amount and performs six actuarial equivalence tests, using data entered on Worksheet 6. In section IV, enter information that describes the type and cost of the following items: the deductible, the Initial Coverage Limit, Gap Coverage, and non-Part D covered drugs. In section VII—the BPT calculates the supplemental premium. The supplemental premium is zero for Basic Alternative plans; Enhanced Alternative plans have a supplemental premium greater than zero. In section VIII, enter— for Enhanced Alternative plans—the induced utilization, i.e., the impact that a different benefit type is expected to have on plan utilization.

[SLIDE #22] PD BPT Overview (WS6)

Worksheet 6 is specially designed to support the actuarial equivalence tests in worksheets 4 and 5. Enter the number of scripts, allowed costs, and cost-sharing amounts for a variety of claim intervals and drug types. This information is entered for a Defined Standard Benefit and for the plan benefit type being submitted in the bid (if other than Defined Standard).

[SLIDE #23] PD BPT Overview (WS6A)

Worksheet 6A is a continuation of worksheet 6. Enter the number of scripts, allowed costs, and cost-sharing amounts for coverage in the gap. Separate sections in the worksheet accommodate data entry for Low-Income vs. Non-low-income beneficiaries and for Defined Standard vs. other coverages.

[SLIDE #24] PD BPT Overview (WS7)

In Worksheet 7 Section III, enter the National Average Monthly Bid Amount and the Base Beneficiary Premium, and the worksheet calculates the Part D Basic and Supplemental premiums. These premiums will not reflect the impact of the MA rebate allocation. In Section IV enter contact information. Section V contains a Working Model Text Box whose contents are deleted during finalization, before the BPT is uploaded to HPMS.

[SLIDE #25] A Note About Benchmarks

It is important to note that, for the initial bid submitted in June, you must **estimate** the value of the National Average Monthly Bid Amount and the Base Beneficiary Premium because these quantities are unknown at that time. As a result, premiums calculated in the June BPT are estimated premiums. Final premiums are calculated after the actual benchmark values have been released by CMS; this typically happens in August. Any bids submitted after CMS releases the benchmarks must use the actual values, not the estimated values.

[SLIDE #26] In Conclusion

This concludes the BPT 101 presentation. You should now be well prepared to read the Bid instructions and to view the other presentations included in the Actuarial Bid Training. You can find these items on the HPMS website or the CMS website.