

Actuarial Bid Training



BPT 101

CMS Office of the Actuary
Updated April 2013



What is the Bid Pricing Tool (BPT)?

- For bidders—a bid submission form
- For CMS—a tool for bid review, bid audit, and plan payment
- Excel workbook
 - Multiple worksheets
 - Special Functions
 - Used by bidders to present plan pricing to CMS



Where are the BPT files?

- HPMS: <https://gateway.cms.gov>
 - Restricted-access website
 - For blank BPT files: HPMS Home > Plan Bids > Bid Submission > Contract Year YYYY > Download > BPT Spreadsheets
- CMS Website: <http://www.cms.gov/>
 - For blank BPT files: Medicare > Health Plans - Medicare Advantage Rates & Statistics > Bid Forms & Instructions



BPT Files

- Workbooks
 - CYyyyy_PD_BPT.xlsm
 - CYyyyy_MA_BPT.xlsm
 - CYyyyy_MSA_BPT.xlsm
 - CYyyyy_ESRD_SNP_BPT.xlsm
- Add-in File (BPTyyyy.xlam)

yyyy = Contract Year



The Add-in File (BPT.xlam)

- An Excel .xlam file
- Enables customized features
- BPT workbooks don't work without it
- Must be installed properly
 - Save under C:\BPT\BPTyyyy\



Using the BPT

- Open the BPT
 - Set macro security level
 - Save under new file name
- Enter data into the file
 - A “working” version of the BPT
 - Pricing results are calculated automatically
- Finalize the BPT
- Submit finalized file to CMS via HPMS upload



Validations

- Data-entry Validations
 - Red circles signal potential errors in data entry
 - Example—required field left blank
- Finalization Validations
 - Critical errors prevent finalization
 - Example—MA rebates not fully allocated
- Upload Validations
 - Consistency cross-checked between BPT and PBP/HPMS
 - Errors prevent successful upload to HPMS
 - Example—BPT service area \neq HPMS service area



Guidance on preparing BPTs

- BPT technical instructions
- Bid instructions (PD and MA/ESRD-SNP/MSA)
- Annual Bidders Training
- Weekly user group calls
 - Hosted by CMS Office of the Actuary (OACT)
 - Between April BPT release and June Bid deadline



MA BPT Overview

■ Worksheets—

1. Plan Experience
2. Projected Allowed Cost
3. Cost Sharing
4. Required Revenue
5. Benchmark
6. Bid Summary
7. Optional Supplemental Benefits



MA BPT Overview (WS1)

BASE PERIOD EXPERIENCE AND PROJECTION ASSUMPTIONS

- I. General Information – Plan ID, Plan Type, etc.
- II. Base Period Info – Risk Scores, Member Months
- III. Base Period Experience – PMPM Cost, Utilization
- IV. Projection Assumptions – Trends, Other Factors
- V. Description of Adjustments
- VI. Base Period Summary



MA BPT Overview (WS2)

PROJECTED ALLOWED COSTS PMPM

- I. General Information from WS1
- II. Projected Allowed Cost
 - Projected Experience – based on WS1
 - Credibility Factors – based on member months
 - Manual Rates
 - Contract Year Projected Allowed Costs
 - Blend of Projected Experience, Manual Rates
 - Note: Separate Rates for DE# vs. Non-DE#



MA BPT Overview (WS3)

PROJECTED COST SHARING PMPM

- I. General Information from WS1
- II. Max Cost Sharing PMPY
- III. Cost Sharing PMPM
 - Descriptive – matches PBP
 - Effective – reflects impact of utilization
- IV. Mapping of PBP to BPT



MA BPT Overview (WS4)

PROJECTED REVENUE REQUIREMENT

- I. General Information from WS1
- II. Revenue Requirement = Ben + Non-ben + G/L
 - A. Non-DE#s (Benefit Expense only)
 - B. DE#s (Benefit Expense only)
 - C. All Beneficiaries = Bid Amount

Allocated between Medicare covered/non-covered benefits

- III. Development of ESRD CY “Subsidy”
- IV. EGWP Additional Benefits
- V. Medicaid Data for DE#



MA BPT Overview (WS5)

BENCHMARK PMPM

- I. General Information from WS1
- II. Bid vs. Benchmark Comparison – Basic
- III. Savings, Rebate, Basic Member Premium
- IV. Benchmark for Regional Plans
- V. Quality Bonus Rating
- VI. County-Level Detail – Member Months, Risk Scores
- VII. Other Medicare Information – FFS info
- VIII. Projected CY Member Months



MA BPT Overview (WS6)

BID SUMMARY

- I. General Information from WS1
- II. Other Information
- III. Bid Summary
 - A. Summary
 - B. Rebate Allocation
 - C. Plan Premium Development
- IV. Contact Information
- V. Working Model Text Box



MA BPT Overview (WS7)

OPTIONAL SUPPLEMENTAL BENEFITS

- I. General Information from WS1
- II. Optional Supplemental Packages
 - Up to five options may be offered
 - Separate member premiums developed
- III. Base Period Data



PD BPT Overview (WS1)

BASE PERIOD EXPERIENCE

- I. General Information – Plan ID, Plan Type, etc.
- II. Base Period Info – Incurred Dates, Member Months
- III. Part D Claims – Members, Scripts, Allowed
- IV. Non-Benefit Expenses – Admin
- V. Premium Revenue – from CMS and members
- VI. Income Statement Summary =
Revenue – Expenses



PD BPT Overview (WS2)

PROJECTION OF ALLOWED/NON-BENEFIT

- I. General Information from WS1
- II. Utilization – Base Scripts/ Unit Costs/ PMPM, Util Trends
- III. Costs for Covered Drugs – Unit Cost Trends
- IV. Projected Allowed – Manual Rates, Credibility Factors
- V. Non-Benefit Expenses
- VI. Development of Manual Rates
- VII. Percentage of Revenue



PD BPT Overview (WS3)

PROJECTION FOR DEFINED STANDARD COVERAGE

- I. General Information from WS1
- II. Projected Data – Members, Risk Score
- III. Claims - Scripts/ Unit Costs/ PMPM
- IV. Non-Benefit and Gain/Loss
- V. Defined Standard Bid



PD BPT Overview (WS4)

ACTUARIAL EQUIVALENT COST SHARING

- I. General Information from WS1
- II. Projected Data – from WS3
- III. Defined Standard Bid – from WS3
- IV. Tests for Actuarial Equivalence
- V. Actuarially Equivalent Cost Sharing Bid



PD BPT Overview (WS5)

ALTERNATIVE COVERAGE

- I. General Information from WS1
- II. Projected Data — from WS3
- III. Defined Standard Bid — from WS3
- IV. Development of Bid Components
- V. Alternative Coverage Bid
- VI. Tests for Actuarial Equivalence
- VII. Supplemental Premium
- VIII. Induced Utilization



PD BPT Overview (WS6)

SCRIPT PROJECTIONS

- I. General Information from WS1
- II. Projections for Equivalence Tests



PD BPT Overview (WS6A)

Gap Coverage

- I. General Information from WS1
- II. Spending in the Coverage Gap



PD BPT Overview (WS7)

BID SUMMARY

- I. General Information from WS1
- II. CY Defined Standard Benefit Parameters
- III. Summary of Bid Elements
 - National Average Monthly Bid Amount (NAMBA)
 - Base Beneficiary Premium (BBP)
- IV. Contact Information
- V. Working Model Text Box



A Note About Benchmarks

- For the June Bid Submission...
 - NAMBA and BBP values are ESTIMATES
 - Therefore the Basic Premiums are ESTIMATES
- After CMS Releases the benchmarks...
 - NAMBA and BBP values are ACTUAL
 - And the resulting Basic Premiums are FINAL
- Bids submitted after the release of benchmarks **MUST** use actual NAMBA and BBP values



In Conclusion

- For more guidance consult—
 - Bid instructions
 - Bidders Training
 - HPMS: <https://gateway.cms.gov>
 - CMS Website: <http://www.cms.gov/>