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TO: All Medicare Advantage Organizations and Part D Plan Sponsors

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SUBJECT: Medicare Plan Finder (MPF) Plan Version (V1) of Out-of-Pocket Cost (OOPC) Model for CY 2014 and Updated Total Beneficiary Costs (TBC) Data Released on HPMS.

The purpose of this memo is to announce that an updated version of the 2014 Out-of-Pocket Cost (OOPC) model is now available for plans to use in calculating their CY2014 OOPC values, which reflect the values currently displayed in the Medicare Plan Finder (MPF). This version has been updated from the April 5, 2013 version used to calculate plan specific OOPC in preparing CY 2014 bid submissions. This updated OOPC model will be referred to as the CY 2014 MPF Plan Version 1 (V1). The OOPC values displayed in the version released today are based on CY2014 approved bids and may be used in forecasting CY 2015 bids. The CY 2015 OOPC model will be released in April 2014.

The updated model may be accessed at: <http://www.cms.gov/Medicare/Prescription-Drug-Coverage/PrescriptionDrugCovGenIn/OOPCResources.html>. CMS encourages PDPs and MAOs to run their plan benefit structures through the updated OOPC model. This will ensure that plan offerings comply with CMS's regulatory requirements, including Parts C and D Meaningful Difference and Part C Total Beneficiary Cost prior to bid submission.

There are key differences between the CY 2014 MPF Plan V1 and the April 5, 2013 version used to develop OOPC values during CY 2014 bid preparation. These changes include:

- Updated utilization data from the 2009/2010 Medicare Current Beneficiary Survey. The previous model included 2008/2009 MCBS data.
- Updated inflation factors. The CY 2014 MPF Plan V1 includes 2009 and 2010 MCBS utilization cost data, which reflect CY2014 levels. The April 5, 2013 model used 2008 and 2009 inflation factors reflecting CY2013 levels.
- Updated 2014 deductibles and coinsurance for Medicare Part A, as well as updated Part B premiums and deductibles. OOPC estimates will be affected if plans tie cost sharing to any of these values.

- Updated Formulary Reference Files (FRF). The CY 2014 MPF Plan V1 uses a July 2013 FRF, associated cross-reference files, and generic substitution data files. (The April 5, 2013 model used March 2013 input files).
- Updated Prescription Drug Event (PDE) data for drug price calculation. The CY 2014 MPF Plan V1 uses 2012 PDE data. (The April 5, 2013 model used 2011 PDE data).
- Enhancements and modifications to the SAS[®] coding, including calculations to account for plans offering Free First Fill benefits.

Plans can view their CMS generated CY2014 MPF Plan version OOPC values in HPMS. These data match the data currently published on the MPF. MAO OOPC values can be viewed in HPMS under: Quality and Performance > Part C Performance Metrics > Part C Out-of-Pocket Costs. PDP OOPC values can be viewed in HPMS under: Quality and Performance > Part D Performance Metrics and Reports > Part D Out-of-Pocket Costs.

Previous versions of the OOPC and TBC data will continue to be accessible in HPMS.

For technical and policy related questions the following resources are available:

- For technical questions about the OOPC model, please submit an email to OOPC@cms.hhs.gov.
- For Part C policy related questions about meaningful difference and 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 technical questions about the Bid Pricing Tool (BPT), please submit an email to actuarial-bids@cms.hhs.gov.

Thank you for your continued support of the Medicare Advantage and Prescription Drug Programs.