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MEMORANDUM

DATE: May 17, 2011

TO: All Medicare Advantage Organizations and Part D Plan Sponsors

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SUBJECT: UPDATED: CY 2012 Out-of-Pocket Cost (OOPC) Model and CY 2011 OOPC Values Posted on HPMS

For CY 2012, CMS made the Out-of-Pocket Cost model (OOPC) available in SAS software via the CMS website on April 8, 2011 so that Medicare Advantage Organizations (MAOs) and standalone Prescription Drug Plans (PDPs) can calculate OOPC values for each of their plan offerings for the 2012 contract year (CY). Since the initial release, we identified an issue that affects two types of cost sharing arrangements for Part D as described below. While this issue impacted a small number of plans, we are releasing an updated OOPC Model for CY 2012 bid submissions, as well as updated CY 2011 OOPC and Total Beneficiary Cost (TBC) values for impacted plans in HPMS that addresses the following two issues:

- Plans that varied cost-sharing structures (co-pay/coinsurance/greater of/lesser of) within a tier between the pre-Initial Coverage Limit (ICL) phase and other benefit phases. For example, when an Enhanced Alternative (EA) plan had a pre-ICL Tier 1 co-pay and additional Gap Coverage Tier 1 coinsurance, only the specified pre-ICL co-pay method was stored in the data. Therefore, when the cost sharing calculations were completed for coverage in the gap, the code erroneously only looked for gap coverage with co-pay cost sharing structures and did not consider gap coverage with coinsurance cost sharing structures.
- Plan designs with a deductible that did not apply to all tiers. For example, if a plan had a deductible that applied to all tiers except Tier 1 for preferred generic drugs, the model currently applied the exemption to all generic drugs regardless of which tiers were selected in the PBP as being exempt from the deductible.

Organizations can access the updated model from the OOPC resources link (http://www.cms.gov/PrescriptionDrugCovGenIn/10_OOPCResources.asp#TopOfPage).

PDPs and MAOs with Part D should re-run their CY 2012 plan benefit structures through the updated SAS OOPC model to ensure that their plan offerings comply with the following regulatory requirements addressed in the CY 2012 Rate Announcement and Call Letter: Part D Meaningful Difference, Part C Meaningful Difference, and Part C Total Beneficiary Cost (TBC). MAOs were also provided with additional TBC guidance in the April 19, 2011 HPMS Memorandum titled: Total Beneficiary Cost (TBC) Data for CY 2012 Bid Preparation.

MAOs and PDPs should view their updated CY 2011 OOPC values in HPMS, which will be posted during the next few days:

- Part C OOPC values may be accessed by selecting: Quality and Performance > Part C Performance Metrics > Part C Out-of-Pocket Costs.
- Part D OOPC values may be accessed by selecting: Quality and Performance > Part D Performance Metrics and Reports > Part D Out-of-Pocket Costs.

MAOs should access their updated TBC data for CY 2012 bid preparation by selecting: Quality and Performance > Part C Performance Metrics > Total Beneficiary Costs (also to be posted during the next few days). The following data fields will change for MA-PDs with the issue described above: CY 2011 OOPC Value (column A), CY 2011 Total TBC (column C), and the adjustment factor for the Impact of Changes in OOPC Model Between CY 2011 and CY 2012 (column I).

Previous versions of the CY 2011 OOPC and TBC data will continue to be accessible in HPMS and can be selected by choosing the file with an “as of date” of December 7, 2010 for OOPC data and the “as of date” of April 29, 2011 for the TBC data.

The following resources are available for technical and policy questions:

- Technical questions about the OOPC model, please submit an email to OOPC@cms.hhs.gov
- Part C policy related questions about meaningful difference and Total Beneficiary Cost (TBC), please contact <https://mabenefitsmailbox.lmi.org/>
- Part D policy related questions about meaningful difference, please submit an email to partDbenefits@cms.hhs.gov
- Technical questions about the Bid Pricing Tool(BPT), please submit an email to actuarial-bids@cms.hhs.gov