

## HPMS E-Mail

**Date:** August 01, 2022

**Subject:** Contract Year 2023 Medicare Advantage Out-of-Pocket Costs & Premium Information for Rebate Reallocation

CMS announces that information regarding the current contract year (CY) 2023 Medicare Advantage (MA) premium amounts (net of rebates) based on the national average, adjusted Total Beneficiary Cost (TBC), and Out-of-Pocket Cost values (OOPC) by service category is now available in the Health Plan Management System (HPMS). The information incorporates the newly added generic drugs to the CY 2023 May Formulary Reference File (FRF), as discussed in the HPMS memos titled, “Contract Year 2023 Bid Review Out-of-Pocket Cost Models - New Generic Drugs” (May 31, 2022) and “Release of CY 2023 Bid Review OOPC Model - New Generics” (June 21, 2022).

This information may be accessed by selecting: Quality and Performance > Performance Metrics > Reports > Costs > Part C Total Beneficiary Costs > 7/27/2022. The information also includes columns with the formulary version number (if applicable) and the Plan Benefit Package (PBP) version date used in the OOPC calculations. Following rebate reallocation, CMS uses the first-approved plan formulary in calculating the OOPC values or the most recently submitted plan formulary, if the formulary is not yet approved. It is important to note that in making this calculation, CMS does not consider any formulary updates after the first-approved plan formulary (i.e., changes made to plan formularies during the CY 2023 Summer Limited Update Window). Please note: Plans that are not subject to TBC requirements, such as Employer Plans, Medical Savings Accounts, Special Needs Plans for End-Stage Renal Disease requiring dialysis, and Dual Eligible Special Needs Plans are excluded from this information.

CMS suggests that MA organizations run the OOPC model for each of their plan bids. MA organization’s bids must satisfy published requirements, such as TBC, Service Category Cost Sharing, Per Member Per Month Actuarial Equivalent Cost Sharing, and Part C Optional Supplemental Benefits. MA organizations should refer to information regarding rebate reallocation, as posted at: <https://www.cms.gov/medicarehealth-plansmedicareadvantagestatsbid-forms-instructions/2023> and included in the “Instructions for Completing the MA and Part D Bid Pricing Tools for CY 2023” (April 8, 2022). In addition, the HPMS memo titled, “Final Contract Year 2023 Part C Benefits Review and Evaluation” (April 20, 2022) includes instructions for calculating the adjusted change in TBC.

Technical questions regarding this memo should be submitted as follows:

Premiums: [actuarial-bids@cms.hhs.gov](mailto:actuarial-bids@cms.hhs.gov)

OOPC model: [OOPC@cms.hhs.gov](mailto:OOPC@cms.hhs.gov)

TBC: <https://mabenefitsmailbox.lmi.org/>.