



MEDICARE DRUG & HEALTH PLAN CONTRACT ADMINISTRATION GROUP

DATE: May 20, 2021

TO: All Organization Types and Stakeholders

FROM: Kathryn A. Coleman
Director

SUBJECT: Final Contract Year 2022 Part C Benefits Review and Evaluation

This memorandum¹ includes final bid and operational instructions for Medicare Advantage (MA) organizations and, where specified, Section 1876 Cost Plans. Statutory cites in this memorandum are to the Social Security Act (the Act) and regulatory cites are to 42 C.F.R. parts 417 and 422 unless otherwise noted. This memorandum does not replace or revise any previously issued guidance documents regarding bid and operational instructions as it contains updates for contract year 2022.

We note that CMS issued a proposed rule for public and stakeholder comments titled, “Medicare and Medicaid Programs; Contract Year 2021 and 2022 Policy and Technical Changes to the Medicare Advantage Program, Medicare Prescription Drug Benefit Program, Medicaid Program, Medicare Cost Plan Program, and Programs of All-Inclusive Care for the Elderly (CMS-4190-P)”, published February 5, 2020 (referred to as the February 2020 Proposed Rule) at <https://www.federalregister.gov/public-inspection/current>.² Our response to comments about the proposals concerning Maximum Out-of-Pocket (MOOP) Limits for Medicare Parts A and B Services, Service Category Cost Sharing Limits for Medicare Parts A and B Services and Per Member Per Month Actuarial Equivalence Cost Sharing would be in a published final rule and not in this final document. We reiterate that this memorandum applies only to contract year 2022 and applies standards in current regulations.

CMS issued this HPMS memorandum in draft form to solicit comment on its interpretation and application of various MA regulations regarding benefit standards for CY 2022 (HPMS memorandum titled “Draft Contract Year 2022 Part C Benefits Review and Evaluation,” issued April 9, 2021). As part of providing final guidance for CY 2022 benefits review and evaluation for MA organizations to use in developing and submitting their CY 2022 bids, this document summarizes and responds to the issues and concerns raised by commenters.

¹ The contents of this document do not have the force and effect of law and are not meant to bind the public in any way, unless specifically incorporated into a contract. This document is intended only to provide clarity to the public regarding existing requirements under the law. This guidance document will also appear in <https://www.hhs.gov/guidance/> when final.

A commenter identified a potential issue with documentation in the Plan Benefit Package (PBP) released April 9, 2021 regarding the CY 2022 bid submission deadline. Another commenter indicated that CMS issued last year's draft "Contract Year 2021 Part C Benefits Review and Evaluation" HPMS memo in early February which allowed for a 32-day comment period, with the final memorandum issued in early April. This compared to this year's CY 2022 draft HPMS memorandum being released in early April with a 14-day comment period. The commenter requested that CMS provide future draft HPMS memos earlier in the calendar year to allow for a 30-day comment period, which would allow sufficient time for CMS to thoroughly review comments and issue the final HPMS memo by early April. The commenter also requested that CMS incorporate all relevant CY 2022 guidance in the final version of this HPMS memo. In future years, the commenter requested that CMS issue relevant information in a consolidated document to provide greater clarity for organizations preparing bids and to help ensure they are using the most current and accurate information.

We appreciate the comments and suggestions and are finalizing the CY 2022 benefits standards as stated in the HPMS memo titled "Draft Contract Year 2022 Part C Benefits Review and Evaluation" issued April 9, 2021. We will consider issuing a consolidated document in future years, while making sure information can be provided in a timely manner. CMS also takes this opportunity to reiterate that MA organizations must submit their best, accurate, and complete bid(s) on or before Monday, June 7, 2021 at 11:59 PM PDT. CMS reviewed the PBP instructions and bidding tools to ensure the bid deadline is accurately reflected.

Overview of CY 2022 Part C Benefits Review

Portions of this memorandum apply to section 1876 Cost Plans and MA plans (including EGWPs, Dual-Eligible Special Needs Plans (D-SNPs), Chronic Condition Special Needs Plans (C-SNPs), and Institutional Special Needs Plans (I-SNPs)) as summarized in the table below.

Medicare-Medicaid Plans in a capitated model under the Medicare-Medicaid Financial Alignment Initiative are not subject to the review criteria summarized in the table below and benefit review information for these plans will be provided separately.

Each year, CMS makes the necessary tools and information available to MA organizations in advance of the bid submission deadline. By law, MA organizations must submit their best, accurate, and complete bid(s) on or before Monday, June 7, 2021 at 11:59 PM PDT. Any organization whose bid fails bid review requirements and evaluation standards at any time prior to final approval may receive a compliance notice, even if the organization is allowed to correct the deficiency. The severity of compliance notice may depend on the type and/or severity of error(s).²

For CY 2022, CMS will use the standards, limits, and policies described in the HPMS memo titled "Final Contract Year 2021 Part C Benefits Review and Evaluation" issued April 8, 2020, which can be found at: https://www.hhs.gov/guidance/sites/default/files/hhs-guidance-documents/final%20cy%202021%20part%20c%20bid%20review%20memorandum_4-8-2020_8.pdf. Therefore, the bid instructions for CY 2021 are generally being applied in the same manner as for CY 2022 bids and under the same authority. To the extent that there are significant changes in the underlying analysis or data, we provide updates in this memo. Otherwise, the

² See sections 1852(a) and 1854 of the Act; 42 CFR §§ 417.454, 422.254, 422.256, 422.100 through 422.102, 422.510, 422.641 through 422.764.

analysis and application of the regulatory and statutory authority explained in the April 8, 2020 memo continue to apply. We note that the April 8, 2020 memo also references information issued in the Final CY 2020 Call Letter, such as Plans with Low Enrollment (pages 170-171) and Part C Optional Supplemental Benefits (page 181).

The following information provides specific changes that will be applicable for CY 2022 bids, such as policy clarifications, dollar amount updates, or references to helpful resources. Page references contained below correspond to the relevant pages of the April 8, 2020 HPMS memo.

Part C Cost Sharing Standards

Page 12, Skilled Nursing Facility – Days 21 through 100 in Table 5: This cost sharing limit is increased from \$184 per day to \$188 per day for both the voluntary and mandatory MOOP limits in CY 2022 to reflect the projected increase in the Part A deductible for 2022. The cost sharing limit for days 21 through 100 in a SNF is calculated by taking one eighth of the projected Part A deductible for the applicable contract year.

Total Beneficiary Cost (TBC)

Page 15 (second full paragraph): For more information, please reference the HPMS memorandum dated December 31, 2020 titled “CY 2021 Baseline Out-of-Pocket Cost (OOPC) Model”. The CY 2022 Bid Review OOPC Model is expected to be released in April 2021.

Page 16 (first full paragraph): For CY 2021, CMS excluded benefits and cost sharing reductions entered in Section B-19 of the PBP from the TBC evaluation. For CY 2022, CMS will include the Cash or Monetary Rebate component of the Value-Based Insurance Design (VBID) in the TBC evaluation, but will continue to exclude other benefits and cost sharing reductions entered in Section B-19 of the PBP from the TBC evaluation.

Page 16 (fourth full paragraph): The Part B premium for 2022 is projected to increase. Therefore, the Technical Adjustments to the OOPC Model for CY 2022 bids are: (1) annual changes in OOPC model software and (2) maximum Part B premium buy-down amount change in the bid pricing tool (\$148.50).

For convenience, the following table displays key MA bid review criteria and identifies the criteria used to review the bids of the various plan types identified in the column headings. The criteria are generally unchanged from the April 8, 2020 HPMS memo.

Table 1: Plan Types and Applicable Bid Review Criteria

Bid Review Criteria	Applies to Non-Employer Plans (Excluding Dual Eligible SNPs)	Applies to Non-Employer Dual Eligible SNPs	Applies to 1876 Cost Plans	Applies to Employer Plans
Low Enrollment 42 C.F.R. § 422.510(a)(4)(xv)	Yes	Yes	No	No
Total Beneficiary Cost section 1854(a)(5)(C)(ii) of the Act 42 C.F.R. §§ 422.254(a)(4) and 422.256(a)	Yes	No	No	No
Maximum Out-of-Pocket (MOOP) Limits 42 C.F.R. §§ 422.100(f)(4) and (5) and 422.101(d)(2) and (3)	Yes	Yes	No	Yes
PMPM Actuarial Equivalent Cost Sharing 42 C.F.R. §§ 422.254(b)(4) and 422.100(f)(2) and (f)(6)	Yes	Yes	No	Yes
Service Category Cost Sharing 42 C.F.R. §§ 417.454(e), 422.100(f) and 422.100(j)	Yes	Yes	Yes*	Yes
Part C Optional Supplemental Benefits 42 C.F.R. §§ 422.100(f) and 422.102	Yes	Yes	No	No

* Section 1876 Cost Plans and MA plans may not charge enrollees higher cost sharing than is charged under Original Medicare for chemotherapy administration, skilled nursing care and renal dialysis services (42 C.F.R. §§ 417.454(e) and 422.100(j)).

CMS will interpret and apply the regulatory and statutory standards for service category cost sharing standards and amounts, PMPM Actuarial Equivalence factors, and TBC thresholds consistent with prior years. Unless otherwise noted above, the guidance for these policies for CY 2022 is the same as for CY 2021. In addition, MA organizations also must address other requirements in their bids, such as the medical loss ratio, and are expected to do so independently of our requirements for benefits and bid review to be consistent with prior years. Therefore, CMS is not making specific adjustments or allowances for these changes in the benefits review requirements.

Conclusion

The policies described in this memorandum will be used in the evaluation of CY 2022 bids submitted by MA organizations. Unless otherwise noted in this document, other information or an applicable final rule, the instructions issued in the Final CY 2020 Call Letter apply for CY 2022, which can be found at: <https://www.cms.gov/Medicare/Health-Plans/MedicareAdvtgSpecRateStats/Downloads/Announcement2020.pdf>. The following is a non-exhaustive list of CY 2020 Call Letter policies that apply for CY 2022:

- Incomplete and Inaccurate Bid Submissions (pages 163-165)
- Plan Corrections (pages 165-166)
- Plans with Low Enrollment (pages 170-171)
- Part C Optional Supplemental Benefits (page 181)