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TO: All Medicare Advantage Organizations, Prescription Drug Plan Sponsors, Medicare-Medicaid Plans, and 1876 Cost Plans

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SUBJECT: Contract Year 2022 Part C and Part D Baseline Out-of-Pocket Cost Models

The purpose of this memorandum is to announce that the contract year (CY) 2022 Part C and Part D Baseline Out-of-Pocket Cost (OOPC) Models are available for Medicare Advantage Organizations (MAOs), Prescription Drug Plans (PDPs), Medicare-Medicaid Plans, and Section 1876 Cost Plans to calculate their updated CY 2022 OOPC values. The values produced from these models are based on CY 2022 approved bids and will serve as the baseline for the Medicare Advantage (MA) Total Beneficiary Cost (TBC) calculation for evaluating the TBC change between CY 2022 and CY 2023. The CY 2023 Part C and Part D Bid Review OOPC Models will be released in April 2022, and the values produced from these models will be used in CMS' review of CY 2023 bids, to include PDP Meaningful Difference and MA TBC reviews.

CMS released the CY 2021 Enhanced Part C and Part D Baseline OOPC Models and the CY 2022 Enhanced Part C and Part D Bid Review OOPC Models in November 2021 in order for plans to gain familiarity with the changes prior to implementation for the CY 2023 bid review. CMS explained the technical enhancements to both the Parts C and D Baseline and Bid Review OOPC Models in the November 19, 2021 [Health Plan Management System \(HPMS\) memorandum](#) titled, "Enhanced Out-of-Pocket Cost Model Update." The models we are releasing today are inclusive of these methodological changes and, for simplicity, we refer to them as the CY 2022 Part C and Part D Baseline OOPC Models.

The CY 2022 Part C and Part D Baseline OOPC Models may be accessed at: <https://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 to test their current benefit design in preparation for CY 2023 bids. For the TBC evaluation, please note that MAOs will need to calculate their Part C and Part D OOPC values separately and combine them for their total OOPC value. As in the past, all MA plans (including those that do not include a Part D benefit) will have both a Part C and a Part D OOPC value.

The updates in the CY 2022 Part C and Part D Baseline OOPC Models include:

- The methodological changes that were explained in the November 19, 2021 [HPMS memorandum](#).
- Updated Medicare Current Beneficiary Survey (MCBS) utilization and inflation factors. The CY 2022 Part C Baseline OOPC Model includes 2017 and 2018 MCBS utilization and cost data, which reflect CY 2022 levels. The CY 2022 Bid Review OOPC Model, released April 9, 2021, used 2016 and 2017 MCBS utilization and cost data, which reflected CY 2021 levels.
- Updates to the CY 2022 Part D Baseline OOPC Model to use a 0.1% sample of all Part D beneficiaries and their associated Prescription Drug Event (PDE) claims data for 2020. Average prices used for the updated Part D calculations reflect average prices from the Medicare PDE claims data for 2020. Also includes updates to reflect 2022 deductibles, coinsurance, and premiums for Medicare Part A and Part B.
- Updated Formulary Reference Files (FRF). The CY 2022 Part D Baseline OOPC Model uses the CY 2022 FRF released in September 2021, associated cross-reference files, and substitution/alternative data files. The CY 2022 Bid Review OOPC Model, released April 9, 2021, used the CY 2022 FRF released in March 2021.

For convenience, CMS has generated CY 2022 Part C and Part D Baseline OOPC Model values for organizations and posted these values in HPMS. MAO OOPC values can be viewed in HPMS under: **Quality and Performance > Performance Metrics > Costs > Part C Out-of-Pocket Costs**. PDP OOPC values can be viewed in HPMS under: **Quality and Performance > Performance Metrics > Costs > Part D Out-of-Pocket Costs**. Please note, previous versions of the OOPC and TBC data will continue to be accessible in HPMS.

The CY 2022 Part D Baseline OOPC Model uses a different version of the drug list (RXCUI_REFERENCE.xpt) than will be used in the CY 2023 Part D Bid Review OOPC Model to be released in April 2022. The drug list for the CY 2022 Part D Baseline OOPC Model incorporates information from the September 2021 version of the CY 2022 FRF and other input sources (NDC databases, FDA Brand/Generic definitions, Generic Substitution, Potential Formulary Alternatives, and 2020 and 2021 PDE average prices). The CY 2023 Part D Bid Review OOPC Model will incorporate the updated March 2022 versions of these files for CY 2023. The resulting differences from the two different drug list files may not be reflected by the OOPC model change factor and may yield OOPC value differences. It will be the responsibility of the plan sponsors to address significant OOPC value differences through the benefit and formulary design.

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

- For Part C policy related questions, such as 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, please submit an email to actuarial-bids@cms.hhs.gov
- For questions about the MPF, please contact mpf@cms.hhs.gov

- For technical questions about the 2022 Baseline OOPC Model, please submit an email to OOPC@cms.hhs.gov