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**DATE:** December 31, 2020

**TO:** All Medicare Advantage Organizations (MAO), Prescription Drug Plan (PDP) Sponsors, Medicare-Medicaid Plans, and 1876 Cost Plans

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**SUBJECT:** CY 2021 Baseline Out-of-Pocket Cost (OOPC) Model

The purpose of this memo is to announce that the 2021 Baseline Out-of-Pocket Cost (OOPC) Model is available for Medicare Advantage Organizations (MAO), Prescription Drug Plans (PDP), Medicare-Medicaid Plans and Section 1876 Cost Plans to calculate their updated CY 2021 OOPC values. The values produced from this model are based on CY 2021 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 2021 and CY2022. The CY 2022 Bid Review OOPC Model will be released in April 2021 and the values produced from that model will be used in CMS' review of CY2022 bids, to include PDP Meaningful Difference and MA TBC reviews.

CMS released a modified, enhanced draft OOPC model for comment on June 26<sup>th</sup>, 2020 via a Health Plan Management System (HPMS) memorandum entitled "Release of Proposed Enhancements to the Bid Review Out-of-Pocket Cost Model and Request for Stakeholder Comments." We appreciate the feedback we received and continue to evaluate the inclusion of stakeholder proposed changes into the enhanced model. CMS intends to release an interim version of the draft enhanced model to allow stakeholders to gain experience with the model. Additional details will be forthcoming. Please note however that for CY 2022 bid review, CMS will continue to use the CY 2021 Baseline OOPC Model and the CY 2022 Bid Review OOPC Model to be released in April 2021.

The 2021 Baseline OOPC Model may be accessed at: <https://www.cms.gov/Medicare/Prescription-Drug-Coverage/PrescriptionDrugCovGenIn/OOPCResources.html>. CMS encourages stand-alone PDPs and MAOs to run their plan benefit structures through the updated OOPC model to test their current benefit design in preparation for CY 2022 bids.

The updates in the CY 2021 Baseline OOPC Model include:

- Updated Medicare Current Beneficiary Survey (MCBS) utilization and inflation

factors. The CY 2021 Baseline OOPC Model includes 2016 and 2017 MCBS utilization and cost data, which reflect CY 2021 levels. The CY 2021 Bid Review OOPC Model, released April 15, 2020 used 2015 and 2016 MCBS utilization and cost data which reflected CY 2020 levels.

- Updated 2021 deductibles, coinsurance, and premiums for Medicare Part A and Part B.
- Updated Formulary Reference Files (FRF). The CY 2021 Baseline OOPC Model uses the CY 2021 FRF released in September 2020, associated cross-reference files, and substitution data files. The CY 2021 Bid Review OOPC Model, released April 15, 2020 used the CY 2021 FRF released in March 2020.
- The addition of Part D Senior Savings Model data to calculate Part D values.

For convenience, CMS has generated CY 2021 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 2021 Baseline OOPC Model uses a different version of the drug list (DRUGLIST.RXCUI.xpt) than will be used in the CY 2022 Bid Review OOPC Model to be released in April 2021. The drug list for the CY 2021 Baseline OOPC Model incorporates information from the September 2020 version of the CY 2021 FRF and other input sources (NDC databases, FDA Brand/Generic definitions, and Generic Substitution, 2019 and 2020 PDE average prices). The CY 2022 Bid Review OOPC Model will incorporate the updated March 2021 versions of these files for CY 2022. 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.

As a reminder to plan sponsors, the estimated out-of-pocket cost calculations displayed on Medicare Plan Finder (MPF) are based on values generated by the MPF OOPC Model, which is separate and distinct from the Baseline and Bid Review OOPC Models.

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](mailto:partdbenefits@cms.hhs.gov)
- For technical questions about the Bid Pricing Tool, please submit an email to [actuarial-bids@cms.hhs.gov](mailto:actuarial-bids@cms.hhs.gov)
- For questions about the MPF, please contact [mpf@cms.hhs.gov](mailto:mpf@cms.hhs.gov)
- For technical questions about the 2021 Baseline OOPC Model, please submit an email to [OOPC@cms.hhs.gov](mailto:OOPC@cms.hhs.gov)