



# INSTRUCTIONS FOR COMPLETING THE GEOGRAPHIC DIRECT CONTRACTING MODEL PROPOSED DISCOUNT TOOL

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## I. Introduction

### Background

Direct Contracting Entities (DCEs) must submit a proposed discount to the Centers for Medicare & Medicaid Services (CMS) for each region in which they intend to provide services under the Geographic Direct Contracting Model (Geo). Applicants are required to use the Geo Proposed Discount Tool (PDT) to create their proposed discounts. Details on Geo policies and other pertinent details can be found in the Geographic Direct Contracting Request for Applications (RFA).

Each PDT submission must include an actuarial certification as described in Appendix A. Supporting documentation, described in Appendix B, may be requested by CMS. The submitted proposed discounts will be subject to review and audit by CMS or by any person or organization that CMS designates. As part of the review and audit process, CMS or its representative may request additional documentation supporting the information contained in the PDT. Organizations must be prepared to provide this information in a timely manner.

Applicants may submit applications for multiple regions. For applicants applying to participate in multiple regions, applicants must provide a separate application package for each region, including a unique PDT for each region.

### Document Overview

This document contains general considerations and detailed instructions for completing the PDT.

The contents of each section are as follows:

- **Section I: Introduction:** contains an overview of the PDT submission process.
- **Section II: Proposed Discount Considerations:** contains guidance for preparing proposed discounts in the PDT.
- **Section III: Data Entry and Formulas:** contains directions for completing the individual fields in each worksheet in the PDT and explains the formulas for calculated cells.
- **Section IV: Appendices A through D:** contain requirements for and information on Actuarial Certification, Supporting Documentation, Key Definitions, and Acronyms.

## II. Proposed Discount Considerations

### Applying to Multiple Regions

As previously described, for DCEs applying to multiple regions, applicants must submit one application per region. Each application's associated PDT must be constructed separately in a manner reflective of expected costs and utilization for the respective region.

### Beneficiary Alignment

For the purposes of the PDT, overall beneficiary alignment each year (expressed in terms of member months) is considered constant over time from the baseline period to the end of the model's third year. This does not mean that the same group of individuals that are part of the baseline population will be part of the model in year three or that county-level alignment will stay constant. However, CMS expects beneficiary alignment gains and losses to be equal over time.

Applicants are asked for member months in **Table VI** of the **Main** sheet. Values placed here should correspond to the baseline year of the model. Projected alignment should be consistent with applicants' best estimate of expectations for alignment under the model, based on the alignment methodologies discussed within the RFA.

## Beneficiary Population

### General

The Geo Model will only align Medicare fee-for-service (FFS) beneficiaries that meet the beneficiary eligibility criteria as defined with the RFA. For this reason, all utilization and alignment estimates should be based exclusively off of the anticipated Medicare FFS population within the selected region.

Alignment, utilization, and cost figures should not be segmented beyond this, except as noted in the individual instructions for a given service category or table. For example, end-stage renal disease (ESRD) beneficiaries should not be excluded from any service category calculations.

All cost and utilization estimates should be restricted to either Medicare-covered services where associated claims received some level of Medicare reimbursement, or to items reimbursed by the DCE as part of the Beneficiary Engagement Incentives allowed under the model.

## Expenditure Types

### General

CMS is not requiring a specific mechanism for calculating figures used under each defined service category or other line item type. However, please see the descriptions of category mappings in the Data Book for information on how CMS mapped benefits to various covered service categories.<sup>1</sup>

Enter items related to medical expenses separately for each category displayed in the PDT. FFS-covered services vs. beneficiary engagement incentive expenditures must also be segmented. For example, the value of a Beneficiary Engagement Incentive (BEI) that is providing a voucher for vision or dental should be entered under b. BEI – In Kind Incentives in **Table V** of the **Year** sheets, rather than a cost factor under a service category in **Table II** of the Year sheets.

### Covered Services

Medicare-covered benefits are defined in regulations, the Medicare Benefit Policy Manual, and other CMS guidance. In the PDT, FFS-covered services are reflected in 12 specific service category line items. These line items are included in **Table II. Base Period Estimate (PBPM)** in the **Main** sheet and **Tables I. Utilization Projection Factors, II. Cost Projection Factors, and III. Proposed Discount Calculation** in **Year 1, Year 2, and Year 3** sheets. Specified line items for covered services in these tables are:

a. Inpatient Facility

b. Skilled Nursing Facility

c. Home Health

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<sup>1</sup> Claims categories used in the Data Book were based on Plan Benefit Package mappings suggested in the Medicare Advantage Bid Pricing Tool instructions, modified to fit the Geo Model. Note that in the Data Book, Other Medicare Part B is not an included service category, but the suggested PBP mapping for this category per the MA instructions Outpatient Blood Services and covered Zero-Dollar Preventative Services. The Data Book also rolls up the three Outpatient Facility Service Categories into a single category. As discussed, applicants may categorize expected covered service costs in the PDT at their discretion.

- d. Ambulance
- e. DME/Prosthetics/Diabetes
- f. OP Facility - Emergency
- g. OP Facility - Surgery
- h. OP Facility - Other
- i. Professional
- j. Hospice
- k. Part B Rx
- l. Other Medicare Part B

#### Beneficiary Engagement Incentives

Under the model, DCEs will be able to use a range of beneficiary engagement incentives to improve quality and lower cost for beneficiaries as detailed within the RFA. For the purposes of the PDT, costs and utilization are divided into seven separate line items. These are:

- a. Cost Sharing Support for Part B Services
- b. In Kind Incentives
- c. Chronic Disease Management Reward Program
- d. Lower Cost Sharing for Part A Services
- e. Part B Premium Subsidy
- f. Other

Expected costs and expected unit cost associated with each beneficiary engagement incentive type are entered into **Table V. Beneficiary Engagement Incentive Costs in Year 1, Year 2, and Year 3** sheets. Applicants must also complete values for BEI associated administrative spend in **Table IV. Model Administrative Expenses (PBPM) in Year 1, Year 2, and Year 3** sheets. The values associated for expected expenditures and expected unit cost for these BEIs should be documented as number of units supplied PBPM or similar quantification of expected cost to the DCE.

For more information on beneficiary engagement incentives, please see the RFA.

#### Model Administrative Expenses (PBPM)

Model administrative expenses cover the relevant administrative costs incurred to operate the Geo Model. For the purposes of the PDT, this does include the cost of administering beneficiary engagement incentives but does not include the costs for the actual beneficiary engagement incentive itself, which are captured in **Table V. Beneficiary Engagement Incentive Costs (PBPM)**.

There are four general categories of model administrative expenses that should be included in the PDT. These are:

1. Outreach & Marketing<sup>2</sup> – examples include, but are not limited to the cost of:
  - Beneficiary Outreach;
  - Marketing materials;
2. Direct Administration – examples include, but are not limited to:

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<sup>2</sup> Please see the RFA for a list of allowed marketing activities under the DC Geo Model.

- Customer service;
- Medical management;
- Claims administration;
- Other Administration activities as defined in the RFA

3. Indirect Administration – examples include, but are not limited to, functions that may be considered “corporate services,” such as:

- Accounting operations;
- Actuarial services;
- Legal services; and
- Human resources.

These cost categories must be reported under applicable rows in Column 2. Associated Spend in **Table IV. Model Administrative Expenses (PBPM) in Year 1, Year 2, and Year 3** sheets. For additional detail on how to report these costs, please see the sections below. Note that row values do not correspond directly to types of model administrative expenses described above.

### III. Data Entry and Field Descriptions

#### General

This section includes line-by-line instructions for completing PDT and formulas for calculated cells.

#### Sheet Structure

Each Performance Year of the three year Model Agreement Period has its own sheet. Data entered on each sheet should only correspond to the year referenced in the sheet’s title and not include costs associated with other Performance Years.

#### Types of Fields

The PDT includes four types of fields:

- Static Fields – Fields that contain cell(s) that do not change in value. These cells are white in color.
- Entry Fields – Fields that contain cell(s) where applicants enter in a value. These cells are yellow in color.
- Dropdown Entry Fields – Fields that contain cell(s) where applicants enter in a value from a dropdown list. These cells are yellow in color.
- Calculated Fields – Fields that contain cell(s) where the value is dynamic based on values entered into the Entry Fields. These cells are orange in color.

All Static and Calculated Fields in the PDT consist of cells that are protected and cannot be edited.

Each field description below also indicates the field number, title, and the type(s) of field.

#### Data Entry

Enter data according to the instructions in this document for each specified field. Do not leave a field blank to indicate a zero amount. If zero is the intended value, then enter zero (0) in the cell. Note that

when the tool is first open and there are missing values, you will see errors and zero (0) values in formula cells.

While cell formats have been customized to meet the type of value (e.g., percentage, number, dollar value), inappropriate values are not flagged. Please verify you have entered appropriate cell values before submitting. Inappropriate values may result in display errors in cells that contain formulas, which may result required resubmission of the PDT.

## Main Sheet

The **Main** sheet includes fields to provide general information, expectations, and baseline and alignment estimates.

### Table I. General Information

This table includes two fields for data entry:

1. Applicant Organization Name [Entry Field] – Enter the name of the organization applying to the Geo Model. This name should be the legal name of the organization, and match the name used in your general application.
2. Selected Region [Dropdown Entry Field] – Choose the region to which you are applying from the dropdown list of available regions. The chosen region should match the region selected in your application.
  - a. The specific chosen region does not impact calculations. However, it does change the list of populated counties in **Table VI. Expected Alignment**.

### Table II. Base Period Estimate

In this table, enter expected utilization and associated costs across the Medicare-covered service categories for the base period. To complete this table, DCEs may use the county-level data provided in the Geo Data Book, paired with projected alignment by county. Each column is given a number between 1 and 5:

1. Service Category [Static Fields] – Lists the covered service category for which you must input associated figures in the following columns.
2. Average Claim Count [Entry Fields] – Enter the average number of unique claims of the service categories for the base period per beneficiary per month. CMS recommends that DCEs use the county-level data provided in the Geo Data Book and projected alignment by county to develop the average claim count value.
  - a. This field is part of the formula for the determination of the Projected Total Covered Spend (PBPM) (column 4) and the Projected Total Covered Spend (Overall) (column 5). The values must be greater than or equal to zero. A total is also provided for this column, which represents the total PBPM claim count for covered services during the baseline year.
3. Average Covered Cost [Entry Fields] – Enter the average covered cost for each claim associated with the corresponding benefit service category for the base period. CMS recommends that DCEs use the county-level data provided in the Geo Data Book and projected alignment by county to develop the average claim count value.

- a. This field is part of the formula for the determination of the Projected Total Covered Spend (column 4) and the Projected Total Covered Spend (Overall) (column 5). The values must be greater than or equal to zero.
4. Projected Total Covered Spend (PBPM) [Calculated Fields] – Displays the total projected spend using the Average Claim Count (column 2) and Average Covered Cost (column 3) for each of the benefit service categories for the base period.
  - a. A total is also provided for this column, which represents total PBPM spending on covered services during the baseline year.
5. Projected Total Covered Spend (Overall) [Calculated Fields] – Displays the total projected covered spend (overall) using the Projected Total Covered Spend (PBPM) (column 4) and the total Projected Beneficiary Months (Table VI, column 4).
  - a. A total is also provided for this column, which represents total spending on covered services during the baseline year.

### Table III. Contact Information

In this table, applicants must identify three persons: a DCE proposed PDT Contact, a Certifying Actuary, and an Additional Actuarial Contact for the PDT.

The certifying actuary and additional actuarial PDT contact must be readily available and authorized to discuss the development of the proposed discount.

In this section, enter the Name, Phone Number, and Email Address for all three contacts; Credentials are a required input for the certifying actuary. The applicant may designate a centralized mailbox as the “Email Address” for any of the three contacts. When adding the phone number, enter all ten digits consecutively without parentheses or dashes. Do not leave any part of this section blank.

**Table III** also contains a field labeled Date Prepared. Please enter in a date/time at which the PDT was completed.

### Table V. Proposed Discount Summary

This table provides summary statistics on the expected proposed discount and associated expected savings under each year of the model. All fields are calculated as follows:

1. Proj Total Covered Spend (PBPM) [Calculated Fields] – The total savings for each year, calculated on a PBPM basis. Each year’s figure is pulled from the corresponding total figure from column 4 in **Table III. Proposed Discount Calculation** of the corresponding Year sheet.
2. Proj Total Covered Spend (Overall) [Calculated Fields] – The total savings for each year. Each year’s figure is pulled from the corresponding total figure from column 5 in **Table III. Proposed Discount Calculation** of the corresponding Year sheet.
3. Savings (%) [Calculated Fields] – Savings rate is the percentage difference between spending during the performance year compared to expected covered benefit spending during the base period. Each year’s figure is pulled from the corresponding savings figure from column 6 in **Table III. Proposed Discount Calculation** of the corresponding Year sheet.
4. Proposed Discount (%) [Entry Fields] – The proposed discount is the percentage discount the applicant is submitting as part of your Geo Model Application. The proposed discount should utilize the savings estimates calculated in prior fields in the table and take into account any other adjustments and administrative expenses.



## Table VI. Expected Alignment

In this table, enter the Projected Aligned Beneficiary Months expected for each county in the service area during the baseline year.

Columns 1 and 2 will automatically display each county and state for which you must complete your expected aligned beneficiary month count, based on the region selection made in the **Main** sheet, in **Table I**, row 2.

In Column 3, enter the Projected Aligned Beneficiary Months you expect to be aligned to the applicants DCE in each county. If the projected alignment in a particular county equals zero, you should zero (0) as the projected beneficiary months. Do not enter another number and do not leave the field blank.

Note: if you have yet to choose a region in the PDT, the values listed in column 1 and column 2 in each entry row of the table will be "Region Needed." **Table VI** has 29 rows where data can be entered. This is the number of counties contained in Atlanta, which of the 10 regions available for selection has the most counties. If you are applying for the model in a region that contains fewer counties, the counties in the region will be listed at the top of the table. Rows after the final county associated with the region that needs input will say "No Data Needed" in column 1 and 2. Do not fill out aligned beneficiary estimates in these rows in columns 3.

The bottom of the table displays the sum of the entered values in columns 3. These figures represent the total projected aligned beneficiary months utilized for all performance year calculations.

## Table VII. Temporary Applicant Notes

This section contains multiple cells that may be used by PDT preparers to enter internal notes. Text in this area should be deleted from the finalized file and not uploaded as part of the final application package provided to CMS.

Do not enter information in this section that you wish to communicate to CMS. Any information remaining in this section will be deleted prior to CMS review.

## Year Sheets

Applicants enter assumed costs and utilization rates in the **Year 1**, **Year 2**, and **Year 3** sheets. The **Year 1** sheet corresponds to the first performance year, the **Year 2** sheet corresponds to the second performance year, and the **Year 3** sheet corresponds to the third performance year of the three year model agreement period. **Tables I, II, and III** in each of the **Year** sheets factor into the proposed discount; the remainder are informational only.

## Table I. Utilization Projection Factors

**Table I** contains utilization assumptions which are multiplied together to project the impact of the DCE's intervention on aligned beneficiary utilization relative to the average beneficiary in the region for the corresponding performance year. All projection assumptions in this table are expressed in PBPM adjustment factors.

The values in numbered columns 2 through 8 are the adjustment factors that express the difference between a DCE's aligned beneficiary population and the average beneficiary from the base period (before the DCE's intervention). These should reflect the impact of the DCE's interventions on utilization

rather than accounting for secular trends in utilization, which will be reflected in the benchmark calculation through the trend and GAF adjustments.

Note that individual rows in the table correspond only to the covered expenses of covered service line items. Administrative costs and beneficiary engagement incentive expenses associated with the operation of the model should not be reflected in this table. However, applicants must factor in any impacts such interventions will have on the covered services' utilization factors.

Data columns are as follows:

1. Service Category [Static Fields] – Lists the covered service category for which you must input associated figures in the following columns.
2. General [Entry Fields] – Enter the utilization adjustment factor from the base period to the performance year by service category.
  - a. For example, you may use this factor to reflect the impact on utilization of changes in medical management. Under this example, an increased focus on care management after a hospital admission may lead to reduced readmissions and inpatient utilization.
  - b. Exclude adjustment factors covered by the other columns.
  - c. Entering 1.000 would indicate 0 percent trend.
  - d. Do not leave this field blank.
  - e. Do not enter zero (0).
3. Enhanced Benefits [Entry Fields] – Enter the multiplicative adjustment factor for any benefit changes that affect the expected utilization by service category due to enhanced benefits.
  - a. For example, cost-sharing and other beneficiary engagement incentives within the model may lead beneficiaries to seek higher value care and change utilization patterns. There may also be other indirect impacts of optional benefits being implemented under the model.
  - b. Exclude adjustment factors covered by the other columns.
  - c. Entering 1.000 would indicate 0 percent change.
  - d. Do not leave this field blank.
  - e. Do not enter zero (0).
4. Population [Entry Fields] – Enter any expected demographic or morbidity changes that are necessary to adjust the DCE's aligned population's expected utilization relative to the average beneficiary (on a risk-standardized basis) in the mix of counties in the region.
  - a. Exclude adjustment factors covered by the other columns.
  - b. Entering 1.000 would indicate 0 percent change.
  - c. Do not leave this field blank.
  - d. Do not enter zero (0).
5. Preferred Provider (PP) [Entry Fields] – Enter the expected utilization adjustment factor in each service category that is associated with Geo Preferred Providers (PP).
  - a. For example, better coordinated and higher quality care through Geo Preferred Providers may change utilization patterns for certain service categories.
  - b. Exclude adjustment factors covered by the other columns.
  - c. Entering 1.000 would indicate 0 percent adjustment.
  - d. Do not leave this field blank.
  - e. Do not enter zero (0).

6. PP Program Integrity [Entry Fields] – Enter the expected utilization adjustment factor in each service category that results from the implementation of program integrity activities the DCE would perform for Geo Preferred Providers.
  - a. Exclude adjustment factors covered by the other columns.
  - b. Entering 1.000 would indicate 0 percent adjustment.
  - c. Do not leave this field blank.
  - d. Do not enter zero (0).
7. NPP Program Integrity [Entry Fields] – Enter the expected utilization adjustment factor in each service category that results from the implementation of program integrity activities the DCE would perform for Non-Preferred Providers (NPPs).
  - a. This option will only be available in PY2 (2023) and beyond, and therefore should be left blank in the **Year 1** sheet.
  - b. Exclude adjustment factors covered by the other columns.
  - c. Entering 1.000 would indicate 0 percent adjustment.
  - d. Do not leave this field blank.
  - e. Do not enter zero (0).
8. Other [Entry Fields] – Enter any other utilization factor adjustments by service category, excluding adjustment factors covered by other columns.
  - a. Entering 1.000 would indicate 0 percent adjustment.
  - b. Do not leave this field blank.
  - c. Do not enter zero (0).

#### Table II. Unit Cost Projection Factors

**Table II** contains unit cost adjustment assumptions which are multiplied together to project the base period data to the corresponding performance year. All projection assumptions in this table are expressed in PBPM adjustment factors.

The values in numbered columns 2 through 5 are the adjustment factors that express the difference between a DCE’s aligned beneficiary population and the average beneficiary from the base period (without the DCE’s intervention). These should reflect the impact of the DCE’s interventions on unit cost rather than accounting for secular trends in unit cost, which will be reflected in the benchmark calculation through the trend and GAF adjustments.

Note that individual rows in the table correspond only to the covered expenses of covered service line items. Administrative costs and beneficiary engagement incentive expenses associated with the operation of the model should not be reflected in this table. However, applicants must factor in any impacts such interventions will have on the covered services’ unit cost factors.

Data columns are as follows:

1. Service Category [Static Fields] – Lists the covered service category for which you must input associated figures in the following columns.
2. Preferred Provider Payment [Entry Fields] – Enter the unit cost adjustment factor by service category for expected changes in provider payments for aligned beneficiaries in the appropriate performance year (relative to the average beneficiary in the base period) that is associated with the Preferred Providers.

- a. Note that while a DCE should only expect to see unit cost change for Preferred Providers, this unit cost adjustment factor should reflect the impact of these unit cost changes across all expenditures. For example, if Preferred Providers make up half of all utilization and the unit cost is reduced by 5% for a given service category, then the net cost adjustment factor should reflect a 2.5% reduction.
  - b. Exclude adjustment factors covered by the other columns.
  - c. Entering 1.000 would indicate 0 percent trend.
  - d. Do not leave this field blank.
  - e. Do not enter zero (0).
3. **PP Program Integrity** [Entry Fields] – Enter the unit cost adjustment factor by service category for expected changes in provider payments for aligned beneficiaries in the appropriate performance year (relative to the average beneficiary in the base period) that is attributable to the implementation of program integrity activities for Geo Preferred Providers.
    - a. Exclude adjustment factors covered by the other columns.
    - b. Entering 1.000 would indicate 0 percent adjustment.
    - c. Do not leave this field blank.
    - d. Do not enter zero (0).
  4. **NPP Program Integrity** [Entry Fields] – Enter the unit cost adjustment factor by service category for expected changes in provider payments for aligned beneficiaries in the appropriate performance year (relative to the average beneficiary in the base period) that is attributable to the implementation of program integrity activities for Non-Preferred Providers.
    - d. This option will only be available in PY2 (2023) and beyond, and therefore should be left blank in the **Year 1** sheet.
    - a. Exclude adjustment factors covered by the other columns.
    - b. Entering 1.000 would indicate 0 percent adjustment.
    - c. Do not leave this field blank.
    - d. Do not enter zero (0).
  5. **Other** [Entry Fields] – Enter any other factors for unit cost adjustments by service category, excluding adjustment factors covered by the other columns.
    - a. Entering 1.000 would indicate 0 percent adjustment.
    - b. Do not leave this field blank.
    - c. Do not enter zero (0).

#### Table III. Proposed Discount Calculation

**Table III** calculates the expected change in PBPM costs for covered services in each service category that result from the utilization and unit cost adjustment factors entered in **Tables I** and **II**, relative to the baseline information in the **Main** sheet. None of the fields in this table require data entry; all figures are based on other fields in the PDT. All fields are calculated as follows:

1. **Service Category** [Static Fields] – Lists the covered service category for the associated figures in the following columns.
2. **Projected PBPM Utilization** [Calculated Fields] – This is calculated for each service category by multiplying the base period **Average Claim Count** (**Main** sheet, **Table II**, column 2) by each utilization factor in **Table I. Utilization Projection Factors** (**Table I**, columns 2-8).

- a. A total is also provided for this column, which represents the expected PBPM claim count for covered services during the corresponding performance year.
3. Projected Average Covered Cost [Calculated Fields] – This is calculated for each service category by multiplying the base period Average Covered Cost (**Main** sheet, **Table II**, column 3) by each unit cost factor in in **Table II. Unit Cost Projection Factors** (**Table II**, columns 2-5).
4. Projected Total Covered Spend (PBPM) [Calculated Fields] – This is calculated for each service category by multiplying the Projected PBPM Utilization (column 2) and Projected Average Covered Cost (column 3) in this table (**Table III**).
  - a. A total is also provided for this column, which represents the expected total PBPM covered spending for covered services during the corresponding performance year.
5. Projected Total Covered Spend (Overall) [Calculated Fields] – This is calculated for each service category by multiplying the Projected Total Covered Spend (PBPM) (column 4) by the total Projected Beneficiary Months (**Main** sheet, **Table VI**, column 3).
  - a. A total is also provided for this column, which represents the expected total covered spending for covered services during the corresponding performance year.
6. Savings (%) [Calculated Fields] – This is calculated for each service category by first subtracting the Projected Total Covered Spend in this table from its base period counterpart in the **Main** sheet (**Main** sheet, **Table II**, column 5). The difference is then divided by the base period Projected Total Covered Spend in the **Main** sheet (**Main** sheet, **Table II**, column 4).
  - a. A total is also provided for this column, which represents total savings rate across all covered spending for covered services, relative to the baseline period.

#### Table IV. Model Administrative Expenses (PBPM)

In **Table IV**, column 2, Associated Spend [Entry Fields], enter in the amount of model administrative expenditures associated with DCE operations under each of the defined Spend Types in Column 1 [Static Fields].

A total is also provided for this column, which represents the sum of all the values entered in the column and all model administrative expenditures during the corresponding performance year.

#### Table V. Beneficiary Engagement Incentive Costs (PBPM)

In **Table V**, applicants must enter expected expenditures and projected utilization for the optional beneficiary engagement incentives offered in the Geo Model. Figures should be entered on a PBPM basis. The data entered into this section is informational only. Data columns are as follows:

1. Benefit Type [Static Fields] – Lists the benefit for which you must input associated figures in the following columns.
2. Projected Expenditure [Entry Field] – List the expected PBPM beneficiary engagement incentive expenditure for the given performance year for the benefit that corresponds to the row.
  - a. If you are not planning to offer the listed beneficiary engagement incentive, enter in a zero (0) value in this field.
  - b. A total is also provided for this column, which represents all beneficiary engagement incentive expenditures during the corresponding performance year.
3. Expected Unit Count [Entry Field] – List the total number of units you expect to be utilized PBPM for the benefit that corresponds to the row.

- a. If you are not planning to offer the listed benefit, enter in a zero [0] value in this field.
- b. A total is also provided for this column, which represents the number of beneficiary engagement incentive expenditures provided during the corresponding performance year.

## IV. Appendices

### Appendix A – Actuarial Certification

#### General

Each proposed discount will be assessed for its actuarial soundness. In addition, CMS requires an actuarial certification to accompany every proposed discount submitted. An actuarial certification must be submitted at the time of proposed discount submission.

A qualified actuary who is a member of the American Academy of Actuaries (MAAA) must complete the certification. Multiple actuaries may be assigned to perform the certifications of one proposed discount. The instructions contained in this appendix must be followed by all certifying actuaries.

#### Required Certification Elements

The following elements must be included in the certification:

- The certifying actuary's name and the date "stamped" when completed.
- Declaration that the actuary submitting the certification is a member of the American Academy of Actuaries (MAAA).
- The specific applicant organization name and selected region of the proposed discount being certified.
- Attestation that the proposed discount comply with the applicable model policies outlined detailed within the Request for Applications and PDT instructions.
- Attestation that the assumptions used in the development of the proposed discount are reasonable.
- Attestation that the proposed discount were prepared in compliance with the current standards of practice, as promulgated by the Actuarial Standards Board of the American Academy of Actuaries.

### Appendix B – Supporting Documentation

#### General

All data submitted as part of the proposed discount process are subject to review by CMS or by any person or organization that CMS designates, and reviewing actuaries and additional DCE actuarial contacts must be available to respond to inquiries from CMS reviewers regarding the submitted proposed discounts.

Upon additional review by CMS, applicants may be required to furnish additional information in support of their proposed discounts. Each request for information furnished by the agency will clearly specify the additional supporting information being requested, and applicants will have 48 hours to submit the required documentation from the time they receive the request.

All additional supporting documentation must conform to the supporting documentation requirements specified below. In addition, it must include both an explanation of how certain findings from the review were addressed in the current proposed discount and a letter supporting any information upon which the certifying actuary relied to create the additional supporting documentation, if applicable. This letter must be signed by the person (source) who provided the information.

### Requirements

Documents provided in response to requests for supporting documentation must be furnished irrespective of the source of the assumption, independent of whether it was developed by the actuary, the DCE, or a third party. If the actuary relied upon others for relevant proposed discount data and/or assumptions, those individuals are subject to the same documentation requirements. The actuary must be prepared to produce all requested substantiation pertaining to the proposed discount, even if it was prepared by others or is based on reliance.

In preparing supporting documentation, the actuary must consider Actuarial Standards of Practice (ASOP) No. 41, *Actuarial Communications*. In accordance with Section 3.2, "Actuarial Report," the materials provided must be written "with sufficient clarity that another actuary qualified in the same practice area could make an objective appraisal of the reasonableness of the actuary's work."

All data submitted as part of the proposed discount process are subject to review by CMS or by any person or organization that CMS designates. Supporting documentation must—

- Be clearly labeled and easily understood by CMS reviewers.
- Explain the rationale for the assumptions, including quantitative support and details, rather than just narrative descriptions of assumptions.
- Describe the specific methodology used to map benefits to specific benefit expenditure categories.
- If relevant, describe the overall proposed discount assumption or methodology.
- Include Excel spreadsheets with working formulas, rather than pdf files, and a narrative explanation of the inputs and the calculations and their components.
- At a minimum, include applicant organization name and selected region on the first page.
- Include a hard-coded date.
- Include the applicant organization name, selected region, and brief description in the beginning of the file name.

Acceptable forms of supporting documentation include, but are not limited to, the following items:

- A complete description of data sources—for example, a report's official name/title, file name, date obtained, source file, the precise name of any published tables used, etc.
- Intermediate calculations showing each step taken to calculate an assumption.

Supporting documentation that is not acceptable or that may result in a request for additional information includes, but is not limited to, the following items:

- Materials that are accessible only through a secure server link that requires a password.
- Excel spreadsheets with a vague explanation or no explanation of the proposed discount specific inputs and calculations.

- A statement that the source of a proposed discount assumption is “professional judgment” with no additional explanation of the data points underlying the assumptions—for example, supporting factors, studies, or public information.
- “Living worksheets” that are overwritten with current data. Supporting documentation must include the version of the worksheet that was used in proposed discount preparation.

#### Submitting Supporting Documentation

Supporting materials must be in electronic format (for example, Microsoft Excel, Microsoft Word, or Adobe Acrobat) and submitted via email to [DCGEO@cms.hhs.gov](mailto:DCGEO@cms.hhs.gov). CMS will not accept paper copies of supporting documentation. Note that multiple substantiation files can be submitted at one time by using “zip” files, which compress multiple files into one (.zip file extension).



## Appendix C – Key Definitions

Please reference the Request for Applications for definitions of model terms. Below find definitions specific to the Proposed Discount Tool.

**Proposed Discount Tool (PDT)** – Excel-based tool DC Geo applicants must use to submit their proposed discounts.

**Data Book** – As part of the model application, CMS has released an excel workbook that provides key cost, utilization, and alignment metrics among Medicare FFS beneficiaries in the DC Geo Model regions. This Data Book is meant to assist applicants in coming up with their proposed discount.

**Main Sheet** – The first sheet in the PDT. Fields ask the applicant to provide general information and expectations and baseline and alignment estimates.

**Region** – Sets of counties centered around a core-based statistical area (CBSA) that meet an initial minimum FFS beneficiary count of 120,000 in which the DC Geo Model will be tested.

**Request for Applications (RFA)** – The document released by CMS that provides an overview of Geo model design, application process, application requirements, and other pertinent information. The RFA provides key background information for those filling out the PDT, and these instructions frequently defer to information in the RFA.

**Year Sheets** – The Year sheets are three sheets (named **Year 1**, **Year 2**, and **Year 3**) where applicants enter in assumed costs and utilization rates for each Performance Year of the three year Model Agreement Period.

## Appendix D – Acronym Table

<b>Acronym</b>	<b>Disambiguation</b>
ASOP	Actuarial Standards of Practice
BEI	Beneficiary Engagement Incentive
CBSA	Core-Based Statistical Area
CMS	Centers for Medicare & Medicaid Services
DC	Direct Contracting
Geo	Geographic Direct Contracting Model
DCE	Direct Contracting Entity
DME	Durable Medical Equipment
ESRD	End-Stage Renal Disease
FASB	Financial Accounting Standards Board
FFS	Medicare Fee-For-Service
MAAA	Member of the American Academy of Actuaries
NPP	Non-Preferred Provider
OP	Outpatient
PBPM	Per Beneficiary Per Month
PDT	Proposed Discount Tool
PP	Geo Preferred Provider
QMB	Qualified Medicare Beneficiary
RFA	Request for Applications