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DATE: April 10, 2018

TO: All Medicare Advantage Organizations, Section 1876 Cost Plans and Part D Plan Sponsors

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SUBJECT: Out-of-Pocket Cost Model for Contract Year 2019 Bid Submissions

The purpose of this memorandum is to announce that CMS's Out-of-Pocket Cost (OOPC) model in SAS software will be available on the CMS.gov website on or about April 10, 2018. This model allows Stand-alone Prescription Drug Plans (PDPs), Medicare Advantage Organizations (MAOs), and Section 1876 Cost Plans transitioning to MA for contract year 2019 to calculate OOPC values for each of their plan offerings for the 2019 contract year. PDPs and MAOs are encouraged to run their plan benefit structures through the SAS OOPC model to ensure that their plan offerings comply with the guidance set forth in the CY 2019 Final Call Letter: Part C Total Beneficiary Cost (TBC) and PDP Meaningful Difference. Section 1876 Cost Plans should use this model to implement enrollment conversion requirements associated with the cost contract transition to MA but are, otherwise, not subject to a TBC evaluation.

As described in the CY 2019 Final Call Letter, CMS reviews PDP bids to ensure that plans in a given service area are meaningfully different from one another, as provided under §423.265(b)(2), in terms of key benefits or plan characteristics, such as cost sharing, formulary structure, or benefits offered. In addition, CMS reviews bids to ensure that beneficiaries do not experience significant increases in cost sharing or decreases in benefits from one year to the next. Because we have provided access to the necessary tools to calculate OOPC values for each plan prior to bid submission, CMS expects PDPs and MAOs to prepare CY 2019 initial plan bid submissions that meet these requirements. MAOs and PDPs cannot change their formularies (e.g., adding drugs, etc.), unrelated to CMS-identified formulary review concerns, as a means to satisfy meaningful difference and Total Beneficiary Cost (TBC) requirements.

As a reminder, sponsors and plans can view their CY 2018 OOPCs in HPMS.

Part D OOPCs can be viewed in HPMS under: Quality and Performance > Performance Metrics > Costs > Part D Out-of-Pocket Costs.

Part C OOPCs can be viewed in HPMS under: Quality and Performance > Performance Metrics > Costs > Part C Out-of-Pocket Costs.

All documentation and instructions associated with running the OOPC model will be posted on the CMS website on the OOPC Resources page:

<http://www.cms.gov/Medicare/Prescription-Drug-Coverage/PrescriptionDrugCovGenIn/OOPCResources.html> on or about April 10, 2018.

Technical Specifications:

The CY 2019 OOPC Model was developed and tested using the following:

- SAS Version 9.4 on 64-Bit workstations and Excel 2016; and
- WinZip used to unzip the OOPC Model package.

Sponsors will need the following files to input into the model:

- A List of Contract/Plan/Segment numbers;
- Plan Benefit Package (PBP) data; and
- Drug formulary data.

Detailed information on all the files provided in the model and the instructions on the sequence of executing these files will be provided in a Technical User Guide, available on the OOPC Resources page on or about April 10, 2018 (link provided below).

Questions:

- For Part C policy related questions, such as Total Beneficiary Cost (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 Section 1876 Cost Plan transition policy related questions, please contact <https://dpap.lmi.org>
- For technical questions about the Bid Pricing Tool, please submit an email to actuarial-bids@cms.hhs.gov
- For technical questions about the OOPC model, please submit an email to OOPC@cms.hhs.gov

Technical Resources:

Item(s)	Location	Expected Date
<ul style="list-style-type: none">•2019 SAS OOPC Model•Technical User Guide•2019 OOPC Methodology•OOPC FAQs	CMS OOPC Resources page: http://www.cms.gov/Medicare/Prescription-Drug-Coverage/PrescriptionDrugCovGenIn/OOPCResources.html	April 10, 2018
CY 2019 Plan Benefit Package (PBP) Software	HPMS	April 6, 2018