

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard
Baltimore, Maryland 21244-1850



CENTER FOR MEDICARE

DATE: May 16, 2023

TO: All Medicare Advantage Organizations and Part D Plan Sponsors

FROM: Kathryn A. Coleman,
Director, Medicare Drug & Health Plan Contract Administration Group

Amy Larrick Chavez-Valdez
Director, Medicare Drug Benefit and C & D Data Group

SUBJECT: Update Regarding Contract Year 2024 Part C Bid Review Out-of-Pocket Cost (OOPC) Model

This memorandum provides an update regarding the Contract Year (CY) 2024 Bid Review Out-of-Pocket Cost (OOPC) Model for Part C that may be used by Medicare Advantage Organizations (MAOs) to calculate OOPC values for CY 2024 plan offerings. The CY 2024 Bid Review OOPC Model for Part C will not be provided prior to the bid deadline. Instead, CMS expects to issue the CY 2024 Bid Review OOPC model for Part C during the bid review period this summer.

CMS acknowledges that while the absence of the CY 2024 Part C OOPC model may present challenges for MAOs in preparing their bids, the scope and complexity of the data transformation required due to changes to the CY 2024 Plan Benefit Package (PBP) has necessitated this delay. CMS notes that the CY 2024 Part C model is not expected to present significant differences in results as compared to the CY 2023 baseline model.

Therefore, MAOs are encouraged to evaluate their plan benefit structures using the CY 2023 Part C Baseline OOPC Model released January 13, 2023 via [Health Plan Management System \(HPMS\) memorandum](#) in preparing CY 2024 bids. Although the data file generated from the CY 2024 Plan Benefit Package (PBP) cannot be used in the CY 2023 baseline software, MAOs can modify last year's PBP Access databases and run them through the CY23 Part C Baseline OOPC Model.

Please refer to the HPMS memorandum titled "Final Contract Year (CY) 2024 Standards for Part C Benefits, Bid Review, and Evaluation" issued April 14, 2023 and incorporate data from the subsequent HPMS posting that includes plan-specific information (e.g.,

baseline OOPC values, premium, and payment and technical adjustments) used in the TBC calculation to account for changes from one year to the next.

MAOs are required to submit their best bid by the statutory bid submission deadline (Monday, June 5, 2023 at 11:59 PM PDT). Consistent with past practice, CMS will work with MAOs during bid review to address initial bids that do not comply with CMS requirements or are unsatisfactory. If necessary, CMS will consider the timing of the CY 2024 Part C OOPC model release when considering compliance actions.

CY 2024 May Formulary Reference File (FRF) Refresh

CMS intends to release a refreshed version of the CY 2024 Part D Bid Review OOPC model to account for changes to the CY 2024 May FRF. Given the limited timeframe between the May release of the CY 2024 FRF and the June 5, 2023 submission deadline, CMS will publish a refreshed Part D Bid Review OOPC model that includes the FRF changes as quickly as possible, and no later than one week ahead of the bid submission deadline. We note that the only change to the model will be the input files to reflect the anticipated small number of changes between the March and May FRFs. This will include FRF additions and deletions, both of which are expected to have a neutral impact or reduction in OOPC estimates.

As a reminder, sponsors and plans can view their CY 2023 OOPC values in HPMS. MAO OOPC values can be viewed in HPMS under: **Quality and Performance > Performance Metrics > Reports > Costs > Part C Out-of-Pocket Costs**. PDP OOPC values can be viewed in HPMS under: **Quality and Performance > Performance Metrics > Reports > Costs > Part D Out-of-Pocket Costs**.

All documentation and instructions associated with running the OOPC models are posted on the CMS website on the [OOPC Resources page](#).

Questions

- For Part C policy related questions, such as Total Beneficiary Cost (TBC), please submit inquiries to [MA Benefits Mailbox](#).
- 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 technical questions about the OOPC models, please submit an email to OOPC@cms.hhs.gov.