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DATE: April 28, 2023

TO: All Medicare Advantage Organizations and Part D Plan Sponsors

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

The purpose of this memorandum is to announce that the Contract Year (CY) 2024 Bid Review Out-of-Pocket Cost (OOPC) Model for Part D will be available on the CMS.gov website on or about April 28, 2023, and the CY 2024 Part C Bid Review OOPC Model will be available on the CMS.gov website in mid-May 2023. The CY 2024 Bid Review OOPC Models for Part C and Part D allow stand-alone Prescription Drug Plans (PDPs) and Medicare Advantage Organizations (MAOs) to calculate OOPC values for each of their plan offerings for CY 2024.

CMS acknowledges that the delay in the release of these models and the resulting shortened timeline for PDPs and MAOs to work with the CY 2024 OOPC models in advance of the bid submission deadline may be challenging; however, the scope and complexity of the data transformation resulting from the CY 2024 Plan Benefit Package (PBP) redesign has necessitated the delay. We are prioritizing the release of the Part D model because of the potentially greater impact on results related to the Inflation Reduction Act (IRA) policies discussed in the “Part D Inflation Reduction Act (IRA) Provisions for CY 2024” section of this memorandum. The CY 2024 Part C model is not expected to have significant differences in results compared to the CY 2023 Part C baseline model.

In the interim, MAOs are encouraged to run their plan benefit structures through the CY 2023 Part C Baseline OOPC Models released January 13, 2023 via [Health Plan Management System \(HPMS\) memorandum](#) to test their benefit design in preparation for CY 2024 bids. 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 (communicated April 20, 2023) 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.

Please refer to the information set forth in the April 4, 2023 [HPMS memorandum](#) titled, “Final Contract Year (CY) 2024 Part D Bidding Instructions” and relevant Part C benefit

instructions provided by CMS. 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.

Part D Inflation Reduction Act (IRA) Provisions for CY 2024

Please refer to the April 4, 2023 [HPMS memorandum](#) titled, “Final Contract Year (CY) 2024 Part D Bidding Instructions” for program instructions for implementation of Part D IRA provisions effective for CY 2024. For purposes of the CY 2024 Part D Bid Review OOPC model:

1. Insulin cost sharing in the model will reflect the values entered into the Plan Benefit Package (PBP).
2. Consistent with the CY 2023 Baseline OOPC model, vaccine utilization has been removed from the model.
3. Beginning in CY 2024 and for each succeeding year, enrollee cost sharing after an enrollee has incurred costs for covered Part D drugs in a year equal to the annual out-of-pocket threshold will be \$0 for all covered Part D drugs.

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 both 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 OOPCs 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 will be posted on the CMS website on the [OOPC Resources page](#) on or about April 28, 2023 for the Part D model and in mid-May 2023 for the Part C model.

Technical Specifications

The CY 2024 Bid Review OOPC Models were developed and tested using the following:

- SAS Version 9.4 on 64-Bit workstations and Microsoft 365 version of Excel; and
- WinZip to unzip the OOPC Model package.

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

- A list of contract/plan/segment numbers;
- PBP data in HPMS downloaded JSON file format; and
- Drug formulary data.

Detailed information on all the files provided in the models and the instructions on the sequence of executing these files will be provided in a Technical User Guide, available on or about April 28, 2023 for the Part D model and in mid-May 2023 for the Part C model (link provided below).

Questions

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

Resources

Item(s)	Location	Expected Date
<ul style="list-style-type: none">• CY 2024 Part D OOPC Model• Technical User Guide• OOPC Methodology• FAQs	CMS OOPC Resources page	April 28, 2023
<ul style="list-style-type: none">• CY 2024 Part C OOP Model• Technical User Guide• OOPC Methodology• FAQs	CMS OOPC Resources page	Mid-May 2023
<ul style="list-style-type: none">• CY 2024 Part D OOPC Model – May FRF Refresh	CMS OOPC Resources page	Late-May 2023