

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



CENTERS FOR MEDICARE & MEDICAID SERVICES

DATE: October 31, 2019

TO: All Medicare-Medicaid Plans

FROM: Lindsay P. Barnette, Director, Models, Demonstrations and Analysis Group
Medicare-Medicaid Coordination Office

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Center for Medicare

SUBJECT: CMS Update on Medicare Part D Payments to Medicare-Medicaid Plans for
Contract Year 2020

This notice provides information to Medicare-Medicaid Plans (MMPs) regarding the CY 2020 Part D Administrative Cost Ratio for the purposes of Part D risk corridor reconciliation for MMPs.

The CY 2020 Part D Administrative Cost Ratio for MMPs is 23%. This percentage will be used for the reconciliation of the CY 2020 Part D risk corridors applicable to MMPs for the direct subsidy portion of the Part D payment.

CMS establishes this percentage by examining the projected Administrative Cost Ratio for Medicare Advantage Prescription Drug Plans in the applicable payment year bids. For the CY 2020 MMP Part D Administrative Cost Ratio, CMS used information from the CY 2020 bids.

Please contact the Medicare-Medicaid Coordination Office at mmcocapsmodel@cms.hhs.gov if you have any questions.