



OFFICE OF THE ACTUARY

TO: Medicare Advantage & Prescription Drug Plan Sponsors and Certifying Actuaries

FROM: Jennifer Lazio, Director, Parts C & D Actuarial Group

DATE: December 10, 2015

SUBJECT: Request for Comments Regarding Plan Reimbursement Column on BPT

The CMS Office of the Actuary has noted that plans with a high percentage of DE# members have an unintended advantage during rebate reallocation under the current MA BPT guidance. These plans are able to change the total amount of rebates available while not affecting the benefits available for their members. This is currently being accomplished by changing cost sharing which has no meaningful effect on the DE# member since, by definition, the DE# members do not pay cost sharing.

In an effort to level the playing field CMS is considering making one of the two changes outlined below and is requesting feedback from the industry with regard to each.

Proposal #1:

For plans with a high percentage of DE# members, the Plan Reimbursement column may not change as a result of rebate reallocation. Thus even if the plan changes cost sharing, the Plan reimbursement column (MA BPT worksheet 4, Section IIB, Column H) will remain locked-in at the pre-rebate reallocation value and will not be permitted to change during rebate reallocation.

- If this proposal is implemented, the gain/loss margin on the MA BPT will not reflect the impact the change in cost sharing will have on the projected plan gain/loss margin.
- The cost sharing benefit in the PBP will have no effect on most of the members.

Proposal #2:

Plans with a high percentage of DE# members may not change MA cost sharing during rebate reallocation.

- If this proposal is implemented, the gain/loss margin on the MA BPT will reflect the projected gain/loss margin.
- The benefit changes in the PBP will have a meaningful effect on most of the members.

Please provide any comments by Thursday, December 31, 2015 to: actuarial-bids@cms.hhs.gov