

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
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CENTER FOR MEDICARE

DATE: July 13, 2023

TO: All Medicare Advantage Organizations and Part D Plan Sponsors

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

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Acting Director, Medicare Drug Benefit and C & D Data Group

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

The Contract Year (CY) 2024 Bid Review Out-of-Pocket Cost (OOPC) Model for Part C that is typically used by Medicare Advantage Organizations (MAOs) to calculate OOPC values for plan offerings will not be issued during the bid review period this summer as previously anticipated. The scope and complexity of the data transformation required due to changes in the CY 2024 PBP has made it difficult to produce a CY 2024 Part C OOPC model that plans can use. CMS expects to issue the CY 2024 Baseline OOPC models for both Parts C and D that can be used by plans later this year to prepare for CY 2025 bidding.

The CY 2024 Part C model used by CMS is not expected to present significant differences in results as compared to the CY 2023 baseline model results. Therefore, CMS continues to encourage MAOs 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](#) during bid review activities. Although the data file generated from the CY 2024 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.

Consistent with past practice, we will work with MAOs during the bid review process to address bids that do not comply with CMS requirements or are unsatisfactory. We include additional information in the bid review communication materials sent to MAOs with plan bids that exceed the threshold used in the TBC evaluation. For example, we include CY 2023 and CY 2024 OOPC values by PBP service category for plans with TBC issues to help MAOs identify potential remedies.

CMS will consider the timing and delay of the CY 2024 Part C OOPC model release when we consider potential compliance actions. A good faith effort to comply with the TBC evaluation

does not constitute an inaccurate or incomplete bid as long as the bid complies with other applicable laws, rules, instructions, and CMS guidance.

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.

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.**

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.