

CMS Response to Public Comments

OMB # 0938 - 0944
CMS-10142

CY2012 Bid Pricing Tool (BPT) for Medicare Advantage and Prescription Drug Plans

United December 7, 2010 Letter

Comment 1:

Rebate Reallocation clarification

Instructions for Completing the Medicare Advantage Bid Pricing Tool for Contract Year 2012, Attachment E-1; Appendix E, Rebate Reallocation and Premium Rounding, pp 95 – 109

Based on feedback received directly from CMS regarding the rebate reallocation, portions of the written guidance appear confusing. For example, guidance allows rounding up to a \$0.50 per member per month (PMPM) rebate difference or a \$0.67 PMPM margin difference. The written guidance does not indicate whether margin refers to the Medicare covered margin or total margin. The \$0.50 PMPM rebate change does not always correspond to a \$0.67 PMPM margin change. Should plans be comparing rebate or margin? The guidance on this is also not clear in the RPPO guidelines.

We ask that CMS re-visit and update the rebate reallocation guidance in the BPT instructions and RPPO guidelines. For example, to clarify which margin is to be used and whether plans should be comparing rebate or margin. We also suggest adding better examples to reflect the updated guidance and appropriate rebate reallocation.

CMS Response to Comment 1:

This comment was also submitted by this organization to CMS during a recent “lessons learned” feedback period. At that time, CMS responded directly to the organization, pointing them to specific sections of the current bid instructions language. The organization responded that the current bid instruction language already addresses their concerns, such that no modification is needed.

Comment 2:

Impact on Benefits to Members in Plans with a High Proportion of DE# Members

Instructions for Completing the Medicare Advantage Bid Pricing Tool for Contract Year 2012, Attachment E-1; Appendix E, Rebate Reallocation and Premium Rounding, pp 95 – 109; Appendix G, pp 113-115

The current methodology for adjusting A/B mandatory supplemental benefits to return to the Part D target premium during the rebate reallocation period has an inordinate impact on benefits to members if a plan has a high proportion of DE# members. Since rebate

dollars are not used to buy down cost sharing for DE# members, benefits must be changed more significantly when the amount needed to return to the target must be obtained from a small percentage of the total members. As an example, consider a plan with 20% NDE# members, a target Part D basic premium of \$25 PMPM, and a Part D basic premium net of rebate of \$28 PMPM. The \$3.00 PMPM benefit reduction required to return to the Part D target premium will disproportionately affect benefits for NDE# members.

We request CMS consider modifying the methodology to take into account the NDE# composition of the plan. In the example above, this would mean the plan would only be required to reduce benefits by the amount of the difference multiplied by the NDE# member percentage of 20%: $\$3.00 \times 20\% = \0.60 .

CMS Response to Comment 2:

CMS policy is applied consistently to all plan types, including plans with a high proportion of DE# members. This proposal would require significant changes in plan's gainloss margin to return to a target premium, and would thus violate CMS policy regarding the amount of gainloss margin changes permitted during rebate reallocation. It should also be noted that rebate reallocation allows plans to not return to the target premium (that is, leave premiums at the computed levels after the National Average release), in which case there would be no benefit changes.

Comment 3:

Submission of Data clarification

Attachment B, Bid Pricing Tool (BPT) for Medicare Advantage (MA) Plans and Prescription Drug Plans (PDP), Supporting Statement for Paperwork Reduction Act Submission, Sect. 7, p 4

Data for bids is submitted annually, however on page seven in the "Special Circumstances" section of the Supporting Statement, CMS indicates that "Organizations may be required to submit data more often than quarterly..." We believe the intent was to state the data may have to be submitted more often than annually.

We suggest CMS revise the Supporting Statement on page seven to reflect that under special circumstances, "Organizations may be required to submit data more often than annually...."

CMS Response to Comment 3:

The supporting statement in Attachment B is prepared in accordance with the PRA instructions (which indicate "quarterly").