

CMS Response to Public Comments

OMB # 0938 - 0944
CMS-10142

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

A 60-day Federal Register notice was published on September 26, 2014, Vol. 79, No. 187, pg 57931-57932. There was one public comment received from the publication of the 60-day notice.

Comment 1, Alison Hanson, Health Partners:

General Comment

We appreciate the opportunity to comment on the 2016 BPTs. Our comments are regarding the MA and Part D BPT instructions. We ask that CMS consider expanding the allowable demonstrations of the independence of related parties through the market comparison to allow for tests that demonstrate the related-party's pricing is within a range established by two other unrelated parties. Currently, related party testing requirements require a market comparison demonstration to be within 5% of a single unrelated party.

For our Part D program, we have a related party arrangement with our #1 ranked pharmacy based on the number of scripts filled. We produced a market comparison that demonstrated our related party pricing was 17% lower than our 2nd ranked pharmacy and 9% higher than our 3rd ranked pharmacy. Our test was not compliant with the bid instructions because it was not within 5% of either of those contracts despite being between them. We believe our test demonstrated that our arrangement:

1. Is not significantly different from the financial arrangements that would have been achieved in the absence of the relationship and
2. Does not provide the opportunity to over- or under- subsidize the bid.

As our initial test demonstrated, actual pricing variation in the pharmacy market greatly exceeds the 5% threshold established by the Part D BPT instructions. Our test showed a 25% pricing variation between 2 large unrelated pharmacies. We would encourage CMS to consider this reality in future rulemaking.

Thank you for considering our comments.

My email for follow up questions: alison.t.hanson@healthpartners.com (the email data field did not accept my email as valid)

CMS Response to Comment:

We will consider this comment as we continue to revise the CY2016 BPT instructions.