

CMS Response to Public Comments Received for CMS-10142

The Centers for Medicare and Medicaid Services (CMS) received comments from a single plan sponsor related to CMS-10142. This is the reconciliation of the comments.

Comment:

The Centers for Medicare and Medicaid Services (CMS) received comments from a plan sponsor suggesting that more flexibility be offered around the corporate margin requirement.

Response:

CMS appreciates the suggestion by the commenter. The corporate margin requirement using the Non-Medicare margin basis, which refers to all health insurance business that is not Medicare Advantage (MA) or Part D, ensures that Medicare is not over- or under-subsidizing other lines of business. As noted in the May 2, 2017 User Group Call Q&A file posted on the CMS website, the corporate margin requirement can reflect a short-term or long-term expectation, as long as, actual corporate margin is consistent with the corporate margin requirement used for the MA pricing over the long term. In addition, plan sponsors have the option to submit an aggregate-margin exception request for consideration by CMS. For appropriate plan payments the required revenue in the bid pricing tool must reflect the pre-sequestration required revenue. Therefore, we are unable to make the requested changes with respect to sequestration.

Comment:

The Centers for Medicare and Medicaid Services (CMS) received a comment from a plan sponsor suggesting CMS add to the bid instructions the criteria that are used to flag plans for margin changes and high margin. The commenter has also suggested that CMS consider credibility as a business justification when reviewing plans with high margin.

Response:

CMS appreciates the suggestion by the commenter. CMS intends to add clarification to the bid instructions indicating at what margin level supporting documentation will be required for high margin plans to support benefit value in relation to margin level. Pending stakeholder feedback, CMS intends to incorporate these clarifications into the CY2020 bid instructions.

Regarding the request to consider credibility when reviewing high margin plans, CMS takes into consideration all circumstances detailed in supporting

documentation when making determinations on margin level in relation to benefit value.

Comment:

The Centers for Medicare and Medicaid Services (CMS) received a comment from a plan sponsor suggesting that as CMS reevaluates and revises the ESRD risk adjustment model under Medicare Advantage, the impact of any changes on benchmarks, the current bidding structure, benefit plan, and eligibility status all be seriously considered. This comment was made in response to passage of Section 17006 of the 21st Century Cures Act (Act) allowing for Medicare beneficiaries with ESRD to choose to enroll in an MA Plan beginning in 2021. The commenter also suggests that CMS should adjust the benchmark to reflect the fact that as a result of the enrollment of more ESRD members, more members in total will reach the out-of-pocket maximum and requests CMS consider stakeholder feedback and engagement.

Response:

CMS appreciates the suggestions by the commenter. No changes are being proposed for CY2020. We will take these suggestions into consideration when drafting payment and bidding policies for CY2021.

Comment:

The Centers for Medicare and Medicaid Services (CMS) received a comment from a plan sponsor requesting clarification on the purpose of supporting documentation requirements around a plan sponsor's estimate of the Low Income Premium Subsidy Amount (LIPSA).

Response:

CMS appreciates the suggestions by the commenter. All actuarial assumptions must be supported in order for CMS to determine if they have been developed appropriately. We have made this supporting documentation requirement "available upon request" to reduce burden for plan sponsors.

Comment:

The Centers for Medicare and Medicaid Services (CMS) received a comment from a plan sponsor suggesting that CMS allow plans to choose among additional comparison methods for reporting Related Parties when the MA plan cannot use the market comparison method.

Response:

CMS appreciates the suggestions by the commenter. CMS believes that the options provided in the bid instructions for entering costs associated with related-party arrangements in the bid pricing tool provide adequate flexibility for plan sponsors. Additionally, plan sponsors are allowed to adjust their gain/loss margin in the bid to include the gain/loss margin of the related party, provided all gain/loss margin requirements are still met.

Comment:

The Centers for Medicare and Medicaid Services (CMS) received comments from a plan sponsor suggesting that CMS allow MA plans to offer additional benefits and include the costs in their Medicare A/B bids when the additional benefit is offered primarily to lower other Medicare A/B costs.

Response:

CMS appreciates the suggestions by the commenter. The bid pricing tool (BPT) reflects the pricing of the benefits as classified in the plan benefit package (PBP) and defined by policy. CMS does not have broad authority to reclassify additional benefits as Medicare covered for pricing purposes.

Comment:

The Centers for Medicare and Medicaid Services (CMS) received comments from a plan sponsor requesting clarification of the supporting documentation upload requirements in the bid instructions and bidders training regarding the final bid, and consistent application of such requirements to all Part D sponsors and MAOs.

Response:

CMS appreciates the suggestions by the commenter. CMS intends to provide clarification in the CY2020 bid instructions regarding the upload to the CMS Health Plan Management System (HPMS) of supporting documentation.

Comment:

The Centers for Medicare and Medicaid Services (CMS) received comments from a plan sponsor requesting changes to the Part D Bid Pricing Tool to calculate average cost sharing on post-deductible dollars. The plan sponsor requests that deductible sections added to WS6 of the Part D 2020 BPT so that the value of the deductible and cost sharing can directly feed from those exhibits for WS4 (cell E43) and WS5 (cells F39:G40 and F46:G46).

Response:

CMS appreciates the suggestion by the commenter and released a mockup of changes to the Part D bid pricing tools consistent with this request on November 28, 2018. CMS is currently requesting stakeholder feedback on these proposed changes and intends to move forward with these changes for CY2021 pending industry feedback.