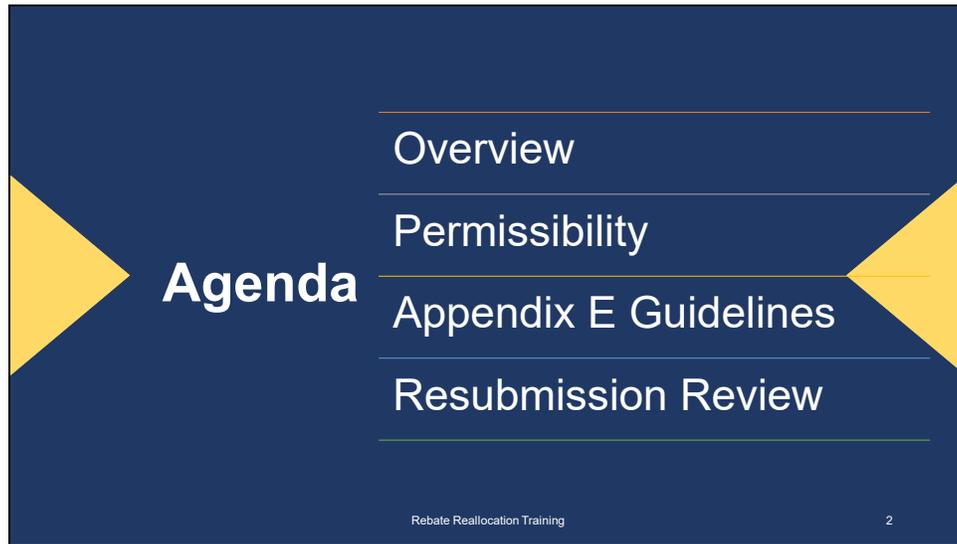




Welcome to rebate reallocation training at the Centers for Medicare & Medicaid Services (CMS). My name is Teresa Buller, and I am an actuary in CMS' Office of the Actuary (OACT). My colleagues and I have prepared these training materials to assist Medicare Advantage Organizations (MAOs) in developing Medicare Advantage (MA) Bid Pricing Tool (BPT) resubmissions during the rebate reallocation period. We hope you find this presentation to be useful.



These training sessions are intended for individuals who will be completing or certifying MA and Part D BPTs. Actuaries and other professionals attending these sessions should be familiar with the Medicare programs, the bidding process, and the instructions for completing the BPTs.

This training covers the rebate reallocation process that typically begins at the end of July. It is divided into four sessions, and you may skip to a later session if you are already familiar with the material.

The first session provides an overview of rebate reallocation, including the process, purposes, goals, and timeline for it.

The second session describes the rules that specify when an MAO is required, permitted, or not permitted to participate in rebate reallocation.

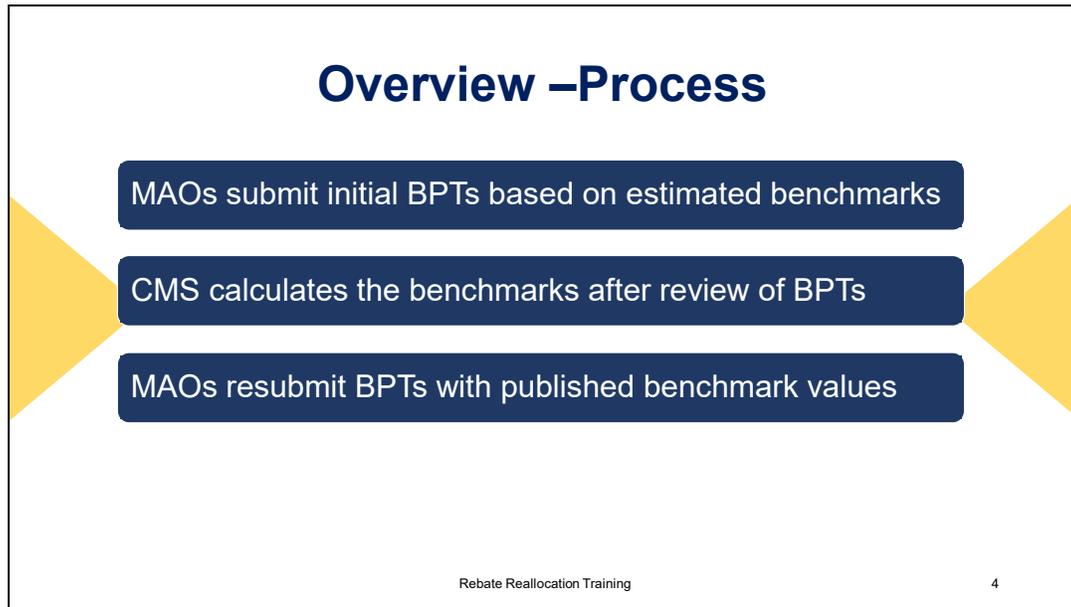
The third session provides a summary of the guidelines that are outlined in Appendix E of CMS' instructions for completing the MA BPTs.

The fourth and final session presents a summary of OACT's review of all rebate reallocation resubmissions and provides a demonstration of the rebate reallocation tool, which is a new tool for contract year 2025 that is intended to assist MAOs in understanding the rebate reallocation guidelines.

Please email any questions to OACT's actuarial bid mailbox at actuarial-bids@cms.hhs.gov.



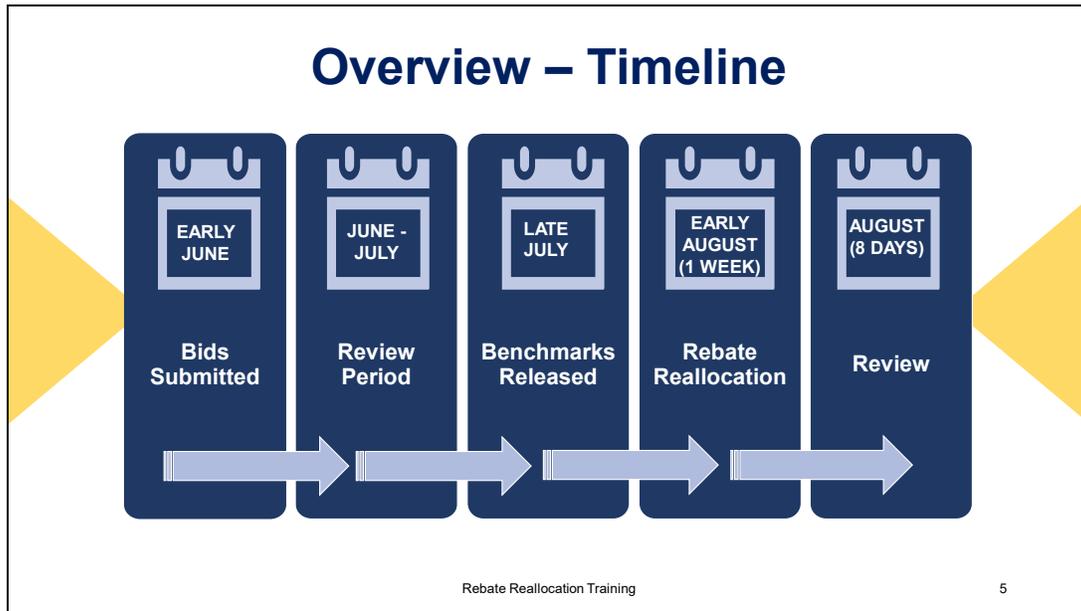
This session of the rebate reallocation training describes the high-level overview for MAOs resubmitting MA BPTs during the rebate reallocation period. This session will cover the process for MAOs estimating and updating BPTs for published benchmark amounts, the timeline of CMS' bid desk review, the purposes of reallocating rebates, and the goals of rebate reallocation. This first session is intended for actuaries who are unfamiliar with rebate reallocation.



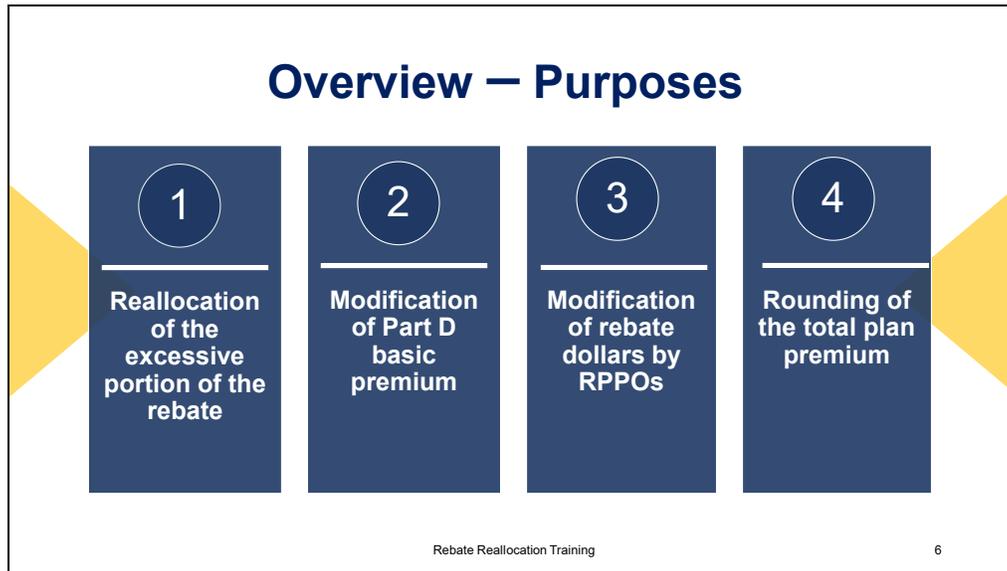
In the prescription drug program, beneficiary premiums must be based on the national average monthly bid amount (NAMBA), the base beneficiary premium amount, and, in some cases, the low-income premium subsidy amount (LIPSA). For a regional preferred provider organization (RPPO), the region-specific benchmark amount is based, in part, on a weighted average of the plan bids for Medicare Part A and Part B benefits. CMS cannot calculate these amounts until after all BPTs have been reviewed. Therefore, the initial BPTs are based on estimated values of the Part D NAMBA, the Part D base beneficiary premium, the Part D LIPSA, and the Part C RPPO benchmark.

After reviewing the initial BPTs, CMS calculates the benchmark values. CMS typically publishes the benchmark values and initiates the start of the rebate reallocation period by the end of July.

When MAOs update their Part D BPT submissions for the published benchmark values, the Part D basic premiums will be affected by the change in the NAMBA, base beneficiary premium amount, and LIPSA. When MAOs update the RPPO plans with the published benchmark values, the total MA rebate dollars will be affected by the change in an RPPO's benchmark. Depending on the circumstance for each BPT, MAOs are required, permitted or not permitted to make minor adjustments to the BPT to account for the difference between the estimated benchmark values used in the initial submission and the published benchmark values.

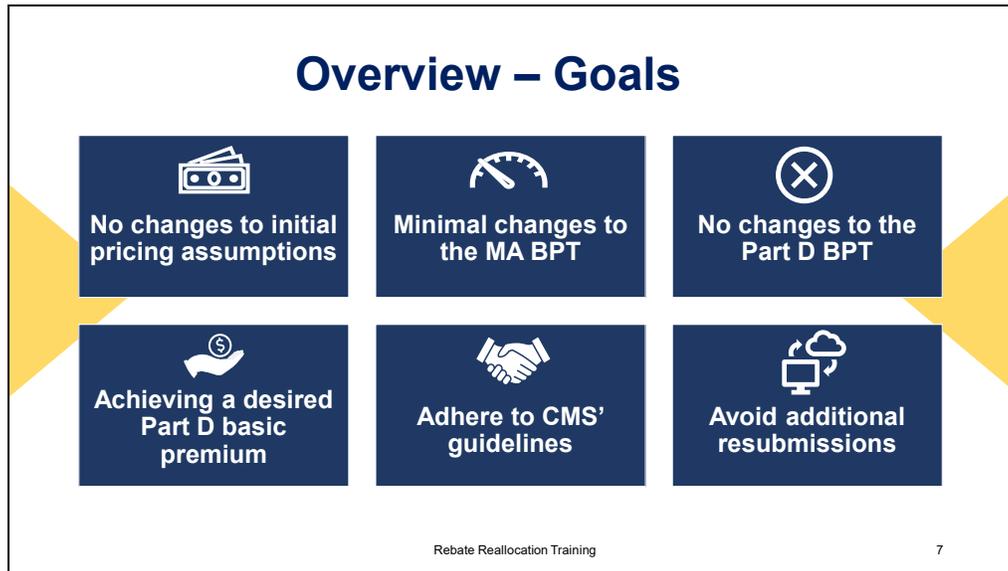


- By the first Monday of June, all plan bids are submitted to CMS for the following contract year.
- CMS and CMS' contracted bid desk reviewers review all plan bid submissions in June and July.
- After this review, CMS calculates the benchmarks based on all plan bid submissions. The benchmarks are published in the Health Plan Management System (HPMS) by the end of July.
- Following publication of the benchmarks, MAOs will have one week to resubmit their BPTs for rebate reallocation in HPMS.
- After the rebate reallocation period ends, CMS runs a series of tests on all BPTs. CMS and bid desk reviewers contact MAOs to resolve all outstanding issues and answer questions for rebate reallocation. Resolution may require additional supporting documentation and/or BPT resubmission. CMS expects the rebate reallocation review to be completed within eight days after the rebate reallocation period ends. CMS requires the rebate reallocation review to be completed prior to final actuarial certification of the BPTs.



There are four purposes—that is, reasons—for reallocating rebates.

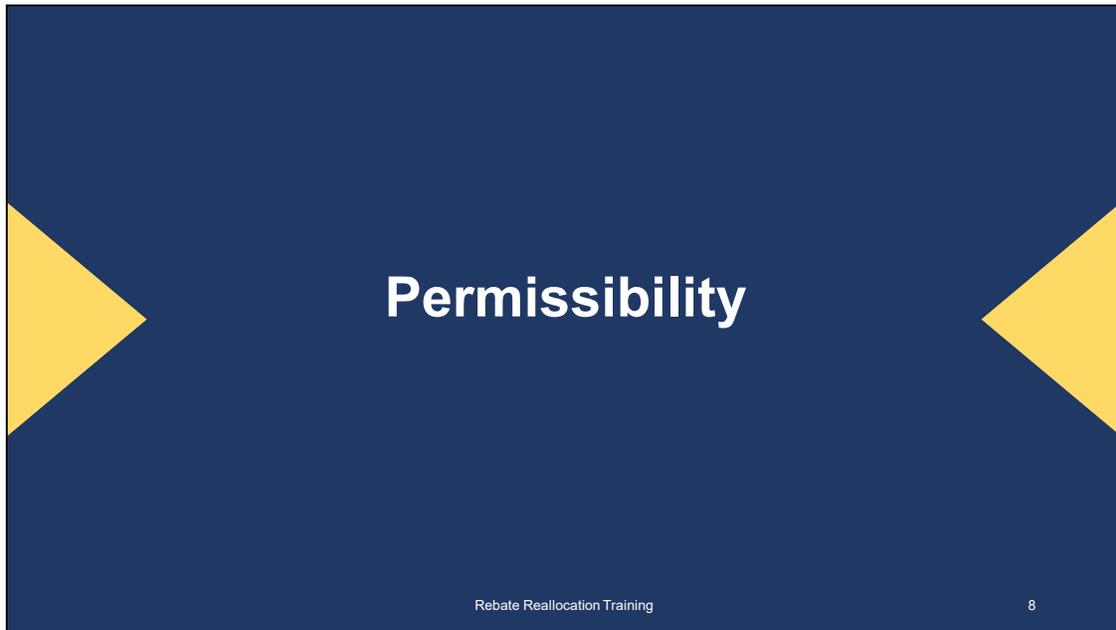
1. **Reallocation of the excessive portion of the rebate.** When the amount of rebates allocated to the Part D basic premium exceeds the value of the Part D basic premium, the result is that a portion of the rebate is not provided to the beneficiary as required by law. Compliance with statute requires a reallocation of the excessive portion of the rebate back to other allowed uses of the Part C rebate.
2. **Modification of Part D basic premium.** CMS allows MAOs to redistribute their Part C rebates to correct for the difference between the projected and final benchmarks so that they can achieve their previously proposed intention for the Part D basic premium.
3. **Modification of rebate dollars by RPPOs.** An RPPO’s initial plan bid submission is based on unknown benchmarks not only for the drug premium, but also for Medicare Part A and Part B benefits. The region-specific benchmark amount is based, in part, on a weighted average of the plan bids for Medicare Part A and Part B benefits, and CMS cannot calculate this benchmark amount until after plan bids have been submitted. Accordingly, the exact amount of an RPPO’s Part C rebate is unknown and will shift to the extent that the estimated benchmark it uses to create its initial BPT differs from the region-specific non-drug benchmark that CMS establishes based on plan bids. Therefore, RPPOs will also be allowed to modify the allocation of rebate dollars, in addition to the Part D rebate reallocation.
4. **Rounding of the total plan premium.** When published benchmarks result in premiums that do not represent a whole dollar value, it may be seen as burdensome to both the MAO and the beneficiary. Therefore, CMS allows small changes in the MA gain/loss amount to round the total plan premium to the nearest whole dollar



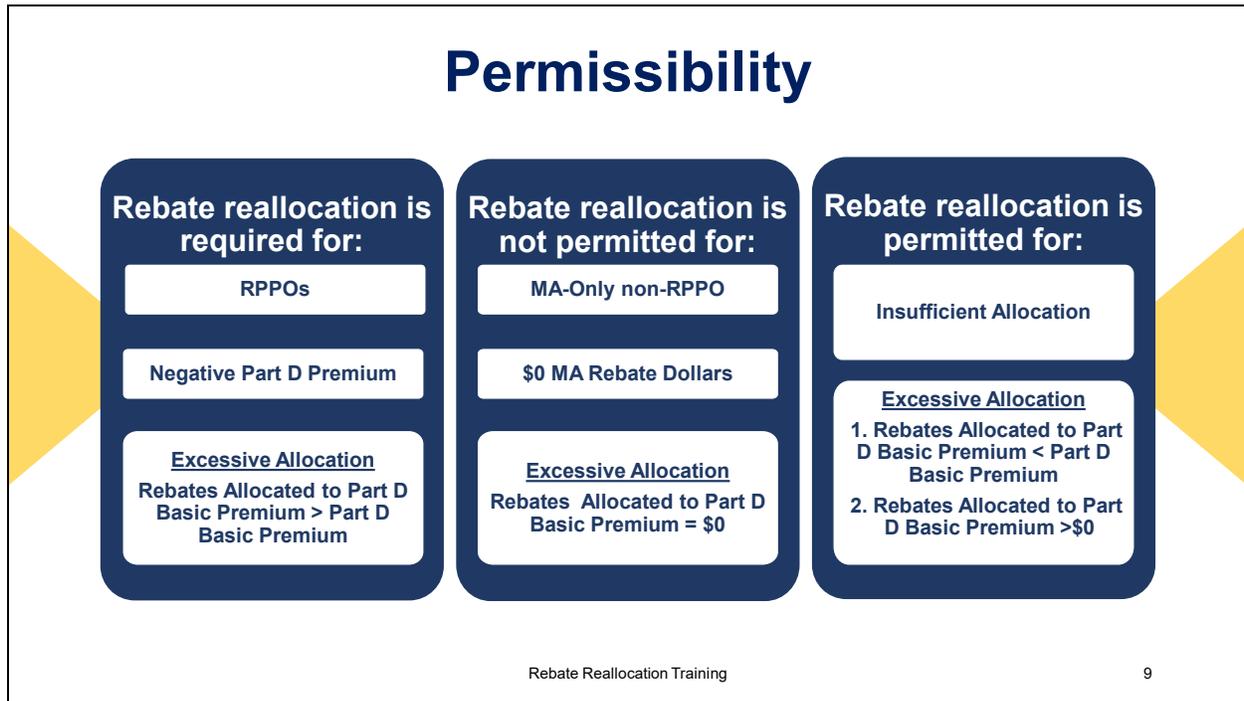
During the rebate reallocation period, MAOs must ensure each resubmission achieves the following goals—that is, objectives—of rebate reallocation.

1. **No changes to the initial pricing assumptions that have already been reviewed by CMS and CMS' bid desk reviewers.**
2. **Minimal changes to the MA BPT during rebate reallocation.**
3. **No changes to the Part D BPT other than updates for the published NAMBA and base beneficiary premium amounts.** Changing the benefits in Part D would have a domino effect. It would have implications for pricing of the plan bid for basic Part D benefits, which in turn could affect the NAMBA and the base beneficiary premium, which CMS would have just previously calculated and published for the year. The one exception to this goal occurs when there is a negative Part D basic premium that cannot be offset by the Part D supplemental premium without making changes to the Part D benefits.
4. **Achieving a desired Part D basic premium.** As noted previously, the only objective of the Part D rebate reallocation is to achieve the target intention for the Part D basic premium. CMS provides some flexibility for achieving the target intention for this premium. In some instances, an MAO may not be able to achieve a desired total plan premium during rebate reallocation, as the only objective of the Part D rebate reallocation is to achieve the target intention for the Part D basic premium.
5. **Adherence to all the guidelines in CMS' Appendix E of the MA BPT instructions for every resubmission during rebate reallocation.**
6. **Avoid additional resubmissions after the rebate reallocation period.** When MAOs adhere to all of CMS' guidelines, CMS can move quickly to final actuarial certification.

This concludes the session describing the overview of rebate reallocation.



This session of the rebate reallocation training describes the permissibility of MAOs submitting MA BPTs to CMS during rebate reallocation. It covers CMS' rules for when MAOs are required, permitted, or not permitted to resubmit MA BPTs during the rebate reallocation period.



Required

- Some MAOs may have MA BPTs for which rebate reallocation is required.
- All MAOs are required to resubmit their RPPO MA BPTs during rebate reallocation to update their region-specific benchmarks. This update may or may not change the Part C rebate amount. When it changes the value of the Part C rebates, reallocation of rebates is required.
- A premium of less than \$0 is not permitted. Thus, when a negative Part D basic premium is not fully offset by a Part D supplemental premium, compliance with statute requires a reallocation of rebates to ensure that the Part D basic plus supplemental premium is at least \$0.
- Excessive allocation occurs when a rebate allocation to the Part D basic premium is overestimated. When the amount of rebates allocated to the Part D basic premium exceeds the value of the Part D basic premium, the result is that a portion of the rebate is not provided to the beneficiary as required by law. Compliance with statute requires a reallocation of the excessive portion of the rebate back to other allowed uses of the Part C rebate.

Not permitted

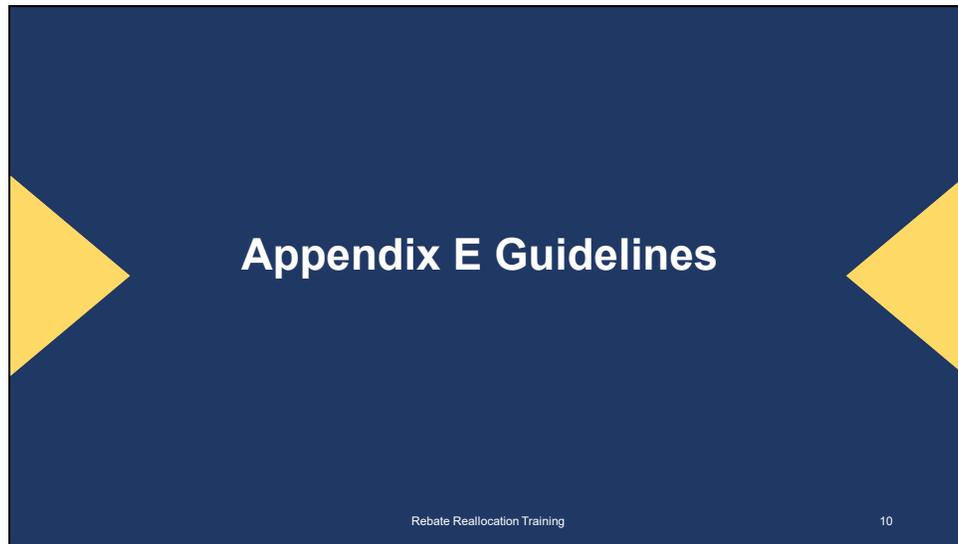
- Some MAOs may have MA BPTs for which neither resubmission nor rebate reallocation is permitted. However, some MAOs may have MA BPTs for which resubmission is permitted but rebate reallocation is not.
- The published benchmarks for rebate reallocation have no effect on MA-Only non-RPPO BPTs. Therefore, MAOs are not permitted to resubmit these BPTs during rebate reallocation.
- When BPTs have zero MA rebate dollars in the initial plan bid submission—and when RPPO plans have \$0 before and after the BPTs are updated for the published region-specific benchmarks—there are no rebates to reallocate, and thus MAOs are not permitted to participate in rebate reallocation for these BPTs.
- When an MAO made an excessive allocation to the Part D basic premium and submitted the initial BPT with \$0 allocated to the premium, the final Part D basic premium will be a lesser amount than the MAO had as the target intention for the premium. That is, the MAO will be unable to achieve the target intention for the premium—a situation that is referred to as a partial return to the Part D basic premium—and the MAO will not be permitted to participate in rebate reallocation.

Permitted

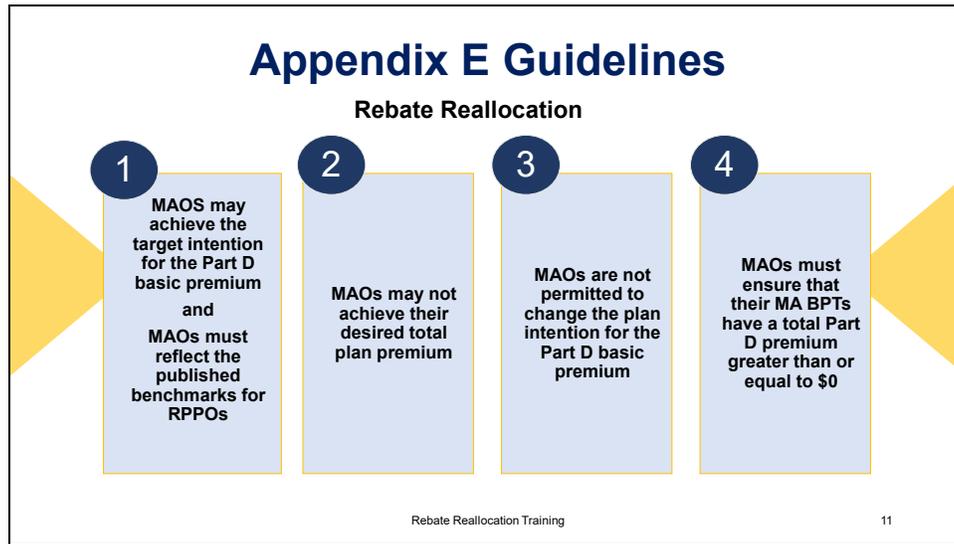
- Some MAOs may have MA BPTs for which rebate reallocation is permitted.
- When an MAO has underestimated the rebate allocations to the Part D basic premium—that is, when the premium has an insufficient allocation—the MAO is permitted to either charge the new increased Part D basic premium or reallocate rebates. Rebate reallocation will be optional since the Part C rebate has already been provided to the enrollee.
- When an MAO has made an excessive allocation to the Part D basic premium and does not fall under the rebate reallocation scenarios designated as “required” and “not permitted,” then the MAO is permitted to either charge the new decreased Part D basic premium or reallocate rebates. Rebate reallocation will be optional since the Part C rebate has already been provided to the enrollee.

This concludes the session describing the permissibility of rebate reallocation.

Slide 10

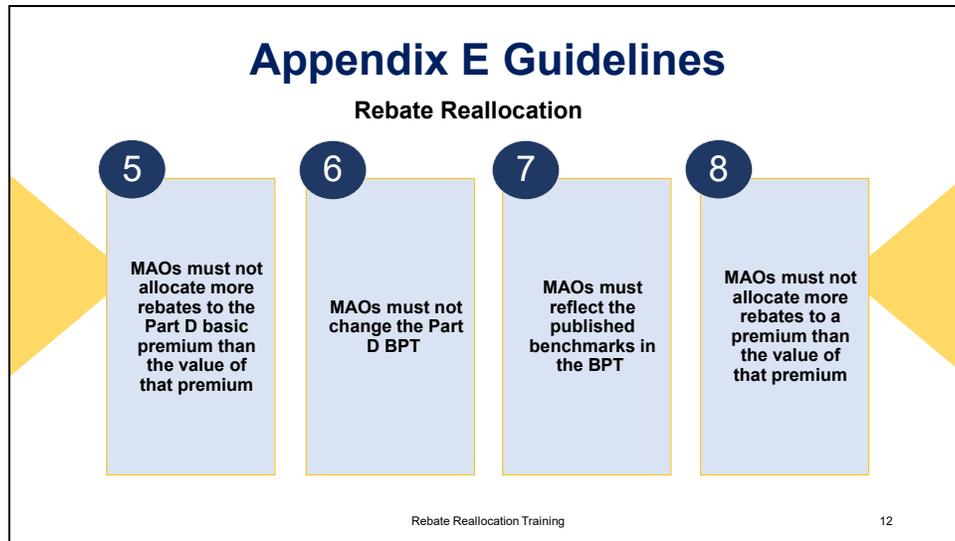


This session of the rebate reallocation training describes the guidelines listed in Appendix E of CMS' instructions for completing the MA BPTs.

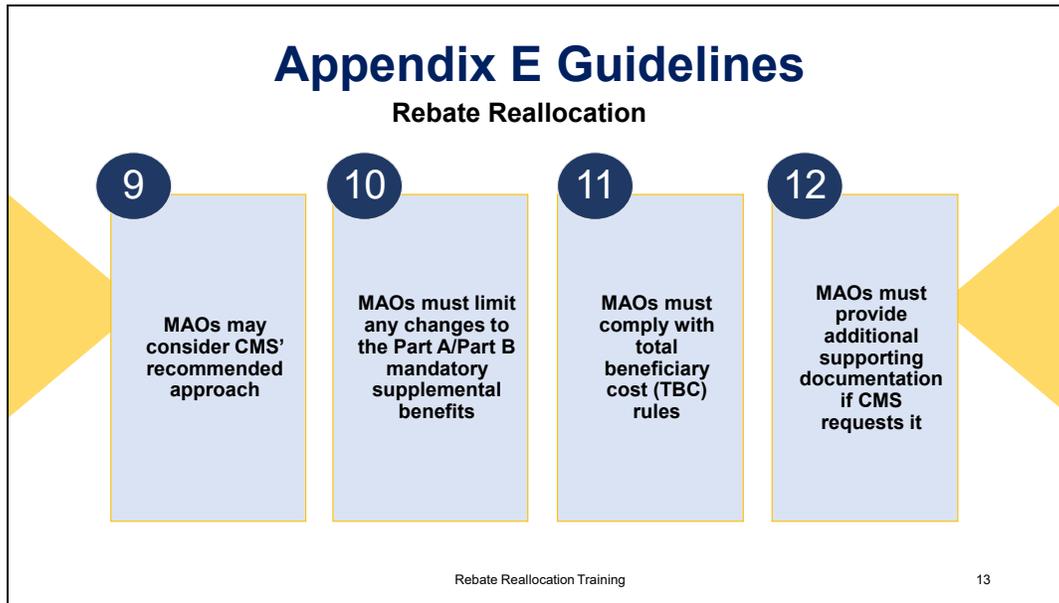


For MAOs participating in rebate reallocation, there are twelve guidelines listed in Appendix E of CMS’ instructions for completing the MA BPTs.

1. **MAOs may achieve the target intention for the Part D basic premium when required or permitted, and they must reflect the region-specific published benchmarks for RPPOs.**
2. **MAOs may not achieve their desired total plan premium.** CMS allows MAOs to redistribute their Part C rebates to correct for the difference between the projected and final benchmarks so that they can achieve the previously proposed intention for the Part D basic premium. Note that in some instances, an MAO may not be able to achieve a desired total plan premium during rebate reallocation, as the only objective of the Part D rebate reallocation is to achieve the target intention for the Part D basic premium.
3. **MAOs are not permitted to change the plan intention for the Part D basic premium.** That is, they are not permitted to change from targeting the initial submission for the Part D basic premium to targeting the LIPSA or vice versa.
4. **MAOs must ensure that their MA BPTs have a total Part D premium—that is, the Part D basic premium plus supplemental premium net of rebates—greater than or equal to \$0.**

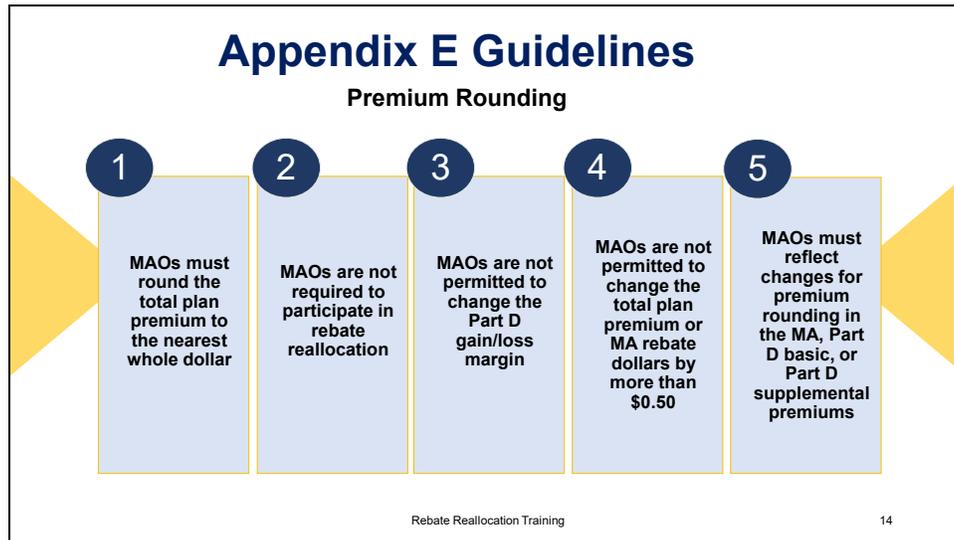


1. **MAOs must not allocate more rebates to the Part D basic premium than the value of that premium.** When the amount of rebates allocated to the Part D basic premium exceeds the value of that premium, the result is that a portion of the rebate is not provided to the beneficiary as required by law. Compliance with statute requires a reallocation of the excessive portion of the rebate back to other allowed uses of the Part C rebate. When the Part D basic premium is negative, then the rebates allocated to Part D basic premium must equal \$0.
2. **MAOs must not change the Part D BPT other than updates for the published NAMBA and base beneficiary premium amounts.** Changing the benefits in Part D would have a domino effect. It would have implications for pricing of the plan bid for basic Part D benefits, which in turn could affect the NAMBA and the base beneficiary premium, which CMS would have just previously calculated and published for the year. The one exception to this guideline occurs when there is a negative Part D basic premium that cannot be offset by the Part D supplemental premium without making limited changes to the Part D benefits.
3. **When BPTs are resubmitted after the benchmarks are published, MAOs must reflect the published benchmarks in the BPTs.**
4. **MAOs must not allocate more rebates to a premium than the value of that premium.** As in guideline 5, the amount of rebates allocated to each premium in the BPT cannot exceed the value of that premium. In fact, the final validation of the BPT will not allow this circumstance to occur.



1. **MAOs may consider CMS' recommended approach when making changes to Part A/Part B mandatory supplemental benefits for rebate reallocation.** CMS recommends this approach to minimize changes to the MA BPT.
2. **MAOs must limit any changes to the Part A/Part B mandatory supplemental benefits.** CMS does not expect, and will not allow, MAOs to substantially redesign Part C supplemental benefits during rebate reallocation. To limit any adjustments to the A/B mandatory supplemental benefits, CMS requires that the change in the A/B mandatory supplemental revenue requirement (MA BPT worksheet 4, R108) be between \$0 and the amount of unallocated rebate dollars. Furthermore, the MA gain/loss margin (MA BPT worksheet 4, H107) must not increase or decrease by more than \$1. CMS evaluates both requirements by comparing the pre-rebate reallocation BPT to post-rebate reallocation updates prior to premium rounding. In the instance that an MAO has not made any updates to a plan benefit package, CMS does not permit any changes to worksheet 4, cell R108 and H107 other than changes for premium rounding only.
3. **MAOs must comply with total beneficiary cost (TBC) rules.** These rules were enacted as part of the Federal standards in the Affordable Care Act (ACA). All BPT resubmissions must continue to comply with TBC rules. If changes to the Part D basic premium or Part C supplemental benefits during rebate reallocation cause a BPT to be out of compliance with these rules, there may be an exception to the limits in guideline 10 for changes in the MA gain/loss margin. In this situation, CMS contacts MAOs directly and works with them and the certifying actuaries to determine the best solution for each case.

- 4. MAOs must provide additional supporting documentation if CMS requests it.**
In accordance with item 45 of Appendix B in CMS' instructions for completing the MA BPTs, it is required that additional support—for all changes made during rebate reallocation—must be prepared and readily available for CMS reviewers upon request. When additional support is requested by CMS reviewers, it must be provided by the certifying actuary or additional MA BPT contact within 48 hours.



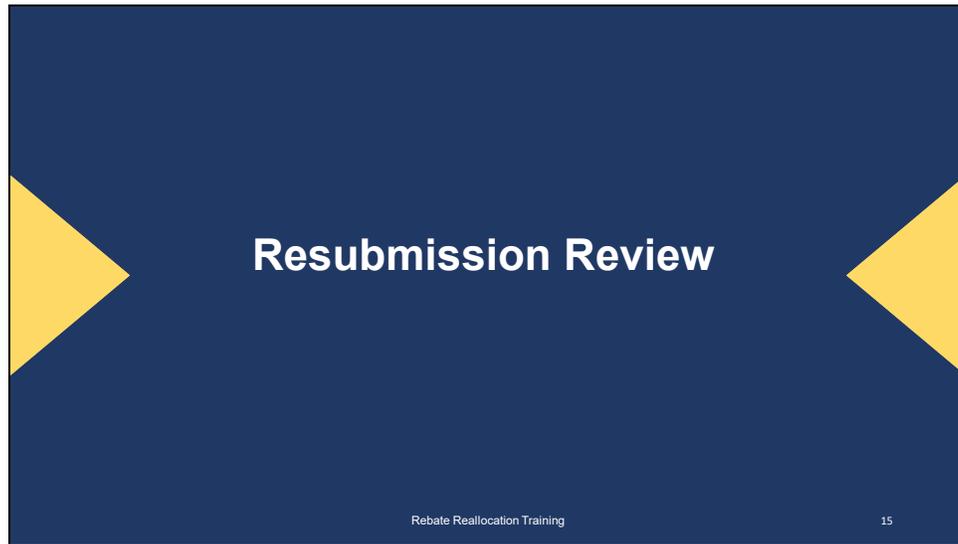
For participating in premium rounding, there are five rules listed in Appendix E of CMS’ instructions for completing the MA BPTs.

1. **MAOs must round the total plan premium to the nearest whole dollar when participating in premium rounding.** When published benchmarks result in premiums that do not represent a whole dollar value, CMS allows small changes in the MA gain/loss margin to round the total plan premium to the nearest whole dollar. CMS provides one exception to the rebate reallocation guidelines that (i) allows MAOs to use the premium rounding rules rather than rebate reallocation guidelines; and (ii) does not require the final total plan premium to represent a whole dollar amount. To be eligible for the exception, MAOs must meet the following three requirements for an MA BPT: (i) the target intention must be the LIPSA benchmark, (ii) the Part D basic premium must be equal to the total plan premium, and (iii) there must be less than or equal to \$0.50 needed for rebate reallocation.
2. **MAOs are not required to participate in rebate reallocation in order to participate in premium rounding.** If an MAO is not required to participate in rebate reallocation for a BPT and the total premium for that BPT changes due to the published benchmark values, the MAO is permitted to participate in premium rounding without participating in rebate reallocation.
3. **MAOs are not permitted to change the Part D gain/loss margin for any Part D BPT.**

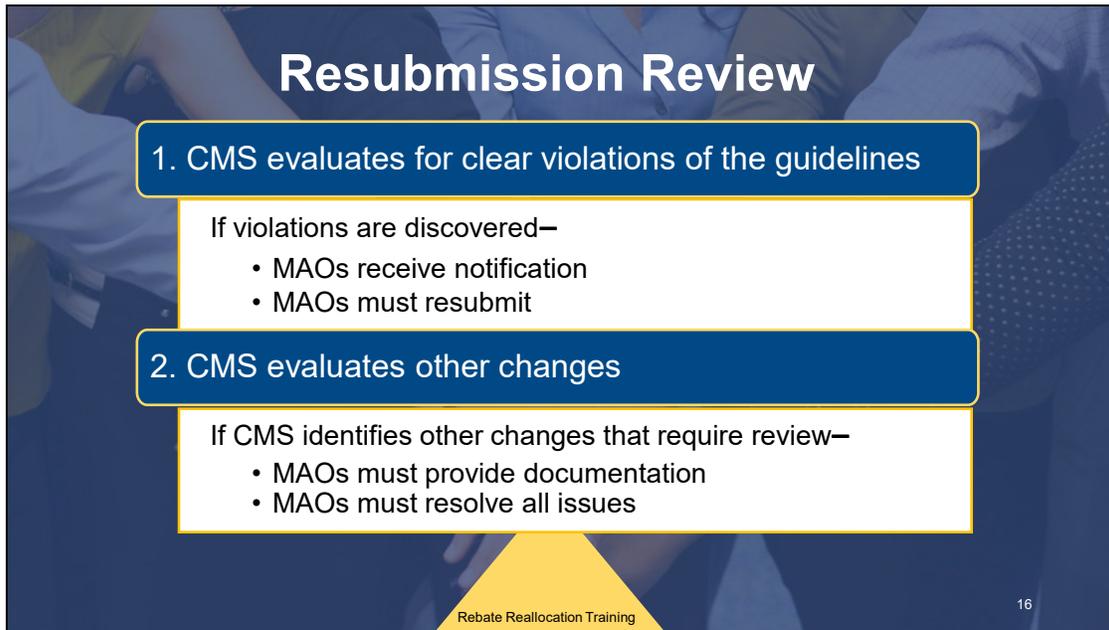
Slide 14 (continued)

5. **MAOs are not permitted to change the total plan premium or MA rebate dollars by more than \$0.50.** These changes are measured by comparing the total plan premium and MA rebate dollars after any changes for rebate reallocation have been made and the final BPT has been submitted. That is, the rules for premium rounding are applicable after all changes have been made in compliance with the guidelines for rebate reallocation.
6. **MAOs must reflect changes that result from rounding the total plan premium in the MA, Part D basic, or Part D supplemental premiums.**

This concludes the session on Appendix E guidelines for rebate reallocation.



This session of the rebate reallocation training will introduce the rebate reallocation tool and explain the review process that CMS completes after the rebate reallocation period. It will also provide a demonstration of the rebate reallocation tool.



Resubmission Review

1. CMS evaluates for clear violations of the guidelines

If violations are discovered—

- MAOs receive notification
- MAOs must resubmit

2. CMS evaluates other changes

If CMS identifies other changes that require review—

- MAOs must provide documentation
- MAOs must resolve all issues

Rebate Reallocation Training 16

After the rebate reallocation period ends, CMS runs two set of tests to evaluate all BPTs.

In the first set of tests, **CMS evaluates for clear violations of the guidelines**. CMS and CMS’ contracted bid desk reviewers will contact MAOs regarding any violations that are discovered, and MAOs must correct all violations through BPT resubmissions. These tests are described in more detail on the next slide .

In the second set of tests, **CMS evaluates other changes** that were made during the rebate reallocation period and that are beyond the scope of the guidelines or that may lead to the discovery of guideline non-compliance. CMS and CMS’ contracted bid desk reviewers require MAOs to submit additional supporting documentation for all changes made during rebate reallocation, and MAOs must resolve any issues identified during the rebate reallocation resubmission review. The second series of tests are not as explicit as the first series; that is, for the second set, if changes are beyond the scope of the guidelines, the results are at CMS' discretion. Therefore, there is no need to describe these tests in further detail.

Resubmission Review

Clear violations of the guidelines include—

1. Permissibility (Guidelines 1, 4, 5, 8)
2. Gain/Loss Margin PMPM Change (10)
3. A/B Mandatory Supplemental Revenue Requirement Change (10)
4. Part D Basic Bid (6)
5. Part D Basic Premium Target (1, 4, 5, 8)
6. Part D Supplemental Bid (6)
7. Total Plan Premium (1, 2)
8. Plan Intention for Part D Target Premium (3)



Rebate Reallocation Training 17

The first series of tests—those that evaluate for clear violations of the guidelines—require MAOs to resubmit a BPT if it fails one of the tests. The tests are as follows:

1. **Permissibility.** If an MAO is required to participate in rebate reallocation for a BPT but has not resubmitted it, or if an MAO is not permitted to participate in rebate reallocation for a BPT but has attempted to reallocate rebates, the BPT will fail the permissibility test. This is a clear violation of guidelines 1, 4, 5, or 8.
2. **Gain/Loss Margin Per Member Per Month (PMPM) Change.** If the change in the MA gain/loss margin (MA BPT worksheet 4, cell H107) increased or decreased by more than \$1 before premium rounding, the BPT will fail the gain/loss test. This is a clear violation of guideline 10. The BPT will fail this test for violations of Appendix E’s premium rounding rules (which specify that failure will occur if the changes to the MA gain/loss margin—after the changes for rebate reallocation have been made—represent a higher amount than is required to round the total plan premium).
3. **Part A/Part B Mandatory Supplemental Revenue Requirement Change.** If the A/B mandatory supplemental revenue requirement (MA BPT worksheet 4, cell R108) changed by more than the value of unallocated rebates for rebate reallocation before premium rounding, the BPT will fail the A/B mandatory supplemental test. This is a clear violation of guideline 10. The BPT will fail this test for violations of Appendix E’s premium rounding rules (which specify that failure will occur if the changes to the A/B mandatory supplemental revenue requirement —after the changes for rebate reallocation have been made—represent a higher amount than is required to round the total plan premium).

4. **Part D Basic Bid.** If the Part D basic bid amount changed, the BPT will fail the Part D basic bid test. This is a clear violation of guideline 6. The BPT will not fail this test when a Part D benefit change is required for a bid with a negative Part D basic premium that cannot be offset in the Part D supplemental premium without a change in Part D benefits. CMS reviews bids with this exception on a case-by-case basis to ensure that Part D benefit changes are reasonable and appropriate.
5. **Part D Basic Premium Target.** If the MAO participated in rebate reallocation and did not return to the target for the Part D basic premium—or did not implement a partial return in situations in which a full return is impossible—the BPT will fail the Part D target test. This is a clear violation of guidelines 1, 4, 5, or 8.
6. **Part D Supplemental Bid.** If there are changes to the Part D supplemental benefits, the BPT will fail the Part D supplemental test. This is a clear violation of guideline 6. The BPT will not fail this test when a Part D benefit change is required for a bid with a negative Part D basic premium that cannot be offset in the Part D supplemental premium without a change in Part D benefits. CMS reviews bids with this exception on a case-by-case basis to ensure that Part D benefit changes are reasonable and appropriate.
7. **Total Plan Premium.** If there are changes to the premiums on the MA BPT worksheet 6 that increase or decrease any of the premiums unnecessarily and for purposes outside those intended for rebate reallocation, the BPT will fail the total plan premium test. This is a clear violation of guideline 1 or 2.
8. **Plan Intention for Part D Target Premium.** If an MAO changes its intention for the Part D target—that is, if it shifts from targeting the initial submission for the Part D basic premium to targeting the LIPSA benchmark, or vice versa—the BPT will fail the plan intention for the Part D target premium test. This is a clear violation of guideline 3.

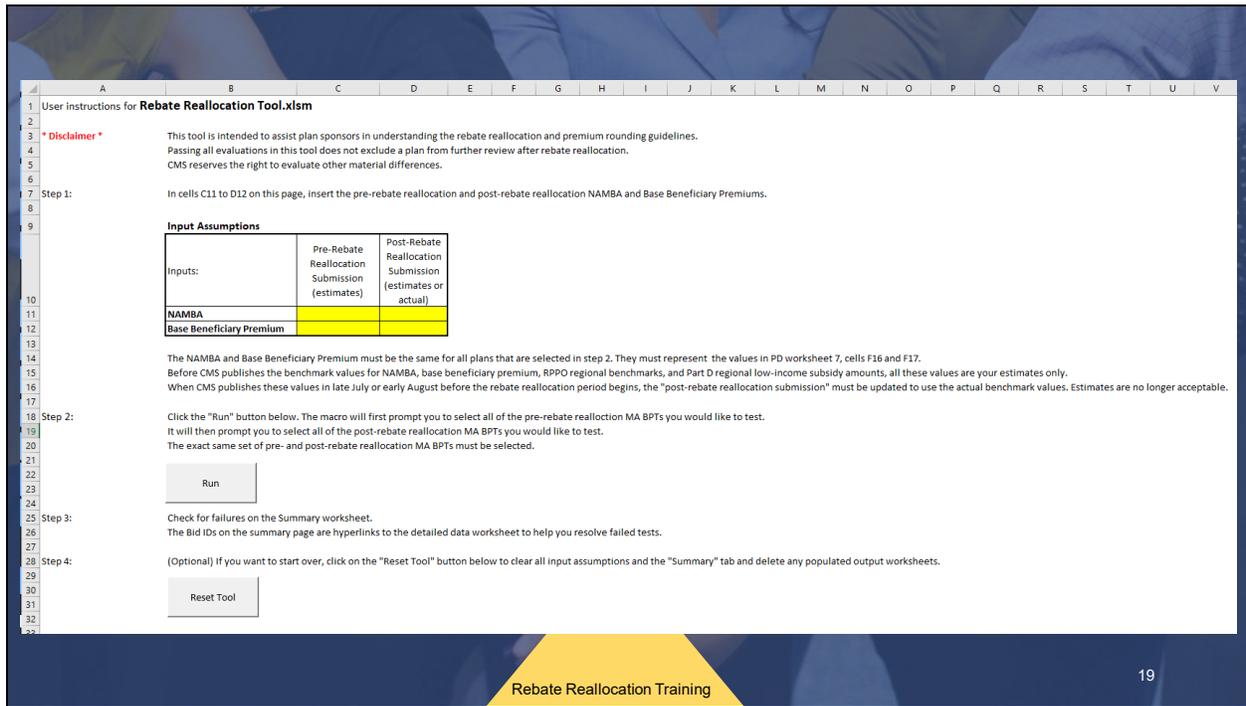


Starting in contract year 2025 , OACT provides MAOs with a rebate reallocation tool, which allows MAOs to ensure that BPT rebate reallocation resubmissions comply with CMS' guidelines for rebate reallocation and premium rounding.

OACT expects MAOs to use this tool prior to the end of the rebate reallocation period, thereby significantly reducing the number of additional resubmissions.

The rebate reallocation tool identifies when BPTs fail any of the tests that were described in the previous slide. Because CMS requires MAOs to resubmit the BPT to address these issues, it is in the best interest of both MAOs and CMS to address all failures in the rebate reallocation tool prior to the end of the rebate reallocation period.

As previously explained, CMS and CMS' contracted bid desk reviewers may contact MAOs about other changes—beyond those identified in the tool—in their BPT resubmissions for rebate reallocation. Resubmissions may be required to resolve other changes.



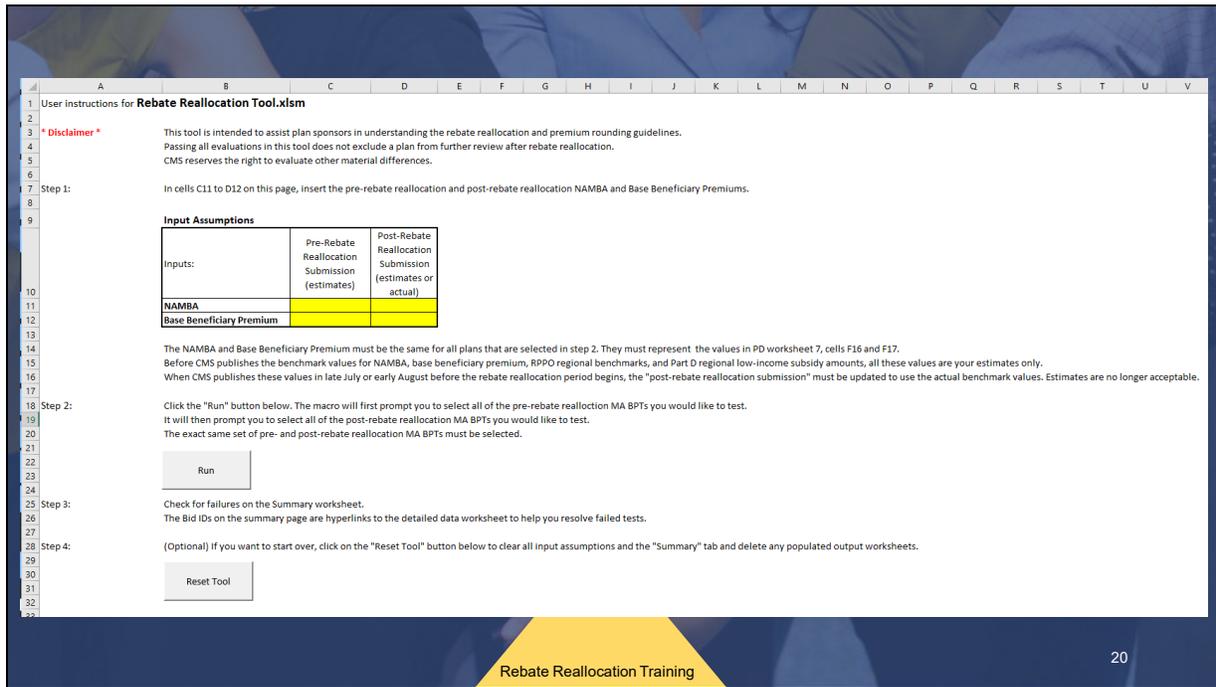
The screenshot displays the 'User instructions for Rebate Reallocation Tool.xlsm' worksheet. It includes a disclaimer, four steps of instructions, and an 'Input Assumptions' table. The table has two columns: 'Pre-Rebate Reallocation Submission (estimates)' and 'Post-Rebate Reallocation Submission (estimates or actual)'. The rows are 'NAMBA' and 'Base Beneficiary Premium', both highlighted in yellow.

Inputs:	Pre-Rebate Reallocation Submission (estimates)	Post-Rebate Reallocation Submission (estimates or actual)
NAMBA		
Base Beneficiary Premium		

The following is a brief demonstration of how to use the rebate reallocation tool and interpret the results.

On the first worksheet, there is a disclaimer along with directions listed in four steps.

In the first step, enter input assumptions in the yellow boxes. These values must match the values that are in the Part D BPTs for the NAMBA and base beneficiary premium. In the column on the left (column C), input the assumptions used in the BPT submissions prior to rebate reallocation. In the column on the right (column D), input the updated values for rebate reallocation. You may use this tool and your estimations of CMS' published values to test your BPTs prior to the rebate reallocation period. During the rebate reallocation period, you will use the actual values that are published by CMS. The RPPO and LIPSA benchmark estimates and actual values will be in the MA BPTs that you select in the next step. Therefore, you do not need to input those assumptions on this worksheet.



The screenshot shows a spreadsheet titled "Rebate Reallocation Tool.xlsm" with the following content:

1 User instructions for **Rebate Reallocation Tool.xlsm**

2

3 * **Disclaimer** * This tool is intended to assist plan sponsors in understanding the rebate reallocation and premium rounding guidelines. Passing all evaluations in this tool does not exclude a plan from further review after rebate reallocation. CMS reserves the right to evaluate other material differences.

4

5

6

7 Step 1: In cells C11 to D12 on this page, insert the pre-rebate reallocation and post-rebate reallocation NAMBA and Base Beneficiary Premiums.

8

9

Input Assumptions		
Inputs:	Pre-Rebate Reallocation Submission (estimates)	Post-Rebate Reallocation Submission (estimates or actual)
NAMBA		
Base Beneficiary Premium		

10

11

12

13

14 The NAMBA and Base Beneficiary Premium must be the same for all plans that are selected in step 2. They must represent the values in PD worksheet 7, cells F16 and F17. Before CMS publishes the benchmark values for NAMBA, base beneficiary premium, RPPO regional benchmarks, and Part D regional low-income subsidy amounts, all these values are your estimates only. When CMS publishes these values in late July or early August before the rebate reallocation period begins, the "post-rebate reallocation submission" must be updated to use the actual benchmark values. Estimates are no longer acceptable.

15

16

17

18 Step 2: Click the "Run" button below. The macro will first prompt you to select all of the pre-rebate reallocation MA BPTs you would like to test. It will then prompt you to select all of the post-rebate reallocation MA BPTs you would like to test. The exact same set of pre- and post-rebate reallocation MA BPTs must be selected.

19

20

21

22

23

24

25 Step 3: Check for failures on the Summary worksheet. The Bid IDs on the summary page are hyperlinks to the detailed data worksheet to help you resolve failed tests.

26

27

28 Step 4: (Optional) If you want to start over, click on the "Reset Tool" button below to clear all input assumptions and the "Summary" tab and delete any populated output worksheets.

29

30

31

32

33

Rebate Reallocation Training

20

In the second step, you will be selecting two versions of each BPT that you want the tool to evaluate. It is probably easiest to save your pre- and post-rebate reallocation BPTs in two separate folders to ensure that you are selecting the correct versions of the BPTs in each part of this step. When you click the "Run" button, a message will appear and prompt you to select the MA BPTs in the file explorer. Select at least one MA BPT—OACT suggests not selecting more than 200—that has the pre-rebate reallocation assumptions. There is no need to select Part D BPTs in this tool. After you select "Open" for the MA BPTs, you will be prompted with a message again to select your "rebate reallocation" BPTs. After you select "Open" for these MA BPTs, the tool will analyze the data. The worksheet titled "Summary" will populate results, and the tool will create a separate worksheet for each bid ID from the selected BPTs.

In the third step, you will review the "Summary" worksheet to check which bid IDs have passed each test and which have failed. You may also view more details about the tests in the individual worksheets for the bid IDs.

In the fourth step, if you wish to clear all data and evaluations in the tool, click the "Reset Tool" button.

A	B	C	D	E	F	G	H	I	J	K	L	M	N
BID ID	Rebate Reallocation Permissibility	Is the Bid Participating in Part D Rebate Reallocation?	Total Unallocated Rebates	RPPO Unallocated Rebates	Part D Unallocated Rebates	Permissibility Test	Gain/Loss Margin PMPM Change Test	A/B Mandatory Supplemental Revenue Requirement Change Test	Part D Basic Bid Test	Part D Basic Premium Target Test	Part D Supplemental Bid Test	Total Plan Premium Test	Plan Intention for Part D Target Premium Test
H0000 001 000	Not Permitted	Premium Rounding Only	N/A	N/A	N/A	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass
H0000 002 000	Not Permitted	No	N/A	N/A	N/A	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass
H0000 003 000	Required	Yes	\$10.90	N/A	\$10.90	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass
H0000 004 000	Required	Yes	\$11.00	N/A	\$11.00	Pass	Pass	Fail	Pass	Pass	Pass	Pass	Pass
H0000 005 000	Required	Yes	\$10.90	N/A	\$10.90	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass
H0000 006 000	Permitted	Yes	\$10.90	N/A	\$10.90	Pass	Fail	Pass	Pass	Pass	Pass	Pass	Pass
H0000 007 000	Not Permitted	No	N/A	N/A	N/A	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass
H0000 008 000	Not Permitted	Premium Rounding Only	N/A	N/A	N/A	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass
H0000 009 000	Required	Yes	\$11.00	N/A	\$11.00	Pass	Fail	Pass	Pass	Pass	Pass	Pass	Pass
H0000 010 000	Permitted	Yes	\$11.00	N/A	\$11.00	Pass	Fail	Pass	Pass	Pass	Pass	Pass	Pass

Here is a sample output for the “Summary” worksheet. Each bid ID is hyperlinked. If you click on the link, it will take you to the worksheet that contains more information for that bid ID.

In this “Summary” worksheet, the first several columns provide information about permissibility and the value of unallocated rebate dollars after the BPTs reflect changes for the published benchmark values. The last several columns are for the rebate reallocation tests; if the BPT fails any of these tests, resubmission is required. The bid ID worksheets provide additional details on each of these tests.

H0000 002 000		MA-PD		Rebate Reallocation (RR)		Not Permitted		Estimates for Benchmark Release		Pre-Rebate Reallocation	Post-Rebate Reallocation
File Name				Plan's Participation in Part D RR	No			National Average Monthly Bid Amount	\$53.35	\$64.28	
Pre-Rebate Reallocation BPT (1st BPT)	H0000 002 000 - MA BPT Version 4.xlsm			Total Unallocated Rebates	N/A			Base Beneficiary Premium	\$34.70	\$34.70	
Rebate Reallocation BPT (2nd BPT)	H0000 002 000 - MA BPT Version 5.xlsm			RPO	N/A			Part D Basic Premium Target	\$39.60	\$28.60	
				Part D Basic	N/A			LIPSA Benchmark	N/A	N/A	
								RPPO benchmark	N/A	N/A	
General Information											
Organization Name	ABC Parent Org (Demo)	Enrollee Type:	A/B	Region Name:							
Plan Name:	Plan H0000 002 (Demo)	MA Region:	N/A	SNP Type:	N/A						
Plan Type:	HMC/PCS	Act. Swap/Equip Apply:	N	VBID-C:	N						
MA-PD:	Y	SNP:	N	VBID-H:	N						
Cell		Pre-Rebate Reallocation Submission (1st BPT)	Pre-Rebate Reallocation BPT Updated for NAMBA and BBP	Post-Rebate Reallocation Submission (2nd BPT)	Tests	Notes					
H107	MA Worksheet 4										
	W. Gain/(Loss) Margin	\$88.54	\$88.54	\$88.54	Pass	The Gain/Loss Margin PMPM change is not too significant.					
R22	MA Worksheet 6										
	1. A/B Mandatory Supplemental revenue requirements	\$122.28	\$122.28	\$122.28	Pass	The A/B mandatory supplemental benefits required revenue (WS4 R108) is not permitted to be updated.					
R24	2. Less rebate allocations:										
R25	2a. Reduce A/B Cost Sharing	-84.49	-84.49	-84.49							
R25	2b. Other A/B Mand Supplemental Benefits	-24.39	-24.39	-24.39							
R27	3. A/B Mandatory Supplemental premium	13.40	13.40	13.40							
R29	4. Basic MA premium	0.00	0.00	0.00							
R30	5. Total MA Enrollee Premium (excl. Opt. Suppl.)	13.40	13.40	13.40							
R31	6. Rounded MA Premium (excl. Opt. Suppl.)	\$13.40	\$13.40	\$13.40							
	7. Part D Basic Premium										
R34	7a. Prior to rebates (rounded value from Part D BPT)	\$39.60	\$28.60	\$28.60	Pass	The Part D bid is not permitted to change.					
R35	7b. A/B rebates allocated to Part D Basic Premium	\$0.00	\$0.00	\$0.00							
R36	7c. A/B rebates for Part D Basic Premium (rounded)	\$0.00	\$0.00	\$0.00							
R37	7d. Part D Basic Premium*	\$39.60	\$28.60	\$28.60	Pass	The Part D basic premium must return to target.					
	8. Part D Supplemental Premium										
R40	8a. Prior to rebates (rounded value from Rv BPT)	\$32.40	\$32.40	\$32.40	Pass	The Part D Supplemental bid is not permitted to change.					
R41	8b. A/B rebates allocated to Part D Suppl Premium	\$32.40	\$32.40	\$32.40							
R42	8c. A/B rebates for Part D Suppl Premium (rounded)	\$32.40	\$32.40	\$32.40							
R43	8d. Part D Supplemental Premium	\$0.00	\$0.00	\$0.00							
R45	9. Total estimated plan premium*	\$53.00	\$42.00	\$42.00	Pass	Because this plan is not permitted to participate in rebate reallocation, the total plan premium must equal \$42.00.					
R47	10. Plan Intention for target PD basic premium	PREMIUM AMOUNT DISPLAYED IN LINE 7D	PREMIUM AMOUNT DISPLAYED IN LINE 7D	PREMIUM AMOUNT DISPLAYED IN LINE 7D	Pass	The plan intention is not permitted to change.					

Here is a sample output for a bid ID worksheet.

At the top, there is information about the bid ID, the BPTs that were selected for comparison, general information about the plan, an overview of permissibility, unallocated rebate dollars, benchmark values, and Part D basic premium target values.

At the bottom, there is MA BPT information from worksheet 4 and worksheet 6.

- The first column (column C) displays values from the first BPT—that is, the BPT with estimates for the benchmark values.
- The second column (column D) displays only the update to worksheet 6, line 7a—that is, the update to the Part D basic premium for the updated benchmark but before rebate reallocation.
- The third column (column E) displays the values from the second BPT—that is, the BPT with updates for rebate reallocation.
- The last two columns (column F&G) display the tests that are performed on the changes in those cells, with notes that give more details regarding what is permitted.

B	C	D	E	F	G	H	I	J	K	
H0000 011 000	MA-only			Rebate Reallocation (RR) Permissibility	Not Permitted					
File Name				Plan's Participation in Part D RR	No		Estimates for Benchmark Release	Pre-Rebate Reallocation	Post-Rebate Reallocation	
Pre-Rebate Reallocation BPT (1st BPT)	H0000 011 000 - MA BPT Version 5.xlsm			Total Unallocated Rebates	N/A		National Average Monthly Bid Amount	\$53.35	\$64.28	
Rebate Reallocation BPT (2nd BPT)	H0000 011 000 - MA BPT Version 6.xlsm			RPPO	N/A		Base Beneficiary Premium	\$34.70	\$34.70	
				Part D Basic	N/A		Part D Basic Premium Target	N/A	N/A	
							LIPSA Benchmark	N/A	N/A	
No changes are permitted (except for cell R34) because plan is not permitted to participate in rebate reallocation.								RPPO benchmark	N/A	N/A
General Information										
Organization Name	ABC Parent Org (Demo)			Enrollee Type:	A/B	Region Name:				
Plan Name:	Plan H0000 011 (Demo)			MA Region:	N/A	SNP Type:		N/A		
Plan Type:	HMOPOS			Act. Swap/Equiv Apply:	N	VBID-C:		N		
MA-PD:	Y			SNP:	N	VBID-H:		N		

If the BPT fails the permissibility test, there will be a message that displays above the general information.

A	B	C	D	E	F	G
Cell		Pre-Rebate Reallocation Submission (1st BPT)	Pre-Rebate Reallocation BPT Updated for NAMBA and BBP	Post-Rebate Reallocation Submission (2nd BPT)	Tests	Notes
MA Worksheet 4						
H107	1w. Gain/(Loss) Margin	\$57.07	\$57.07	\$55.22	Fail	The change in Gain/Loss Margin PMPM is too significant. Please refer to Appendix E of the MA BPT Instructions.
MA Worksheet 6						
R22	1. A/B Mandatory Supplemental revenue requirements	\$149.24	\$149.24	\$159.64	Pass	The A/B mandatory supplemental benefits required revenue (WS4 R108) must be between \$149.24 and \$160.14.
R24	2. Less rebate allocations:					
	2a. Reduce A/B Cost Sharing	-78.17	-78.17	-85.32		
R25	2b. Other A/B Mand Supplemental Benefits	-71.07	-71.07	-74.32		
R27	3. A/B Mandatory Supplemental premium	0.00	0.00	0.00		
R29	4. Basic MA premium	0.00	0.00	0.00		
R30	5. Total MA Enrollee Premium (excl. Opt. Suppl.)	0.00	0.00	0.00		
R31	6. Rounded MA Premium (excl. Opt. Suppl.)	\$0.00	\$0.00	\$0.00		
	7. Part D Basic Premium					
R34	7a. Prior to rebates (rounded value from Part D BPT)	\$80.40	\$69.50	\$69.50	Pass	The Part D bid is not permitted to change.
R35	7b. A/B rebates allocated to Part D Basic Premium	\$38.40	\$38.40	\$27.50		
R36	7c. A/B rebates for Part D Basic Premium (rounded)	\$38.40	\$38.40	\$27.50		
R37	7d. Part D Basic Premium*	\$42.00	\$31.10	\$42.00	Pass	The Part D basic premium must return to target.
	8. Part D Supplemental Premium					
R40	8a. Prior to rebates (rounded value from Rx BPT)	\$39.50	\$39.50	\$39.50	Pass	The Part D Supplemental bid is not permitted to change.
R41	8b. A/B rebates allocated to Part D Suppl Premium	\$39.50	\$39.50	\$39.50		
R42	8c. A/B rebates for Part D Suppl Premium (rounded)	\$39.50	\$39.50	\$39.50		
R43	8d. Part D Supplemental Premium	\$0.00	\$0.00	\$0.00		
R45	9. Total estimated plan premium*	\$42.00	\$31.10	\$42.00	Pass	Because this plan chose to participate in rebate reallocation, the total plan premium must equal \$42.00.
R47	10. Plan intention for target PD basic premium	PREMIUM AMOUNT DISPLAYED IN LINE 7D	PREMIUM AMOUNT DISPLAYED IN LINE 7D	PREMIUM AMOUNT DISPLAYED IN LINE 7D	Pass	The plan intention is not permitted to change.

In the bottom section, the first test is the gain/loss margin PMPM change test. In this example, the BPT is failing because the change in gain/loss margin is greater than the amount that is permitted for rebate reallocation and premium rounding.

The second test is the A/B mandatory supplemental revenue requirement change test. The notes describe the permitted range of values for worksheet 4, cell R108. When a total plan premium has been rounded to the nearest whole dollar, the values in the notes for R108 will include the amount needed for premium rounding as well.

The third test ensures that the Part D basic bid has not changed beyond the changes made for the benchmarks. In this example, the value in the cell in the post-rebate reallocation column (\$69.50) must be equal to the value in the cell to the left of it.

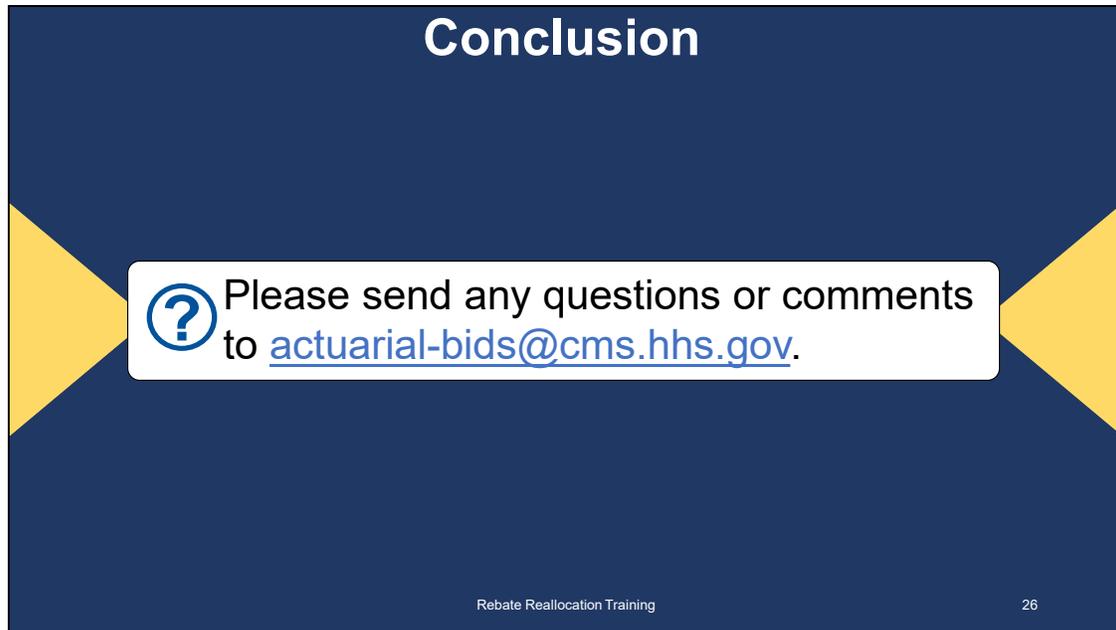
The fourth test ensures that the target is reached when a plan is participating in rebate reallocation. The value in the cell in the post-rebate reallocation column must match the target value that is displayed above in cell K4. Cell K4 is updated to show the correct value for the BPT's situation (that is, the cell will show the value for a partial return, the published LIPSA, or the new target if the plan is permitted to participate in rebate reallocation but chose not to).

A	B	C	D	E	F	G	H	I	J
Cell		Pre-Rebate Reallocation Submission (1st BPT)	Pre-Rebate Reallocation BPT Updated for NAMBA and BBP	Post-Rebate Reallocation Submission (2nd BPT)	Tests	Notes			
MA Worksheet 4									
H107	w. Gain/(Loss) Margin	\$57.07	\$57.07	\$55.22	Fail	The change in Gain/Loss Margin PMPM is too significant. Please refer to Appendix E of the MA BPT Instructions.			
MA Worksheet 6									
R22	1. A/B Mandatory Supplemental revenue requirements	\$149.24	\$149.24	\$159.84	Pass	The A/B mandatory supplemental benefits required revenue (WS4 R108) must be between \$149.24 and \$160.14.			
R24	2. Less rebate allocations:								
	2a. Reduce A/B Cost Sharing	-78.17	-78.17	-85.32					
R25	2b. Other A/B Mand Supplemental Benefits	-71.07	-71.07	-74.32					
R27	3. A/B Mandatory Supplemental premium	0.00	0.00	0.00					
R29	4. Basic MA premium	0.00	0.00	0.00					
R30	5. Total MA Enrollee Premium (excl. Opt. Suppl.)	0.00	0.00	0.00					
R31	6. Rounded MA Premium (excl. Opt. Suppl.)	\$0.00	\$0.00	\$0.00					
	7. Part D Basic Premium								
R34	7a. Prior to rebates (rounded value from Part D BPT)	\$80.40	\$69.50	\$69.50	Pass	The Part D bid is not permitted to change.			
R35	7b. A/B rebates allocated to Part D Basic Premium	\$38.40	\$38.40	\$27.50					
R36	7c. A/B rebates for Part D Basic Premium (rounded)	\$38.40	\$38.40	\$27.50					
R37	7d. Part D Basic Premium*	\$42.00	\$31.10	\$42.00	Pass	The Part D basic premium must return to target.			
	8. Part D Supplemental Premium								
R40	8a. Prior to rebates (rounded value from Rx BPT)	\$39.50	\$39.50	\$39.50	Pass	The Part D Supplemental bid is not permitted to change.			
R41	8b. A/B rebates allocated to Part D Suppl Premium	\$39.50	\$39.50	\$39.50					
R42	8c. A/B rebates for Part D Suppl Premium (rounded)	\$39.50	\$39.50	\$39.50					
R43	8d. Part D Supplemental Premium	\$0.00	\$0.00	\$0.00					
R45	9. Total estimated plan premium*	\$42.00	\$31.10	\$42.00	Pass	Because this plan chose to participate in rebate reallocation, the total plan premium must equal \$42.00.			
R47	10. Plan Intention for target PD basic premium	PREMIUM AMOUNT DISPLAYED IN LINE 7D	PREMIUM AMOUNT DISPLAYED IN LINE 7D	PREMIUM AMOUNT DISPLAYED IN LINE 7D	Pass	The plan intention is not permitted to change.			

The fifth test ensures that the Part D supplemental bid has not changed. In this example, the value in the cell in the post-rebate reallocation column (\$39.50) must be equal to the value in the cell to the left of it.

The sixth test is the total plan premium test. The notes describe the value or permitted range of values for the total estimated plan premium, which is based on what choice the MAO made for participating in rebate reallocation and premium rounding. For example, because this plan chose to participate in rebate reallocation, overestimated the rebates for the Part D basic premium, and is unable to reduce the MA or Part D supplemental premiums (because these amounts are already \$0), the total plan premium must be equal to \$42.00. If the MAO had chosen not to participate in rebate reallocation, then the total plan premium would have been either \$31.10 or \$31.00 after premium rounding rules were applied, and the notes would have reflected those values.

The final test is the plan intention for the Part D target premium test. The value in the cell in the post-rebate reallocation column must be equal to the value in the cell to the left of it.



Conclusion

⓪ Please send any questions or comments to actuarial-bids@cms.hhs.gov.

Rebate Reallocation Training 26

This concludes the rebate reallocation training sessions. Please send any questions or comments to actuarial-bids@cms.hhs.gov.