

February 2025 Actuarial User Group Call

Thursday February 20, 2025
11:00AM – 12:00 PM ET

To be able to ask questions during the call, join online at—

- <https://cms.zoomgov.com/j/1614836941?pwd=a2bvXHw6QBNtMmXiHukdByXN0QA5BK.1>
- Meeting ID: 161 483 6941
- Passcode: 155119

To participate in listen-only mode, join by phone at—

- Participant Dial-In Number: (833) 568-8864
 - Meeting ID: 161 483 6941
 - Passcode: 155119
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- Welcome
 - The following have been posted to the CMS webpage at: <https://www.cms.gov> > Medicare > Payment > Medicare Advantage Rates & Statistics > Actuarial Bid Questions.
 - Call Agenda
 - UGC Q&A file
 - Draft BPTs and Bid Instructions were released on Tuesday, February 18, 2025
 - Announcement memo was released via HPMS on February 7, 2025; the memo contains the weblink (https://surveys.CMS.gov/jfe/form/SV_cFHwGyHeB2njVrM) to download the files.
 - Comments should be submitted—via the website— as soon as possible, but not later than 11:59 PM Pacific Standard Time on Saturday, March 1, 2025.
 - We appreciate the feedback we received from the November UGC. The comments were helpful in developing the draft bid instructions.
 - Revisions to Bid Pricing Tools for CY2026
 - Add-in Macro Technical Issues
 - Due to continued Microsoft updates, enhancements in security, your IT department settings and local environment settings, each user may have different experiences with the Add-in macro loading.
 - Added additional troubleshooting steps to the BPT technical instructions to assist in working with the latest Microsoft Security features that may block the add-in macro from running. This includes a series of Trust Center settings which may require coordination from your IT department (see section 1.2.2).

- Please review these steps if you have any issues with the add-in macros loading and reach out to us at the actuarial-bids mailbox if needed.
 - No major changes to BPTs since November UGC
 - Few minor changes to Part D BPT from Nov UGC:
 - Reimplemented formula on WS6 cell G51 that was mistakenly deleted.
 - Updated formula for Manufacturer Discount on WS7 cell F30 to subtract out the projected Selected Drug Subsidy on WS7 cell F31. Plans get the discount or the subsidy on a drug, not both.
 - Removed the ESRD-SNP indicator from the Part D BPT.
- CY2026 Draft Bid Instructions
 - General Comments
 - The instructions may require updating for changes in policy before finalization.
 - The general drafting notes and the revisions discussed today are not a substitute for reading the bid instructions.
 - Risk-Sharing Arrangements
 - Consistent with the announcement on the November UGC, we added entries to the MA BPT to reflect the break-out of risk-sharing arrangement payment adjustments by service category in both the base and projection periods. Similarly, we added cells to the PD BPT to reflect the break-out of the dollars associated with DIR #10 in the base and projection periods.
 - These cells are stand alone and do not feed into the rest of the BPT. As such, risk-sharing arrangement payment adjustments should continue to be reported in the allowed and net PMPM cells in the MA BPT. Similarly, DIR #10 should continue to be reported in the rebates cells in the PD BPT.
 - We updated Appendix B item 23 to include support for the new Risk-Sharing Arrangement Payment Adjustment cells on MA Worksheets 1 and 4.
 - i. Appendix B item 23.1 now requires plan sponsors to include whether there is an associated amount reported in the new Risk-Sharing Arrangement Payment Adjustment cells for each arrangement.
 - ii. Appendix B item 23.2 now requires plan sponsors to include the total Risk-Sharing Arrangement Payment Adjustment associated with each arrangement and a numerical demonstration of the methodology used to allocate this total across all BPTs associated with the arrangement.
 - ESRD
 - Consistent with the announcement on the November UGC,
 - i. We removed Appendix I, due to the discontinuation of the ESRD-SNP BPT. All C-SNPs that target CKD will be required to submit a MA BPT.
 - ii. C-SNPs that target CKD will be required to project at least one non-ESRD status member month to develop a valid MA BPT. We have not added guidance to the instructions for this situation. If an ESRD-SNP has

no experience with non-ESRD status enrollees, we would expect the plan to develop a manual rate using normal procedures. Please feel free to reach out to the actuarial-bids mailbox if additional guidance is needed.

- iii. We added language indicating that MA Worksheet 4 Section III must be completed by all C-SNPs that target CKD. Since all C-SNPs that target CKD are now required to complete this section, we added a new cell on MA Worksheet 4 Section III (cell J131) to indicate whether the plan is electing to have the Total CY ESRD “subsidy” flow through to MA Worksheet 4 Section II.
- iv. Due to these changes, we updated Appendix B item 24 in the MA Instructions to include additional items.
 - Due to feedback received, we updated our clarification to the ESRD status instructions. An enrollee is considered to be in ESRD status for a specified time period if the “Monthly Membership Report” (MMR) indicates that the CMS-HCC ESRD Risk Adjustment model is being used for payment, or the Beneficiary File indicates ESRD.
- Gain/Loss Margin
 - Consistent with the announcement on the November UGC, we updated Appendix B item 8.6 in the MA and PD Instructions to require this item to be completed when gain/loss margin as a percentage of revenue at the bid level is less than –10 percent and the bid has existed since CY2022.
 - During the CY2026 bid desk review season, we intend to increase our focus on whether negative margins are appropriately priced. For renewing plans, certifying actuaries should consider that increases to benefits and/or decreases to member premiums from the preceding year may be inappropriate to support a negative margin.
- VBID
 - Consistent with the announcement on the November UGC,
 - i. We removed references to the VBID-H indicator and PBP line 19c from the MA Instructions.
 - ii. Since plans were still able to offer VBID Hospice during CY2024, references for how to reflect VBID Hospice experience in the base period were not removed from the MA Instructions.
 - Due to the discontinuation of VBID, we have updated the MA and PD Instructions to indicate that the VBID-C and VBID-D cells in the MA and PD BPTs are no longer inputs and will be automatically filled in as “N.” MA and PD supporting documentation item 17 has been updated to “not applicable” since it was specific to VBID.
- Level of Significance
 - Consistent with the announcement on the November UGC, we added instructions for the MA level of significance cell on Worksheet 1 Section II. If an MA level of significance is used to determine whether a Contract-Plan ID-

Segment ID is listed in Worksheet 1 Section II, line 6, plans must enter the MA level of significance in this cell.

- Supporting Documentation
 - Consistent with the announcement on the November UGC,
 - i. We added a bullet to the general section of Appendix B in the MA and PD Instructions stating that supporting documentation items with data that cannot be directly traced back to data entered in the BPT are not acceptable.
 - ii. We updated Appendix B item 6 in the MA Instructions to clarify justification must be included if the PMPM impact of the maximum OOP is zero.
 - iii. We updated Appendix B item 22.1 in the MA Instructions to clarify that this is a separate item than the item that is uploaded to HPMS via the Cost Sharing Justification link.
- Appendix E – Rebate Reallocation Guidelines
 - Consistent with the announcement on the November UGC, we did not make any changes in our guidance for CY2026.
 - i. We have updated the permissibility tables to be more clear.
 - ii. We have updated the guidance for TBC compliance during rebate reallocation.
 - iii. We have added two examples.
- Other Part D Instruction Changes
 - Due to feedback received, we updated the instructions for the maximum fair price drug cells on Worksheets 2 and 3.
 - i. We clarified that utilization changes due to the price reduction for Maximum Fair Price Drugs must be included in the Other Change column of the Components of Utilization Change section on Worksheet 2.
 - ii. We clarified that the price reduction for Maximum Fair Price Drugs must be included in the Inflation Trend column of the Components of Unit Cost Change section on Worksheet 2.
 - iii. We clarified that the Maximum Fair Price Drug cells on Worksheet 3 must reflect the defined standard benefit for all plans.
 - Due to feedback received, we clarified that the subsidy for selected drugs is the ten percent subsidy paid by CMS in the initial coverage phase for selected drugs. This is the amount that should be included in the manufacturer discount cells and subsidy for selected drugs cells on Worksheet 6. Federal reinsurance for selected drugs is not included in this amount and should be treated similarly to other federal reinsurance in the BPT.
 - Due to feedback received, we clarified that the calculated manufacturer discount value on Worksheet 7 is exclusive of the subsidy for selected drugs.

- Due to feedback received, we clarified that Appendix B item 12.5 is required for the projection period, not the base period. This item specifies that Part D manual rate support should include member months, allowable costs, and scripts by benefit phase.
 - Due to feedback received, we clarified that Appendix B item 6.4 is only required for the projection period, since the Insulin and Vaccine entries have been removed from Worksheet 1.
 - Consistent with the November UGC, we added Appendix B item 6.7 as support for the subsidy for selected drugs.
 - Consistent with the November UGC, we clarified in the Clarifications section of Worksheet 6 bid instructions, that scripts and dollars for claims that straddle multiple benefit phases must be prorated and allocated to the appropriate benefit phases.
- CY2026 Advance Notice and Draft CY 2026 Part D Redesign Program Instructions were released on Friday, January 10th. Thank you to all that were able to provide comments; the feedback will be helpful in developing the final guidance.
- OOPC/TBC
 - CY2025 Part C and Part D Baseline Out-of-Pocket Cost (OOPC) Models are available for plan sponsors to calculate their updated CY 2025 OOPC values. Please refer to the HPMS memo released on December 20, 2024.
 - These values will serve as the baseline for evaluating the TBC change between CY 2025 and CY 2026.
 - CY2026 Part C and Part D Bid Review OOPC Models are expected to be released in April.
- CY2026 Medicare Parts C and D Annual Calendar was released on January 14th. The calendar provides important operational dates for all organizations such as the date bids are due to CMS, the date that organizations must inform CMS of their contract non-renewal, and dates for beneficiary mailings.
- Actuarial Certification
 - The overall process expected to be similar to last year.
 - An announcement memo will be released via HPMS.
 - The Actuarial Certification Module expected to be released May 9th.
 - Initial actuarial certification is expected to be due to CMS on June 6th.
- Upcoming Timeline
 - Bid Forms and Instructions expected to be released on Friday, April 11th.
 - Weekly Actuarial User Group Calls: Thursdays, April 17th through May 29th.
 - Bid Submission deadline Monday June 2nd.
 - Initial actuarial certification expected to be due to CMS on June 6th.
- Live Q&A
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- Conclusion