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TO: All Medicare Advantage Organizations, 1876 Cost Plans, and Part D Plan Sponsors

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SUBJECT: Medicare Plan Finder (MPF) Plan Version of Out-of-Pocket Cost (OOPC)
Model for CY 2017

The purpose of this memo is to announce that an updated version of the 2017 Out-of-Pocket Cost (OOPC) model is now available for Medicare Advantage Organizations (MAOs), 1876 Cost Plans, and Part D sponsors to use in calculating their CY 2017 OOPC values. This version reflects the values currently displayed in the Medicare Plan Finder (MPF) and is an update to the May 20, 2016 Plan Model version that was used to calculate plan specific OOPC amounts in preparing CY 2017 bid submissions. This updated OOPC model will be referred to as the CY 2017 MPF Plan Version.

The updated model may be accessed at: <http://www.cms.gov/Medicare/Prescription-Drug-Coverage/PrescriptionDrugCovGenIn/OOPCResources.html>. CMS encourages stand-alone Prescription Drug Plans (PDPs) and MAOs to run their plan benefit structures through the updated OOPC model. The updated OOPC model will allow plans to test their current benefit design to prepare for the CY 2018 bids, including Parts C and D Meaningful Difference, Part C Total Beneficiary Cost (TBC), and 1876 Cost Plans to Medicare Advantage plan conversion evaluations prior to bid submission. The OOPC values displayed in the version released today are based on CY 2017 approved bids; these values will be used in the baseline TBC calculation for evaluating the TBC change between CY 2017 and CY 2018, and may be used in forecasting CY 2018 bids. The CY 2018 OOPC Plan Model Version will be released in April 2017.

There are several differences between the CY 2017 MPF Plan Version and the May 20, 2016 release of version 2 of the Plan Model used to develop OOPC values during CY 2017 bid preparation. These differences include:

- Updated Medicare Current Beneficiary Survey (MCBS) utilization and inflation factors. The CY 2017 MPF Plan Version includes 2011 and 2012 MCBS utilization and cost data, which reflect CY 2017 levels. The May 20, 2016 model used 2010 and 2011 MCBS utilization and cost data which reflected CY 2016 levels.
- Updated 2017 deductibles and coinsurance for Medicare Part A and Part B. OOPC

estimates will be affected if plans tie cost sharing to any of these values.

- Updated Formulary Reference Files (FRF). The CY 2017 MPF Plan Version uses the CY 2017 FRF released in July 2016, associated cross-reference files, and generic substitution data files. (The May 20, 2016 Plan Model used the CY 2017 FRF released in March 2016).
- Dental utilization information about individual services (e.g., number of cleanings, exams, x-rays, fillings, root canals, etc.) is absent from the data for the MCBS survey years 2012 and part of 2011. The total dollar value for each dental visit provided by the 2011-2012 MCBS continues to be used for estimating dental costs for MAO plans that do not offer supplemental dental benefits. For the 2017 OOPC model, dental service data has been imputed, where necessary, based upon historical dental service data (2008-2010).

Plans can view their CMS generated CY 2017 MPF Plan Version OOPC values in HPMS. These data match the data currently published on the MPF. MAO OOPC values can be viewed in HPMS under: Quality and Performance > Performance Metrics > Costs > Part C Out-of-Pocket Costs. PDP OOPC values can be viewed in HPMS under: Quality and Performance > Performance Metrics > Costs > Part D Out-of-Pocket Costs.

As indicated in the chart below, the CY 2017 MPF Plan Version of the OOPC uses a different version of the drug list (Druglist_RxCUI) than will be used in the CY 2018 OOPC Plan Model to be released in April 2017. The drug list for the CY 2017 MPF Plan Version incorporates information from the July 2016 version of the CY 2017 FRF and other input sources (NDC databases, FDA Brand/Generic definitions, and Generic Substitution, 2015 PDE average prices). The CY 2018 Plan Model Version will incorporate the updated March 2017 versions of these files for CY 2018. The resulting differences from the two different Druglist_RxCUI files may not be reflected by the OOPC model change factor and may yield OOPC value differences by the plan sponsor. It will be the responsibility of the plan sponsors to address significant OOPC value differences through the benefit and formulary design.

OOPC Model	Drug List
CY 2017 MPF Plan Version (released today)	Derived from CY 2017 FRF released July 2016
CY 2018 OOPC Plan Model (to be released April 2017)	Derived from CY 2018 FRF to be released March 2017

Previous versions of the OOPC and TBC data will continue to be accessible in HPMS.

For technical and policy related questions the following resources are available:

- For technical questions about the OOPC model, please submit an email to: OOPC@cms.hhs.gov.
- For Part C policy related questions about meaningful difference and TBC, please contact: <https://mabenefitsmailbox.lmi.org/>.
- For Part D policy related questions about meaningful difference, please submit an email: to partDbenefits@cms.hhs.gov.

- For technical questions about the Bid Pricing Tool (BPT), please submit an email to: actuarial-bids@cms.hhs.gov.

Thank you for your continued support of the Medicare Advantage and Prescription Drug Programs.