



CENTER FOR MEDICARE

---

**DATE:** April 12, 2019

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

**FROM:** Amy Larrick Chavez-Valdez,  
Director, Medicare Drug Benefit and C & D Data Group

Kathryn A. Coleman,  
Director, Medicare Drug & Health Plan Contract Administration Group

**SUBJECT:** Out-of-Pocket Cost Model for Contract Year 2020 Bid Submissions

The purpose of this memorandum is to announce that CMS's Out-of-Pocket Cost (OOPC) model in SAS software will be available on the CMS.gov website on or about April 16, 2019. This model allows Stand-alone Prescription Drug Plans (PDPs) and Medicare Advantage Organizations (MAOs) to calculate OOPC values for each of their plan offerings for contract year (CY) 2020. PDPs and MAOs are encouraged to run their plan benefit structures through the SAS OOPC model to ensure that their plan offerings comply with the guidance set forth in the CY 2020 Final Call Letter: Part C Total Beneficiary Cost (TBC) and PDP Meaningful Difference.

As described in the CY 2020 Final Call Letter, CMS reviews PDP bids to ensure that plans in a given service area are meaningfully different from one another, as provided under §423.265(b)(2), in terms of key benefits or plan characteristics, such as cost sharing, formulary structure, or benefits offered. In addition, CMS reviews PDP and MAO bids to ensure that beneficiaries do not experience significant increases in cost sharing or decreases in benefits from one year to the next. Because we have provided access to the necessary tools to calculate OOPC values for each plan prior to bid submission, CMS expects PDPs and MAOs to prepare CY 2020 initial plan bid submissions that meet these requirements.

MAOs and PDPs cannot change their formularies (e.g., adding drugs, etc.), unrelated to CMS-identified formulary review concerns, as a means to satisfy PDP meaningful difference or MAO TBC requirements.

As a reminder, sponsors and plans can view their CY 2019 OOPCs in HPMS.

Part D OOPCs can be viewed in HPMS under: Quality and Performance > Performance Metrics > Costs > Part D Out-of-Pocket Costs.

Part C OOPCs can be viewed in HPMS under: Quality and Performance > Performance Metrics > Costs > Part C Out-of-Pocket Costs.

All documentation and instructions associated with running the OOPC model will be posted on the CMS website on the [OOPC Resources page](#) on or about April 16, 2019.

#### Technical Specifications:

The CY 2020 OOPC Model was developed and tested using the following:

- SAS Version 9.4 on 64-Bit workstations and Excel 2016; and
- WinZip to unzip the OOPC Model package.

Sponsors will need the following files to input into the model:

- A List of Contract/Plan/Segment numbers;
- Plan Benefit Package (PBP) data; and
- Drug formulary data.

Detailed information on all the files provided in the model and the instructions on the sequence of executing these files will be provided in a Technical User Guide, available on the OOPC Resources page on or about April 16, 2019 (link provided below).

#### Questions:

- For Part C policy related questions, such as Total Beneficiary Cost (TBC), please contact the [MA Benefits Mailbox](#)
- For Part D policy related questions about meaningful difference, please submit an email to [partdbenefits@cms.hhs.gov](mailto:partdbenefits@cms.hhs.gov)
- For technical questions about the Bid Pricing Tool, please submit an email to [actuarial-bids@cms.hhs.gov](mailto:actuarial-bids@cms.hhs.gov)
- For technical questions about the OOPC model, please submit an email to [OOPC@cms.hhs.gov](mailto:OOPC@cms.hhs.gov)

#### Technical Resources:

Item(s)	Location	Expected Date
•2020 SAS OOPC Model •Technical User Guide •2020 OOPC Methodology •OOPC FAQs	<a href="#">CMS OOPC Resources page</a>	April 16, 2019
CY 2020 PBP Software	HPMS	April 5, 2019