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**MEMORANDUM**

**DATE:** January 22, 2013

**TO:** All Medicare Advantage Organizations and Part D Plan Sponsors

**FROM:** Cynthia G. Tudor, Ph.D., Director, Medicare Drug Benefit and C & D Data Group  
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**SUBJECT:** Medicare Plan Finder (MPF) Plan Version (V1) of Out-of-Pocket Cost (OOPC) Model for CY 2013 and Updated Total Beneficiary Costs (TBC) Data Released on HPMS.

For the 2013 contract year (CY), a SAS<sup>®</sup> version of the Out-of-Pocket Cost model (OOPC) was made available to plans through the CMS website. This allowed Medicare Advantage Organizations (MAOs) and Stand-alone Prescription Drug Plans (PDPs) to calculate OOPC values for each of their plan offerings for CY2013.

Organizations can now access an updated MPF Plan Version of CY2013 OOPC model on the OOPC resources page at: <http://www.cms.gov/Medicare/Prescription-Drug-Coverage/PrescriptionDrugCovGenIn/OOPCResources.html>. PDPs and MAOs are encouraged to run their plan benefit structures through the SAS<sup>®</sup> OOPC model to ensure that their plan offerings comply with the following regulatory requirements prior to bid submission each year: Part C Meaningful Difference, Part C Total Beneficiary Cost, and Part D Meaningful Difference.

The key changes between the 2013 MPF Plan version of the OOPC model and the 2013 V1 OOPC Plan version of the model released in April, 2012 are as follows:

- The MPF Plan Version of the CY2013 OOPC model includes updated utilization data from the 2008/2009 MCBS (the earlier versions included 2006/2007 MCBS data).
- The inflation factors have been updated so that 2008 and 2009 MCBS utilization cost data reflect CY2013 levels (the earlier versions used inflation factors that adjusted 2006 and 2007 MCBS utilization to reflect CY2012 levels).
- Medicare Part A deductibles and coinsurance values, as well as Part B premiums and deductibles have been updated to 2013 values (to the extent that a plan ties its cost sharing to any of these values, their OOPC estimates will be affected).

- Updated OOPC Model uses the July 2012 Formulary Reference File (FRF), associated cross-reference file, and generic substitution data file (the earlier versions used March 2012 input files).
- Updated OOPC Model uses 2011 PDE data to calculate average drug prices (the earlier versions used 2010 PDE data).
- Numerous code enhancements and modifications have been made to the SAS<sup>®</sup> code.

Plans can view their CMS generated CY2013 MPF Plan version OOPC values in HPMS (these data match the data currently published on the Medicare Plan Finder). MAO OOPC values can be viewed in HPMS under: Quality and Performance > Part C Performance Metrics > Part C Out-of-Pocket Costs. PDP OOPC values can be viewed in HPMS under: Quality and Performance > Part D Performance Metrics and Reports > Part D Out-of-Pocket Costs.

Previous versions of the OOPC and Total Beneficiary Cost (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](mailto:OOPC@cms.hhs.gov).
- For Part C policy related questions about meaningful difference and Total Beneficiary Cost (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](mailto:partDbenefits@cms.hhs.gov).
- For technical questions about the Bid Pricing Tool (BPT), please submit an email to [actuarial-bids@cms.hhs.gov](mailto:actuarial-bids@cms.hhs.gov).

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