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TO: All Medicare Advantage Organizations (MAO), Prescription Drug Plan (PDP) Sponsors, Medicare-Medicaid Plans, and 1876 Cost Plans

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SUBJECT: CY 2020 Baseline Out-of-Pocket Cost (OOPC) Model

The purpose of this memo is to announce that the 2020 Baseline Out-of-Pocket Cost (OOPC) model is available for Medicare Advantage Organizations (MAO), Prescription Drug Plans (PDP), Medicare-Medicaid Plans and Section 1876 Cost Plans to calculate their updated CY 2020 OOPC values.

In an effort to simplify the nomenclature and increase transparency as to the purpose of the model, the following naming convention has been adopted:

1. **Baseline OOPC Model:** This version of the model, previously referred to as the “Medicare Plan Finder (MPF) Plan Version,” is being released today for use by plan sponsors. The values produced from this model are based on CY 2020 approved bids and will serve as the baseline for the MA Total Beneficiary Cost (TBC) calculation for evaluating the TBC change between CY 2020 and CY 2021.
2. **Bid Review OOPC Model:** This version of the model, previously referred to as the “Plan Model Version,” will be released in April 2020. The values produced from this model will be used in CMS’ review of CY 2021 bids, to include PDP Meaningful Difference and MA TBC reviews.

As a part of our continual efforts to improve our processes, CMS will also be releasing an updated bid review OOPC model in the near future, for stakeholder comment. This version of the model will include proposed technical enhancements intended to address potential limitations in the current model, but will not be used for CY 2021 bid review.

The 2020 Baseline OOPC Model may be accessed at: <https://www.cms.gov/Medicare/Prescription-Drug-Coverage/PrescriptionDrugCovGenIn/OOPCResources.html>. CMS encourages stand-alone

PDPs and MAOs to run their plan benefit structures through the updated OOPC model to test their current benefit design in preparation for CY 2021 bids.

The updates in the CY 2020 Baseline OOPC Model include:

- Updated Medicare Current Beneficiary Survey (MCBS) utilization and inflation factors. The CY 2020 Baseline OOPC Model includes 2015 and 2016 MCBS utilization and cost data, which reflect CY 2020 levels. The CY 2020 OOPC Plan Model, released April 12, 2019 used 2013 and 2015 MCBS utilization and cost data which reflected CY 2019 levels.
- Updated 2020 deductibles and coinsurance for Medicare Part A and Part B.
- Updated Formulary Reference Files (FRF). The CY 2020 Baseline OOPC Model uses the CY 2020 FRF released in September 2019, associated cross-reference files and substitution data files. The CY 2020 OOPC Plan Model, released April 12, 2019 used the CY 2020 FRF released in March 2019.

For convenience, CMS has generated CY 2020 Baseline OOPC model values for organizations and posted these values in HPMS. 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**. Please note, previous versions of the OOPC and TBC data will continue to be accessible in HPMS.

The CY 2020 Baseline OOPC Model uses a different version of the drug list (DRUGLIST.RXCUI.xpt) than will be used in the CY 2021 Bid Review OOPC Model to be released in April 2020. The drug list for the CY 2020 Baseline OOPC Model incorporates information from the September 2019 version of the CY 2020 FRF and other input sources (NDC databases, FDA Brand/Generic definitions, and Generic Substitution, 2018 and 2019 Prescription Drug Event average prices). The CY 2021 Bid Review OOPC Model will incorporate the updated March 2020 versions of these files for CY 2021. The resulting differences from the two different drug list files may not be reflected by the OOPC model change factor and may yield OOPC value differences. It will be the responsibility of the plan sponsors to address significant OOPC value differences through the benefit and formulary design.

Please note that the out of pocket estimated cost calculations displayed on MPF are based on values generated by the MPF OOPC model, which is separate and distinct from the Baseline and Bid Review OOPC Models. In a continued effort to enhance the MPF, the Office of Communications (OC) intends to pursue modifications to improve the estimated cost calculator that will be used in the MPF tool in the future. Significant changes to the cost calculations are not planned at this time for CY2021, however we are considering changes to how estimated costs are displayed on MPF for CY2021. OC will provide detailed information at a later date.

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

- For Part C policy related questions, such as 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, please submit an email to actuarial-bids@cms.hhs.gov
 - For questions about the MPF, please contact mpf@cms.hhs.gov.

For technical questions about the 2020 Baseline OOPC model, please submit an email to OOPC@cms.hhs.gov.