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**DATE:** April 15, 2020

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

**FROM:** Amy Larrick Chavez-Valdez,  
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**SUBJECT:** CY 2021 Bid Review Out-of-Pocket Cost (OOPC) Model

The purpose of this memorandum is to announce that the Contract Year (CY) 2021 Bid Review Out-of-Pocket Cost (OOPC) Model in SAS software will be available on the CMS.gov website on or about April 15, 2020. This version of the model was previously referred to as the “Plan Model Version”. The CY 2021 Bid Review OOPC Model allows Stand-alone Prescription Drug Plans (PDPs) and Medicare Advantage Organizations (MAOs) to calculate OOPC values for each of their plan offerings for CY 2021. 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 2021 Final Part D Bidding Instructions memorandum issued in Health Plan Management System (HPMS) on February 6<sup>th</sup>, 2020.

As described in the CY 2021 Final Part D Bidding Instructions HPMS memorandum, 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 2021 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 2020 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 15, 2020.

**Technical Specifications:**

The CY 2021 Bid Review 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 15, 2020 (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:**

<b>Item(s)</b>	<b>Location</b>	<b>Expected Date</b>
•2021 SAS OOPC Model •Technical User Guide •2021 OOPC Methodology •OOPC FAQs	<a href="#">CMS OOPC Resources page</a>	April 15, 2020
CY 2021 PBP Software	HPMS	April 10, 2020