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**DATE:** April 16, 2026

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

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**SUBJECT:** Contract Year 2027 Bid Review Out-of-Pocket Cost (OOPC) Models

The purpose of this memorandum is to announce that the Contract Year (CY) 2027 Bid Review Out-of-Pocket Cost (OOPC) Models will be available on the [CMS OOPC Resources](#) page on or about April 16, 2026. The CY 2027 Bid Review OOPC Models for Part C and Part D allow stand-alone Prescription Drug Plans (PDPs) and Medicare Advantage Organizations (MAOs) to calculate OOPC values for each of their plan offerings for CY 2027.

Please refer to the information set forth in the February 6, 2026, HPMS memorandum titled, “Contract Year (CY) 2027 Final Part D Bidding Instructions” and the forthcoming HPMS memorandum titled “Final Contract Year 2027 Standards for Part C Benefits, Bid Review and Evaluation” for information about how these OOPC models are used in CMS bid review activities. MAOs will need to calculate their Part C and Part D OOPC values separately and then combine them to arrive at their total OOPC value. As in the past, all MA plans (including those that do not include a Part D benefit) will have a Part C and a Part D OOPC value for bid review purposes.

**Updates for CY 2027**

1. The CY 2027 Bid Review Part D OOPC Model will use the maximum fair prices (MFPs) updated March 16, 2026, on the [CMS.gov website](#) for selected drugs for which there is a negotiated price under the Medicare Drug Price Negotiation Program.<sup>1</sup>
2. To support CMS efforts to modernize its data systems by transitioning away from SAS, the OOPC model software packages will include csv formats of input directory files. These csv files are not intended for use by the SAS OOPC model software packages but are for reference purposes only.

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<sup>1</sup> [File for Selected Drug List and Negotiated Prices, also known as Maximum Fair Prices in Statute](#)

## CY 2027 May Formulary Reference File (FRF) Refresh

CMS intends to release a refreshed version of the CY 2027 Part D Bid Review OOPC model to account for changes to the CY 2027 May FRF. Given the limited timeframe between the May release of the CY 2027 May FRF and the June 1, 2026, bid submission deadline, CMS will publish a refreshed CY 2027 Part D Bid Review OOPC model that includes the FRF changes as quickly as possible. As in the past, CMS notes that the only change to the model will be the input files to reflect the anticipated small number of changes between the March and May FRFs. This will include both FRF additions and deletions, both of which are expected to have a neutral impact or reduction in OOPC estimates.

As a reminder, sponsors and plans can view their CY 2026 Baseline OOPC values in HPMS. MAO OOPC values can be viewed in HPMS under: **Quality and Performance > Performance Metrics > Reports > Costs > Part C Out-of-Pocket Costs**. PDP OOPC values can be viewed in HPMS under: **Quality and Performance > Performance Metrics > Reports > Costs > Part D Out-of-Pocket Costs**.

All documentation and instructions associated with running the OOPC models will be posted on the [CMS OOPC Resources](#) page on or about April 16, 2026.

### Technical Specifications

The CY 2027 Bid Review OOPC Models were developed and tested using the following:

- SAS Version 9.4 on 64-Bit workstations and Microsoft 365 version of Excel; and
- Software that can process .Zip files to unzip the OOPC Model package.

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

- A list of contract/plan/segment numbers;
- PBP data in HPMS downloaded JSON file format; and
- Drug formulary data.

Detailed information on all the files provided in the models and the instructions on the sequence of executing these files will be provided in a Technical User Guide, available on or about April 16, 2026.

### Questions

Contact CMS with any questions or issues at the appropriate mailbox below.

- For Part C policy-related questions, such as Total Beneficiary Cost (TBC), please submit inquiries to the [MA Benefits Mailbox at: mabenefitsmailbox.lmi.org](mailto: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, please submit an email to [Actuarial-Bids@cms.hhs.gov](mailto:Actuarial-Bids@cms.hhs.gov)
- For technical questions about the OOPC models, please submit an email to [OOPC@cms.hhs.gov](mailto:OOPC@cms.hhs.gov)

## Resources

<b>Item(s)</b>	<b>Location</b>	<b>Expected Date</b>
<ul style="list-style-type: none"><li>• CY 2027 Bid Review OOPC Models</li><li>• Technical User Guide</li><li>• OOPC Methodology</li><li>• FAQs</li></ul>	<a href="#">CMS OOPC Resources</a>	April 16, 2026
<ul style="list-style-type: none"><li>• CY 2027 Part D Bid Review OOPC Model – May FRF Refresh</li></ul>		Late-May 2026