January 29, 2024

Centers for Medicare & Medicaid Services
7500 Security Boulevard
Baltimore, MD 21244–1850

Re: Bid Pricing Tool (BPT) for Medicare Advantage (MA) Plans and Prescription Drug Plans (PDP)

Submitted Electronically: https://www.reginfo.gov/public/do/PRAMain

Dear Sir/Madam:

UnitedHealthcare (UHC) is responding to the Information Collection Request (ICR) for the Bid Pricing Tool (BPT) for Medicare Advantage (MA) Plans and Prescription Drug Plans (PDP). The ICR was published by the Centers for Medicare & Medicaid Services (CMS) in the Federal Register on December 29, 2023.

UHC offers a full range of health benefits, enabling affordable coverage, simplifying the health care experience and delivering access to high-quality care. UHC is the health benefits business of UnitedHealth Group, a health care and well-being company working to help build a modern, high-performing health system through improved access, affordability, outcomes and experiences. We are committed to a future where every person has access to high-quality, affordable health care and a modern, high-performing health system that reduces disparities, improves outcomes, and lessens the burden of disease.

PRA Proposed Bid Instruction Comments

The changes in the Part D benefit from the implementation of the Inflation Reduction Act (IRA) are causing increased uncertainty in the Part D National Average Monthly Bid Amount (NAMBA) and base beneficiary premiums and the resulting direct subsidy. **UHC requests temporary flexibility for rebate reallocation over the next few years as the Part D changes from the IRA are phased in.** Medicare Advantage Organizations (MAOs) spend months thoughtfully planning member benefits and aligning those benefits across plans within a portfolio. Prior to 2024 and the changes in the IRA, MAOs had reasonable certainty that the estimates of the direct subsidy in June would be within a reasonably small margin of error (e.g., +/- $1.50 per member per month (pmpm)). Needing to make benefit changes of this magnitude did not materially alter the benefit design and MAOs were able to maintain reasonable alignment between plans within a market portfolio.

With a potential for a significantly larger change in direct subsidy at rebid during the IRA implementation process, it is more challenging to maintain the portfolio alignment from the June bid in the rebate reallocation bid. While UHC and other MAOs are making consistent actuarial values of

benefit changes, the benefits that need to change will vary based on the underling utilization in the plan. For example, a $10 specialist office copay change may be worth $4.50 pmpm) in one plan and $6.00 pmpm in another plan in the same market. The portfolio benefit relativities that we spent months aligning within a market may get misaligned due to the changes required at rebate reallocation. This may cause member confusion and dissatisfaction when shopping for MA plans and comparing benefits across the portfolio.

UHC requests that CMS consider temporarily allowing for additional flexibility in margin change and benefit change at rebid to allow MA plans to better preserve alignment of benefits within a market at rebid. Specifically, UHC proposes that MAOs be allowed to meet the change in margin (item 10.3.2) at the parent organization level instead of at the plan level while making benefit changes such that the change in Worksheet 4, cell R108 is between $0 and amount of unallocated rebate dollars (item 10.3.1). Alternatively, CMS could allow a 0.5% plan level margin change as long as the parent organization margin change was within 0.1%.

If CMS does not allow the plan level flexibility for rebate reallocation outlined above, UHC has additional comments regarding the proposed rebate reallocation instruction changes:

(1) In the proposed MA instruction, 10.3.1 says "The change in Worksheet 4, cell R108, must be between $0.00 and the amount of the unallocated rebate dollars as described above," and 10.3.2 says "The gain/loss margin PMPM in Worksheet 4, cell H107, must not increase or decrease by more than $1.00." We tested the proposed requirements and are unable to meet both 10.3.1 and 10.3.2 in all cases. There are situations where the benefit change is at the upper limit allowed by 10.3.2 and the margin change is greater than $1.00. This is happening in plans with no flow-through pricing and is due to how the BPT allocates non-benefit expense and gain/loss margin between Medicare covered and Mandatory Supplemental benefits in Worksheet 4. This result happens in some situations when the unallocated rebate dollars are higher pmpm values.

    In addition to the cases where it is not possible to meet both of these criteria, there are also plans where it is challenging to meet both of these criteria. For example, in Dual Eligible Special Needs Plans (DSNPs) we typically change additional benefits at rebid instead of cost sharing because cost sharing does not impact rebate for DE# members. Additional benefits tend to have larger incremental pmpm changes than a change in member cost sharing. The larger incremental pmpm changes make it more difficult to meet both of these criteria at the same time.

    Since it is not possible to meet both of these criteria in some cases and not practical to meet both these criteria in other cases, **UHC recommends that CMS adopt an allowable margin change of $3 and allow for the change in Worksheet 4, cell R108 to be from $0.00 to a minimal amount above the change in unallocated rebate dollars (e.g., $0.50 pmpm)**.

(2) In the November User Group Call, CMS proposed an allowable margin change of 0.1% instead of the allowable margin change of $1.00 pmpm. **UHC recommends that CMS use the percentage margin change instead of a flat dollar pmpm due to the revenue differences across product types.** For example, a $1 pmpm change for a typical DSNP

plan is a much lower percentage of margin change than for a typical Community plan. If CMS reverts back to the percentage of margin change, we recommend an allowable margin change of 0.15% and allow for the change in Worksheet 4, cell R108 to be from $0.00 to a minimal amount above the change in unallocated rebate dollars (e.g., $0.50 pmpm).

If CMS uses the percentage margin change, UHC requests that CMS confirm how it would calculate the change in margin. Will CMS compare the margin percentages in cell H111 of Worksheet 4 of the original bid with the rebate reallocation bid? Or will CMS calculate 0.x% of margin change based on the required revenue from the original bid?

(3) The proposed instructions indicate that "flow-through" pricing should be applied for rebate reallocation and is not allowed for premium rounding. **UHC requests that CMS allow "flow-through" pricing for premium rounding.** This would allow for more consistent programming in our models.

(4) If CMS does not change the guidance to allow for "flow-through" pricing on premium rounding, **UHC requests that CMS clarify how to handle the situation in which an MAO is making a partial return to premium when there are not enough Part D basic rebate dollars to make the full return to premium.** The table below shows an example in which the direct subsidy increased by $8.70 pmpm and there was only $3.40 of rebates allocated to Part D Basic Premium Buydown in June. In Step 1, benefits are changed by $3.40 pmpm through rebate reallocation with "flow-through" pricing. In Step 2, total plan premium is rounded up $0.30 pmpm to the nearest whole dollar by changing margin without "flow-through" pricing. Please confirm this approach is acceptable.

	June Submission	Step 1: Rebate Reallocation	Step 2: Premium Round
A/B Mandatory Supplemental Premium	$0.00	$0.00	$0.30
Part D Basic Premium Prior to Rebates	$27.40	$18.70	$18.70
Rebates Allocated to Part D Basic Premium	$3.40	$0.00	$0.00
Final Part D Basic Premium	$24.00	$18.70	$18.70
Total Plan Premium	$24.00	$18.70	$19.00

We appreciate CMS's consideration of our comments. Please feel free to contact me if you have any questions.

Sincerely,

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