December 9, 2024

Centers for Medicare & Medicaid Services
Office of Strategic Operations and Regulatory Affairs
Division of Regulations Development
Attention: CMS–10142
7500 Security Boulevard
Baltimore, Maryland 21244-1850

Submitted Electronically: www.regulations.gov

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

Dear Sir/Madam:

UnitedHealthcare (UHC) is pleased to respond to the CMS*'s* request for comments regarding the *Bid Pricing Tool (BPT) for Medicare Advantage (MA) Plans and Prescription Drug Plans (PDP)* published in the Federal Register on October 9, 2024 (89 FR 81917).

UnitedHealthcare offers a full range of health benefits, enabling affordable coverage, simplifying the health care experience and delivering access to high-quality care. UnitedHealthcare 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.

UHC would like to take this opportunity to resubmit our comments shared in relation to the bid instruction comment opportunity in August 2024.

Rebate Reallocation
This year, MAOs had two additional days (compared to prior years) to complete rebate reallocation. The additional two days were extremely helpful, and we encourage CMS to provide the same number of days for the CY2026 bids. The rebate reallocation process requires a substantial amount of work to be completed in a very short timeframe. Even with significant advance planning, this is a manual process requiring organizations to solve benefits for each plan, update and confirm PBPs match BPTs, rerun Total Beneficiary Costs, and complete other necessary reviews to ensure accuracy. With the adoption of the IRA, additional time to complete rebate reallocation is especially necessary since there is potential to be further off on the direct subsidy estimate, which requires more benefit changes. Additional time supports capability to perform quality checks, which supports stability and consistency in benefit design.

The changes in the Part D benefit from the implementation of the 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 the June bid 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, maintaining the portfolio alignment from the June bid to the rebate reallocation bid is more challenging. While UHC and other MAOs are making consistent actuarial values of benefit changes, the benefits that need to change will vary based on the underlying 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 significant 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. 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 suggestions for changes in the rebate reallocation instructions:

1. 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.” It is challenging 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. In some situations, the only way MAOs can meet both these rules is to either add a small Part B premium rebate (when improving benefits) or add a small member premium (when cutting benefits). This is even 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. If an MAO is in a cut situation at rebid, there may be $0 premium plans in which the only way the bid would balance and meet the criteria of 10.3.1 and 10.3.2 is to add a small member premium. We do not think it is in the best interest of the members to add a small premium to the $0 premium plans.

   Making these changes are particularly challenging for Dual Eligible Special Needs Plans (DSNPs). In 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. We are particularly concerned with having to add a member premium to a DSNP plan. In the May 2nd Actuarial User Group Call, CMS said to reach out directly to OACT if a plan was in this situation. To inform CY2026 planning, UHC requests published information on the circumstances CMS allowed for plans to address this situation following outreach to OACT.

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. Historically, we have thought of rebate reallocation as balancing the increase/decrease in Part D rebates with an offsetting decrease/increase in the A/B rebates such that the total rebates (Worksheet 5, Cell E24) changes by a minimal amount (e.g., +/- $0.50 pmpm). **UHC recommends replacing the requirements in 10.3.1 and 10.3.2 with the requirement for the change in total rebates to be within +/- $0.50 pmpm.** This approach captures the "reallocation" of rebates between Parts D and A/B while allowing for the potential larger margin changes driven by the changes in the IRA.

Thank you for your thoughtful consideration of our comments. Should you have any questions, please do not hesitate to contact me.

Sincerely,

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