

AFTER THE BID IS IN
**Desk Review, Audits, and
Required Changes**

JUNE 2022

PRESENTED BY
Thomas Grivakis, FSA, MAAA

Agenda

CMS Desk Review Process



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graph TD; A[CMS Desk Review Process] --> B[National Average Bid Amount – Rebate Reallocation]; B --> C[CMS Bid Audit Process];
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National Average Bid Amount –
Rebate Reallocation

CMS Bid Audit Process

Introductions

Thomas Grivakis, FSA, MAAA



Joined Wakely
Consulting Group in
2013

Senior Consulting
Actuary

Expertise

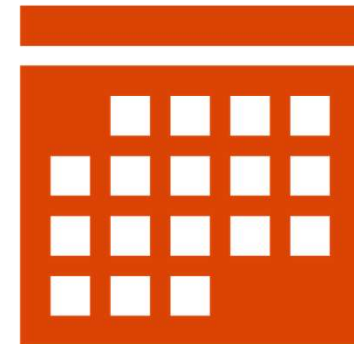
- Medicare Advantage
- Risk Adjustment
- Start Up Feasibility and State Licensure

9 Years of Health
Experience

Medicare Advantage Bid Timeline

Year-Round Process & Across Multiple “Bid” Years

- CMS Guidance (Changes to Prior Guidance)
- Bid Preparation
- Initial Bid Submission
- Bid Desk Review
- National Average Release
- Competitor Star Rating/Benefit Release
- Audits
- Analysis
- Process Improvements
- Forecasting
- Strategy Development



Interaction with other Timeframes

- ACA Rate Filings
- Medicaid Rate Negotiations

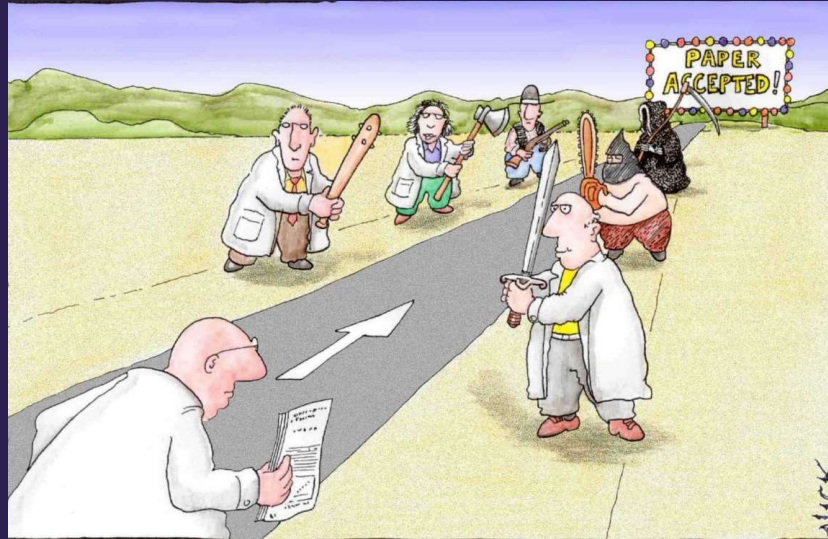
Medicare Advantage Annual Calendar

	CMS GUIDELINES	BID PREPARATION	DESK REVIEW	REBATE RE-ALLOCATION	AUDITS	OTHER ANALYSIS
JANUARY						Audit Results,
FEBRUARY	Advance Notice					Data Mapping,
MARCH		Prior Year Data				Part D Reconciliation,
APRIL	Final Call Letter	Model Updates				Actual to Expected,
MAY		Benefit Decisions				New Provider
JUNE		Submission	Bid Desk Review			Payment Models,
JULY	National Average					Mergers & Acquisitins,
AUGUST				Rebate Re-allocation		Quarterly Reporting,
SEPTEMBER					Bid Audit Start	MLR Reporting,
OCTOBER						PBM Contract Analysis,
NOVEMBER						Budget & Forecast
DECEMBER						Development

Desk Review Overview

- Bids due first Monday in June
- Initial Review
 - Automated checks
 - PBP review
 - Additional documentation request
- Separate MA and Part D review
 - Typically, two rounds each, with more or less depending on potential issues
- Changes required in case of found errors
- Process ends mid to late July





How to Prepare: Desk Review and Bid Audit

Rebate Reallocation Overview

- During initial bid submission, estimates of the National Average Part D Bid Amount (NABA), Part D Base Beneficiary Premium (BBP), and low-income premium subsidy amount (LIPSA) are inputted.
- Late July-Early August
 - NABA, BBP, and LIPSA released
- One week to adjust bids and resubmit
 - Benefit changes or premium changes required if outside of a certain tolerance



Rebate Reallocation Example

Plan 1.0 Bid	\$70.00
Est. NABA	\$35.00
Est. BBP	\$25.00
Est. Direct Subsidy (NABA - BBP)	\$10.00
Est. Plan Premium (1.0 Bid - Direct Subsidy)	\$60.00
Actual NABA	\$38.18
Actual BBP	\$33.37
Actual Direct Subsidy	\$4.81
Calculated Plan Premium	\$65.19
Difference	-\$5.19

Rebate Reallocation Overview



Allowed Changes

- MA vs PD
- Medicare Covered vs Supplemental
- Cost Sharing
- Premiums



Required for Submission



Final Certification

Rebate Reallocation Strategies



Strategy 1 – Best Guess



Strategy 2 – Under Project



Strategy 3 – Over Project



Extra considerations: LIPSA

Bid Audit Overview



- Audited plans notified mid September
- Audits done on a contract level, one to two plans typically selected
- Timeline can vary based on auditing company

Typical Bid Audit Timeline



Differences between Desk Review and Audit

- Who is subject?

- Desk Review – all plan sponsors, all plans
- Bid Audit – Limited number of plan sponsors, typically one or two bids

- Desk Review – Required Changes

- Audit – Findings

(formerly Findings and Observations)

- No Changes required in audited bids
- Must document how the findings were adjusted in future years
- Focus on improving the process for everyone, not on correcting submitted bids



Differences between Desk Review and Audit

Desk Review	Bid Audit
<ul style="list-style-type: none">▪ Determine reasonableness of the bids.▪ OACT's review process begins with a statistical analysis of bid data.▪ Flagged elements serve as starting point and focus of the review.▪ OACT defines the protocol for review of each flagged element.▪ Reviewers evaluate submitted material to determine if support exists for each flagged element.	<ul style="list-style-type: none">▪ Primarily, audits are intended to:<ul style="list-style-type: none">▪ Validate reasonableness of development.▪ Provide feedback to plan sponsor and certifying actuary on areas for improvement.▪ Generate improvements to BPT instructions and other CMS guidance.▪ Improve CMS' bid review procedures.

Source: CMS, Actuarial Bid Training

Takeaways

- Be prepared to support every input/assumption, document any decision made
- Review contracts and ensure consistency with assumptions
- Incorporate prior year desk review/audit results prospectively
- Plan ahead for Rebate Reallocation
- Save time for Peer Review
- Communication and transparency
- Stay positive!

Contact Information

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