

Actuarial Bid Training BPT 101

CMS Office of the Actuary
April 2025

This presentation is informational only and not a replacement for the BPT Instructions.

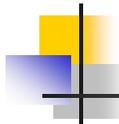
Welcome to BPT101, an introductory training session on the structure and content of CMS's Medicare Advantage and Part D bid pricing tool (or BPT). This session builds on concepts and terminology presented in the "Introduction to Bidding" training session. It is aimed at new BPT users; however, returning users may also find it useful. Its goal is to make the BPT instructions easier to read and more informative for new users. This presentation refers to specific sections of the BPT workbook files but does not include screenshots. It is suggested to open the BPT workbook files or print them out for use during the presentation. We begin by addressing some basic questions.



What is the Bid Pricing Tool (BPT)?

- For bidders—it is a bid submission form
- For CMS—it is a tool for bid review/audit and plan payment
- It is an Excel workbook that—
 - Contains multiple worksheets and special functions
 - Enables bidders to present plan pricing to CMS

What IS the bid pricing tool? To bidders, it can be viewed as a form—an “electronic” form specifically—that must be filled out to submit Medicare Advantage and Part D plan bids to CMS. For CMS, it’s an organizational tool that structures bid information into a common, standardized format, which helps to automate important tasks such as—bid review, bid audit, and even plan payment. Literally, the BPT is an Excel workbook with multiple worksheets and special functions through which bidders present to CMS their plan pricing information. Bidders enter information, such as plan experience, projected enrollment, and risk profile, and the BPT calculates the plan premiums and other values that drive the bidding process. CMS maintains and updates these workbooks and releases new versions every April.



Where are the BPT Files?

The BPT files and instructions can be found by—

- Navigating to the CMS website at <https://www.cms.gov/medicare/payment/medicare-advantage-rates-statistics>
- Navigating from there to “Bid Forms and Instructions”

WHERE are the BPT files? The BPT files and CMS’ Instructions for Completing the Medicare Advantage and Part D bid pricing tools can be found at Medicare Advantage Rates & Statistics link at www.CMS.gov.



BPT Files

Three BPT workbooks

- BPTyyyyPD.xlsm
- BPTyyyyMA.xlsm
- BPTyyyyMSA.xlsm
- (yyyy = contract year)
- Note: The ESRD-SNP BPT has been discontinued

There are three customized BPT workbooks: one for Part D bids, one for Medicare Advantage (MA) bids, and one for Medical Savings Accounts (MSA) bids. The end-stage renal disease special needs plans (ESRD SNP) bids has been discontinued. Also included are an add-in file, the MA BPT instructions, the PD BPT instructions, and Health Plan Management System (HPMS) technical instructions. The add-in file is further described in the next slide.



Add-in File—BPTyyyy.xlam

The add-in file—

- Is an integral part of the BPT's functionality
- Enables customized features
- Must be installed properly—saved under C:\BPT\BPTyyyy\

The add-in file is an Excel file with a “dot-X-L-A-M” extension. It enables the special functions that are an integral part of the BPT's functionality—without it, the BPT workbooks cannot be used. The installation instructions need to be followed carefully. The file must be saved in a specific directory on the C:\drive of each PC that will run the BPT. If not, the BPT will not function properly.



Using the BPT Files

- Open the BPT
- Set the macro security level
- Save under a new file name to create a working version of the BPT
- Enter data into the file as the BPT automatically calculates pricing results
- Finalize the BPT
- Submit the finalized file to CMS via the Health Plan Management System (HPMS)

To begin using the BPT, users must follow these steps: (i) open the blank BPT workbook in Excel; (ii) make sure the macro security setting is correct (see the technical instructions to check this); and (iii) save the file under a different name (to avoid over-writing the blank BPT), thus creating a working version of the BPT that enables the workbook to automatically calculate pricing results as users enter data. When the data entry step is complete and the workbook reflects the desired pricing results, the workbook must be finalized, which is accomplished by clicking the “FINALIZE” icon, one of the BPT’s special functions. The finalization process removes the BPT’s formulas and special functions and converts the working file into a format that may be uploaded to HPMS. At this point, the BPT is ready for submission to CMS.



Validations

- Red-circle validations
 - Identify potential errors during data entry
- Finalization validations
 - Identify critical errors that prevent finalization
- Upload validations
 - Ensure consistency between information in the BPT and information in the Plan Benefit Package (PBP), as inconsistency would prevent successful upload to HPMS

The BPTs special functions include validation features that check for potential errors at three different levels of bid preparation. During data-entry—Red Circles will appear around a cell if its data-entry rules are violated (for example, leaving a required field blank will generate a red circle). During Finalization—the validation process looks for what are called critical errors: these are errors that must be addressed before the bid can be uploaded; as such, they prevent the BPT from successfully completing the finalization process. One example of a critical error is not fully allocating all the MA rebate. During upload—the validation process ensures consistency between information in the Bid Pricing tool and information in the Plan Benefit Package (or PBP); for example—it would flag a bid where the service area defined in the BPT differs from the service area defined in HPMS.



Guidance on Preparing BPT Files

- BPT technical instructions
- Bid instructions
- Weekly user group calls, which are—
 - Hosted by the CMS Office of the Actuary (OACT)
 - Held on Thursdays between the April BPT release and the June bid deadline

There are multiple resources that offer guidance on completing the BPTs, these include—the BPT Technical Instructions; the two Bid Instructions documents: one for PD plans and one for MA and MSA plans; and the Weekly User Group Calls that are held on Thursdays between the release of the BPTs in early April and the bid submission deadline in early June. These Bid Instructions are required reading for preparing BPTs; this session provides background information to help new users better understand the bid instructions. Note that the worksheets for the MSA BPT is arranged differently from the MA worksheets, and information on this BPT is not covered in this training session.

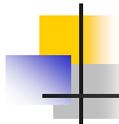


MA BPT Overview

Worksheets

1. MA Base Period Experience and Projection Assumptions
2. MA Projected Allowed Costs PMPM
3. MA Projected Cost Sharing PMPM
4. MA Projected Revenue Requirement PMPM
5. MA Benchmark PMPM
6. MA Bid Summary
7. Optional Supplemental Benefits

We now begin a worksheet-by-worksheet overview of the BPTs; the slides convey a sense of the structure of the BPT by listing all the sections that comprise each worksheet. Whereas the accompanying comments provide a high-level explanation of what each worksheet accomplishes. The MA BPT includes 7 worksheets. The user enters data about the plan including—actual plan experience, projected allowed costs based on that experience, the plan’s cost-sharing values, and much more. Based on user input, the BPT calculates the plan’s revenue requirement, compares that amount to a benchmark—and ultimately—calculates the plan premium or MA rebate. Worksheet 7 is used only by plans that offer optional supplemental benefits. It should be noted that plan enrollees with End-Stage Renal Disease (also known as the ESRD population) are treated in two brief, stand-alone sections of the BPT: Worksheet 1 Section VI and Worksheet 4 Section III. When filling out the rest of the MA BPT, the ESRD population must be excluded.



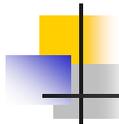
MA BPT Overview (WS1)

BASE PERIOD EXPERIENCE AND PROJECTION ASSUMPTIONS

- I. General Information—Plan ID, Plan Type, etc.
- II. Base Period Info—Risk Scores, Member Months
- III. Base Period Data—PMPM Cost, Utilization
- IV. Projection Assumptions—Trends, Other Factors
- V. Base Period Summary
- VI. Base Period Risk-Sharing Payment Adjustments

In Worksheet 1, users report the plan's actual, PMPM cost and utilization experience (in Section III) as well as the assumptions (in Section IV) that will be used to project that experience into the contract year. The general information entered in Section I—such as plan ID, contract number, and plan type—will automatically display in Section I of Worksheets 2 through 7. Use section II to enter incurred and paid dates for the plan experience, enrollment information (including a new level of significance cell), risk scores and a completion factor. Use Section III to enter the plan's base period net PMPM, annualized utilization per 1,000, and allowed PMPM by service category. Use Section IV to enter the utilization trends, unit cost trends, and additive adjustments. Use Section V to enter a summary of the actual bid-level base period revenue and expenses for all beneficiaries, including ESRD and Hospice enrollees.

Use the new section VI to enter base period risk-sharing payment adjustments by BPT line.

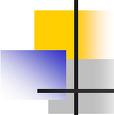


MA BPT Overview (WS2)

PROJECTED ALLOWED COSTS PMPM

- I. General Information—from WS1
- II. Projected Allowed Cost
 - Projected Experience—based on WS1
 - Credibility Factors
 - Manual Rates
 - Contract Year Projected Allowed Costs
 - Blend of Projected Experience and Manual Rates
 - Note: Separate Rates for DE# vs. Non-DE#

Worksheet 2 develops the Projected Allowed Costs PMPM using the experience and projection assumptions entered in Worksheet 1. If plan experience is less than fully credible, users may enter credibility factors and manual rates in Worksheet 2. The worksheet calculates the Projected Allowed Cost as a blend of the experience rates and the manual rates. Note that Worksheet 2 contains Projected Allowed Costs for two populations: one is Dual Eligible beneficiaries WITHOUT full Medicare cost-sharing liability (which is called the “D-E-pound” population) and the other is everyone else, which includes Dual Eligible beneficiaries WITH full Medicare cost-sharing liability and non-Dual Eligible beneficiaries (this is called non-D-E-pound population).



MA BPT Overview (WS3)

PROJECTED COST SHARING PMPM

- I. General Information—from WS1
- II. Maximum Cost Sharing PMPY
- III. Cost Sharing PMPM
 - Descriptive Values—match information in PBP
 - Effective Values—reflect impact of utilization
 - Projection Assumptions—Trends, Other Factors
- IV. Mapping of PBP to BPT

In Worksheet 3 users enter the plan's cost-sharing information. Out-of-pocket maximum amounts are entered in Section II on a per member per year (PMPY) basis. All other cost-sharing information is entered in Section III on a PMPM basis. In Section III users enter descriptive cost-sharing values that match those in the PBP, as well as effective cost-sharing values that reflect the impact of services or circumstances for which cost sharing is waived—for example, the impact of waiving ambulance cost sharing when an enrollee is admitted to the hospital. Worksheet 3, Section IV captures the mapping of PBP benefit categories to BPT service categories.

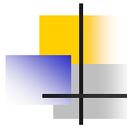


MA BPT Overview (WS4)

PROJECTED REVENUE REQUIREMENT

- I. General Information—from WS1
- II. Revenue Requirement = Ben + Non-ben + G/L
 - Non-DE#s (Benefit Expense only)
 - DE#s (Benefit Expense only)
 - All Beneficiaries = Bid Amount allocated between Medicare covered/non-covered benefits
 - New in CY2026 - Projected Risk-Sharing Payment Adjustments by BPT line
- III. Development of ESRD CY Subsidy
 - New in CY2026—cell to indicate if Total CY ESRD “subsidy” should flow through to Section II, WS4
- IV. Medicaid Data for DE#

Worksheet 4 combines Allowed Costs from Worksheet 2 and cost sharing information from Worksheet 3 to calculate the plan’s Projected Revenue Requirement, which includes non-benefit expenses and gain/loss margin entered directly in Worksheet 4. Worksheet 4 also allocates the projected revenue requirement between Medicare covered and non-covered services. The benefit expense component of required revenue is developed separately for the DE# and Non-DE# populations. Worksheet 4 also contains sections that address the ESRD population (including a new cell to indicate if Total CY ESRD “subsidy” should flow through to Section II, Worksheet 4), Medicaid data for the DE# population, and new in CY2026, similar to Worksheet 1, there is a section to enter the projected risk-sharing payment adjustments by BPT line.

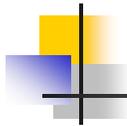


MA BPT Overview (WS5)

BENCHMARK PMPM

- I. General Information—from WS1
- II. Bid vs. Benchmark Comparison—Basic
- III. Savings, Rebate, Basic Member Premium
- IV. Benchmark for Regional Plans
- V. Quality Bonus Rating
- VI. County-Level Detail—Member Months, Risk Scores
- VII. Other Medicare Information—FFS information
- VIII. Projected CY Member Months

In Worksheet 5, users enter county-level data in Section VI to support the development of the benchmark; this includes projected member months and projected risk scores. In Section II, the worksheet compares the bid amount from Worksheet 4 to the benchmark developed in Worksheet 5; Section III displays the results of that comparison as follows: if the bid amount is greater than the benchmark, the difference is the basic MA premium. If the benchmark is greater than the bid, the difference is considered a savings; the rebate amount is a percent of the savings, where the percentage depends on the plan's quality rating. Section V captures quality bonus information.



MA BPT Overview (WS6)

BID SUMMARY

- I. General Information—from WS1
- II. Other Information
- III. Bid Summary
 - Summary
 - Rebate Allocation
 - Plan Premium Development
- IV. Contact Information
- V. Working Model Text Box

In Worksheet 6, the user indicates (in Section IIIB) how the rebate from Worksheet 5 will be allocated; the worksheet then applies the rebates in order to develop (in Section IIIC) the resulting plan premium. Worksheet 6 requires input of information from the Part D BPT if the plan includes prescription drug benefits. The Other information in Section II is included to support the allocation of the rebate. In section IV, the user provides contact information for CMS. The Working Model Text Box, however, is for the user to use at their discretion; any data entered here will be deleted during finalization, before the workbook is uploaded to HPMS.

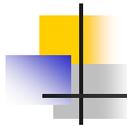


MA BPT Overview (WS7)

OPTIONAL SUPPLEMENTAL BENEFITS

- I. General Information—from WS1
- II. Optional Supplemental Packages
(with up to five options)
 - Base Period Summary

Worksheet 7 addresses Optional Supplemental benefits, which are additional benefits that plan members choose by paying a separate premium. Bids may include up to 5 Optional Supplemental Benefit packages; the premium for each package must cover its benefit expenses, non-benefit expenses, and gain/loss margin. This worksheet also contains a section to enter the optional supplemental contract-level base period revenue and expenses.



PD BPT Overview (WS1)

Rx BASE PERIOD EXPERIENCE

- I. General Information—Plan ID, Plan Type, etc.
- II. Base Period Info—Incurred Dates, Member Months
- III. Part D Claims—Members, Scripts, Allowed Amounts
- IV. Non-Benefit Expenses—Administrative Expenses
- V. Premium Revenue—from CMS and Members
- VI. IRA Drug Experience—Scripts, Allowed Amounts
- VII. Income Statement Summary = Revenue – Expenses
- VIII. DIR #10 Experience—Risk-Sharing Arrangement Payments and Adjustments

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The Part D BPT is comprised of eight worksheets. On Worksheet 1 users report (in Section III) base period plan experience including—member months, number of scripts, allowed amounts, and cost sharing; on Worksheet 1, this information is reported within the claim intervals associated with the Part D Defined Standard Benefit for the experience year. Non-benefit expenses are entered in Section IV. Section V summarizes the components of premium revenue of the prescription drug plan for the base period. Section VI is a summary of the base period IRA drug experience for maximum fair price drugs, note that the lines for insulins and vaccines were removed from this section in CY2026. Section VII is a summary of the prescription drug plan's income, including the amount of MA rebate allocable to Part D when applicable, for the base period. New in CY2026 is the addition of Section VIII where the plan reports DIR #10 (Risk-Sharing Arrangement Payments and Adjustments) dollars for the base period.



PD BPT Overview (WS2)

PROJECTION OF ALLOWED / NON-BENEFIT

- I. General Information—from WS1
- II. Utilization—Base Scripts, Unit Costs, PMPM, Util Trends
- III. Costs for Covered Drugs—Unit Cost Trends
- IV. Projected Allowed—Manual Rates, Credibility Factors
- V. Non-Benefit Expenses and Gain/Loss
- VI. Percentage of Revenue
- VII. Related Party
- VIII. DIR #10 Projection

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Worksheet 2 develops the projected allowed PMPM benefit, non-benefit expenses and gain/loss margin. Users enter the utilization per thousand and allowed costs PMPM that underlie the information on Worksheet 1; this information is reported separately—for retail and mail-order drugs as well as for preferred brand, non-preferred brand, generic, and specialty drugs. On this worksheet, users also enter the following information for both benefit and non-benefit expenses: manual rates, credibility factors, and assumptions that will be used to project the base period data into the contract year. Worksheet 2 also allocates non-benefit expenses and the gain/loss margin between Basic and Supplemental benefit categories; however, this only affects Enhanced Alternative plan benefit types. Users also use Worksheet 2 to enter projected related party allowed costs and non-benefit expenses. New in CY2026, the Maximum Fair Price Drugs rows in sections II and III (rows 24 and 48, respectively) have been activated. Additionally, similar to Worksheet 1, a new Section VIII has been added for the plan to report DIR #10 (Risk-Sharing Arrangement Payments and Adjustments) dollars for the projection period.



PD BPT Overview (WS3)

PROJECTION FOR DEFINED STANDARD COVG

- I. General Information—from WS1
- II. Projection Data—Members, Risk Score
- III. Claims—Scripts, Unit Costs, PMPM
- IV. IRA Drug Projection—Scripts, Allowed Amounts
- V. Defined Standard Bid

Worksheet 3 is filled out for all Part D bids, regardless of the plan benefit type. Users enter the Projected Membership and risk scores. The worksheet develops the bid amount for Part D Defined Standard Coverage. For plan benefit types other than Defined Standard, the bid amount is used for actuarial equivalence testing purposes. Section IV is a summary of the IRA Drug Experience. New in CY2026, the lines for vaccines and insulins have been removed from this section and the Maximum Fair Price drugs cells have been activated.

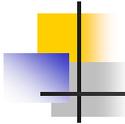


PD BPT Overview (WS4)

ACTUARIALLY EQUIVALENT COST SHARING

- I. General Information—from WS1
- II. Projection Data—from WS3
- III. Defined Standard Bid—from WS3
- IV. Test for Actuarial Equivalence
- V. Actuarially Equivalent Cost Sharing Bid

Worksheet 4 is only filled out for Actuarial Equivalent plan benefit types. It calculates the bid amount and performs one actuarial equivalence test, using data entered on Worksheet 6.



PD BPT Overview (WS5)

ALTERNATIVE COVERAGE

- I. General Information—from WS1
- II. Projection Data—from WS3
- III. Defined Standard Bid—from WS3
- IV. Development of Bid
- V. Alternative Coverage Bid
- VI. Tests for Actuarial Equivalence
- VII. Supplemental Premium
- VIII. Induced Utilization

Worksheet 5 is only filled out for Basic Alternative and Enhanced Alternative plan benefit types. It calculates the plan bid amount and performs four actuarial equivalence tests, using data entered on Worksheet 6. In section IV, users enter information that is included in the calculation of the four actuarial equivalence tests. This includes: the type and amount of the deductible, and information about rebates, reinsurance, and Part D as Secondary for amounts above the catastrophic threshold and for non-Part D covered drugs. In section VII—the BPT calculates the supplemental premium. Supplemental premium is zero for Basic Alternative plans; Enhanced Alternative plans have a supplemental premium greater than zero. In section VIII, users enter— for Enhanced Alternative plans—the induced utilization, i.e., the impact that a different benefit type is expected to have on plan utilization.

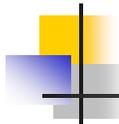


PD BPT Overview (WS6)

SCRIPT PROJECTIONS

- I. General Information—from WS1
- II. Projections for Equivalence Tests

In Worksheet 6, users enter data in a format that is specially designed to support the actuarial equivalence tests in Worksheets 4 and 5. Users are to enter the following: the number of scripts, the allowed costs, and the cost-sharing amounts for a variety of claim intervals and drug types. This data entry is to be completed for the Defined Standard (DS) Benefit and for the plan benefit type being submitted in the bid (if other than the DS Benefit). Users also enter projected amounts for the manufacturer discount. New in CY2026, the input cells for the Subsidy for Selected Drugs (both Defined Standard Total Dollars and Alternative Total Dollars) have been activated and relocated slightly below the main portion of Section II.



PD BPT Overview (WS7)

BID SUMMARY

- I. General Information—from WS1
- II. CY Defined Standard Benefit Parameters
- III. Summary of Bid Elements
- IV. Contact Information
- V. Working Model Text Box

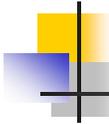
In Worksheet 7, users enter the National Average Monthly Bid Amount and the Base Beneficiary Premium, and the worksheet calculates the Part D Basic and Supplemental premiums. These premiums will not reflect the impact of MA rebate allocation. Worksheet 7 is also used to relay contact information and to indicate how to round the premium amounts. It contains a Working Model Text Box whose contents are deleted during finalization, before the workbook is uploaded to HPMS.



A Note About Benchmarks

- For the June bid submission—
 - National average monthly bid amount (NAMBA) and base beneficiary premium (BBP) values are ESTIMATES
 - Therefore, the basic premiums are ESTIMATES
- After CMS releases the benchmarks—
 - NAMBA and BBP values are ACTUAL
 - The resulting basic premiums are FINAL
- Bids that are submitted after the release of the benchmarks **MUST** use actual NAMBA and BBP values

It is important to note that, for the initial bid submitted in June, users must estimate the value of the National Average Monthly Bid Amount and the Base Beneficiary Premium because these quantities are unknown at that time. As a result, premiums calculated in the June BPT are estimated premiums. Final premiums are calculated after the actual benchmark values have been released by CMS; this typically happens by late July. Any bids submitted after CMS releases the benchmarks must use the actual values, not the estimated values.



In Conclusion

For more guidance, consult—

- Introduction to Bidding
- BPT instructions, located at <https://www.cms.gov/medicare/payment/medicare-advantage-rates-statistics/bid-forms-instructions>

This concludes the “BPT 101” training session. For further guidance please view the “Introduction to Bidding” Training Session. You will then be well prepared to read the Bid instructions, which can be found at the website listed on this slide.