
INSTRUCTIONS FOR COMPLETING THE PART D
ENHANCED MEDICATION THERAPY MANAGEMENT
MODEL PRICING TOOL
FOR CONTRACT YEAR 2017

November 2015

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I. INTRODUCTION

BACKGROUND

Beginning in contract year 2017 (CY2017), CMS will fund the Part D Enhanced Medication Therapy Management (Enhanced MTM) Model via per-member-per-month (PMPM) payments to participating prescription drug plans (PDPs). This Model will assess whether providing Part D sponsors with additional payment incentives and MTM regulatory flexibilities will enable plan sponsors to better achieve the key goals of MTM.

In general, MTM refers to endeavors intended to optimize medication use (e.g., ensuring that patients are taking their medications safely and as prescribed); it addresses the barriers to optimal medication use and/or brings issues to the attention of the treating physician. The Medicare Modernization Act (MMA) which created the Part D program requires that every Part D plan offer an MTM program as a quality improvement feature. The costs for these MTM programs are included in the non-benefit expenses (NBE) of a plan's Part D bid. In contrast, Enhanced MTM program costs will replace these existing MTM programs, and their costs will not be included in Part D bids.

As part of their Enhanced MTM Model applications, plan sponsors will submit to CMS the projected PMPM costs of the program via the MTM Pricing Tool (MPT). An actuarial certification and supporting documentation must also be submitted. These submissions will be subject to review and audit by CMS (or by any person or organization that CMS designates) who may request additional support for information provided in the MPT. Organizations must be prepared to provide this information in a timely manner.

DOCUMENT OVERVIEW

This document contains general pricing considerations and detailed instructions for completing the MPT. The contents of each section are as follows:

- Section I, "Introduction": provides background and context for the MPT and identifies resources that can assist in completing and submitting the MPT.
- Section II, "Pricing Considerations": contains guidance for estimating Enhanced MTM program costs and for presenting pricing results in the MPT.
- Section III, "Data Entry and Formulas": contains directions for completing the five sections of the MPT and explains the formulas for calculated cells.
- Section IV, "Appendices": contains requirements for and information on the Actuarial Certification (Appendix A) and the Supporting Documentation (Appendix B); there is also a Glossary that defines terms as they are used in this document (Appendix C).

PRICING CONSIDERATIONS

RESOURCES

- The Enhanced MTM Request for Applications (RFA), which describes the Model and the application process.
- Instructions for Completing the Prescription Drug Plan Bid Pricing Tool for Contract Year CY2016, which can be found at <https://www.cms.gov/Medicare/Health-Plans/MedicareAdvtgSpecRateStats/Bid-Pricing-Tools-and-Instructions-Items/BPT2016.html>.
- MTM-related literature and other materials on the Enhanced MTM Model website at <https://innovation.cms.gov/initiatives/enhancedmtm/index.html>.
- For questions about the Enhanced MTM Model actuarial documentation requirements or the MPT, e-mail EnhancedMTM@cms.hhs.gov and include “ACTUARIAL INQUIRY” in the subject line.

II. PRICING CONSIDERATIONS

ACTUARIAL REPORTING REQUIREMENTS

Plan sponsors will submit an MTM Pricing Tool (MPT), which is an actuarial representation of the pricing for the Enhanced MTM Program, for each Plan Benefit Package (PBP). Each Enhanced MTM Program will consist of one or more Enhanced MTM Program Activities.¹ Sponsors will provide CMS with the reporting items listed below via the MPT or its accompanying Supporting Documents.

The PMPM payment that CMS will make to approved plans will be based on the “Total Enhanced MTM Program Cost,” reported in Section III, Line 6 of the MPT. This value is the sum of all Direct Costs for Program Activities and for Program Management as well as Indirect Expenses and Insurer Fees. Direct Expenses for Program Activities are the sum of Direct Expenses for each Program Activity found in Section II (Direct Expenses of Enhanced MTM Program Activities) of the MPT. Direct Expenses for Program Management are non-Activity costs such as monitoring and reporting.

Certifying actuaries should consider the following required reporting items as they price the Enhanced MTM Program, complete the MPT, and draft the supporting documents.

AT THE PROGRAM ACTIVITY LEVEL

The following are reporting requirements for each Program Activity:

- Program Activity Description – describe at a summary level: the strategies/approaches that will be utilized, the target population (including eligibility criteria) as well as the goals and intended outcomes.
- Total Projected Costs – this is the sum of the aggregate costs entered in Section II (columns f.– h, rows a.– t.) for each Program Activity: targeting, outreach, and interventions.
- The Total Projected Member Months for –
 - The target population (i.e., enrollees who meet the eligibility criteria for the specific Program Activity), and
 - The intervention population (i.e., enrollees who will receive MTM intervention benefits and services for the specific Program Activity).Note: Projected Member Months for the Target and Intervention populations are reported in supporting documentation; they do not appear in the MPT.

¹ In this document, the term “Program Activity” will refer to a particular MTM “strategy” in an Enhanced MTM Program and is comprised of one or more “Program Activity Components” (targeting, outreach, and intervention). Program Management is not considered a Program Activity.

PRICING CONSIDERATIONS

AT THE PLAN BENEFIT PACKAGE LEVEL

The following are items that summarize the expected impacts of all Enhanced MTM activities at the PBP level:

The following items are reported in the MPT:

- The total projected member months for:
 - The plan as a whole,
 - The target population (i.e., enrollees who meet the eligibility criteria for *any* of the Program Activities included in the MPT), and
 - The intervention population (i.e., enrollees who will receive MTM intervention benefits and services from *any* of the Program Activities).

NOTE: If enrollees are included in multiple Program Activities, the population totals will not equal the sum of populations in each Program Activity.

- The expected impact (if any) on the following Part D PMPM components:
 - Allowed Costs,
 - GAP expenses,
 - Deductible,
 - Other Cost Sharing,
 - Federal Reinsurance, and
 - Federal LICS.

The following summary items specific to a particular plan are to be reported in supporting documentation:

- The expected impact on the following Part D BPT components.
 - NBE (WS2)—may decrease when MTM costs are removed from the bid.
 - Unit Costs and Utilization —may be affected.

- Any expected impact on Medicare Parts A and B expenditures.

REPORTING AGGREGATE COSTS BY ACTIVITY COMPONENT

As indicated above, plan sponsors must enter a distinct aggregate cost for each Program Activity Component (targeting, outreach, and interventions) Section II of the MPT. Certifying actuaries should consider the following definitions for the MTM Program Activity Components when developing activity-specific projected expenses for entry into the MPT. (See the Glossary provided in Appendix C for further details.)

Targeting Expenses – expenditures associated with identifying individuals who are experiencing or are at-risk of experiencing sub-optimal medication use. This includes, but is not limited to, developing systematic approaches to identifying at-risk beneficiaries based on risk stratification and other eligibility criteria through data analysis or community-based referrals.

PRICING CONSIDERATIONS

Outreach Expenses – expenditures associated with efforts to contact, communicate with, and engage with targeted beneficiaries and/or their providers in order to identify specific barriers to optimal medication use and/or to identify appropriate intervention(s).

Intervention Expenses – expenditures associated with providing Enhanced MTM-related items, services, cost-sharing assistance (solely for financial need), or other incentives, to or on behalf of at-risk beneficiaries in order to overcome identified barriers to optimal medication use.

Direct Expenses for Program Management – includes direct program expenses that are not included in or attributable to the expenditure categories described above. (For example, expenditures for program requirements such as internal learning system operations, or monitoring and reporting.)

Indirect Expenses – includes indirect expenses as defined in the preparing Part D Bid Instructions.²

The MPT includes rows for up to 20 Program Activities. If more space is needed, similar “strategies” may be combined into a single Program Activity at the discretion of the certifying actuary in order to complete the MPT; in such cases, the detail by Program Activity Component must be shown in supporting documentation.

PRICING DOCUMENTATION EXPECTATIONS

CMMI is seeking new, innovative, and creative programs and recognizes the possibility that limited experience and/or literature exists upon which to base cost estimates. Accordingly, CMMI will grant flexibility to certifying actuaries with respect to methods and techniques used for pricing purposes, provided they are adequately supported and documented. Actuarial judgment may be used for pricing purposes; however, actuaries should identify instances of the use of judgment in supporting documentation and explain the need to apply judgment (e.g., describe the shortcomings of the available data).

The projected cost estimates and the pricing development will be reviewed by CMS (and/or its actuarial services contractor) to identify concerns that warrant additional scrutiny and/or revision.

REVISIONS TO THE PROJECTED COSTS

The total Enhanced MTM Program payment amount PMPM (Program Payment) that is approved based on accepted applications will remain in effect for 2017 except as required to be consistent with the CY2017 BPT submitted in June 2016 unless model guidance is otherwise revised in the future. Any such changes must be accompanied by a revised MPT and revised supporting documentation during the Model Update Window in July. After July 2016 the PMPM amount for 2017 will remain unchanged.

Revisions that *redistribute* the amount paid for each Program Activity—but do not change the total Program Payment amount—may be permitted during 2017 if approved by CMS. An updated MPT and revised supporting documentation will be required with all such requests for revisions.

² Examples include, but are not limited to, functions that may be considered “corporate services,” such as – the position of CEO, Accounting operations, Actuarial services, Legal services, and Human resources.

PRICING CONSIDERATIONS

Sponsors that have been approved to participate in CY2017 may make changes to their Program's and cost projections in subsequent contract years (starting with CY2018). To exercise this option, PDP sponsors must submit a request to CMS, outlining their proposed changes and requesting approval.

IMPACT ON MEDICARE EXPENDITURES

Part D Enhanced MTM Model participants must estimate their Program's expected impact on Medicare expenditures, specifically the expected impact(s) on utilization and (unit) cost on Medicare Parts A and B expenditures and the utilization, unit cost, and bid amounts as reported on the Part D bids for plans that will offer Enhanced MTM. The impacts are part of the Supporting Documentation for the Enhanced MTM Model applications; they are not reported in the MPT with one exception: SECTION IV – Summary of Impact on Part D PMPM.

In the supporting documentation, plans must—

- Provide a summary-level description of the expected impact on the Medicare Parts A and B costs and Part D bid of the Enhanced MTM Program at the PBP level and for each Enhanced MTM Program Activity.
- Provide quantitative documentation of changes to Part D utilization and unit costs for both increased drug adherence and drug discontinuations expected to result from the Enhanced MTM Program.
- Identify and quantify the Medicare Parts A and B services that are expected to be impacted by the Enhanced MTM program.
- Provide an explanation of why the effects are combined where proposed activities have similar or overlapping projected effects.
- To the extent feasible, provide the source data/information that underlie assumptions used to estimate the impacts (e.g., commercial experience, actuarial or health economics literature, etc.).
- Where no reliable experience exists, provide an explanation of the reasoning leading to the assumptions used.

NOTE: Non-benefit expenses (NBE) submitted as part of the Enhanced MTM Model application may not include any NBE that are attributable to plan revenue requirements and included in the plan Part D bid (and vice versa).

III. DATA ENTRY AND FORMULAS

This section provides line-by-line instructions for completing the MPT. It also describes the formulas for calculated cells.

SUMMARY INFORMATION

Stand-alone PDP providers who submit applications for the Enhanced MTM program must complete and submit an MPT for each PBP, which contains the following sections:

- Section I. – General Information and Projected Enrollment
- Section II. – Direct Costs of Enhanced MTM Program
- Section III. – Summary of Enhanced MTM Costs
- Section IV. – Summary of Impact on Part D PMPM
- Section V. – Contact Information

All participating sponsors must complete each section of the MPT.

GENERAL PROCEDURE

All entries in the MPT should be consistent with guidance provided in these instructions, as well as the Instructions for Completing the Prescription Drug Plan Bid Pricing Tool for Contract Year 2016,³ along with any other guidance promulgated by CMS during the application process.

SECTION I – GENERAL INFORMATION

Section I captures plan information (Contract Number, Plan Number, Organization Name, and the Part D Region) and projected member months for the plan and targeted population (enrollees who meet the eligibility criteria) and the intervention population (enrollees who receive Enhanced MTM interventions); member months will be reported separately for the Low-Income Subsidy (LIS) entitled population.

Line 1 – Contract Number

Enter the relevant Contract Number. The designation begins with a capital letter S (Prescription Drug Plan) and includes four Arabic numerals (for example, S9999). Include all leading zeros (for example, S0001).

Line 2 – Plan Number

Enter the relevant Plan Number. The designation includes three Arabic numerals (for example, 001). Include all leading zeros (for example, 004). A separate MPT should be completed for each PBP ID that offers an Enhanced MTM Program.

³ Although the MPT is a separate tool from the BPT, there are relevant sections in the Part D instructions that pertain to the Enhanced MTM payment e.g., requirement to report costs consistent with generally accepted accounting practices (GAAP), definition of indirect expenses, and related party guidance.

DATA ENTRY AND FORMULAS

Line 3– Organization Name

Enter the organization’s legal entity name. This information should be the same as in the CMS Health Plan Management System (HPMS).

Line 4 – PD Region

Enter the region number of the region the plan will cover. This field must be entered as a text input and must include any leading zeros. Only Region 7 (Virginia), Region 11 (Florida), Region 21 (Louisiana), Region 25 (Iowa, Minnesota, Montana, Nebraska, North Dakota, South Dakota, Wyoming), and Region 28 (Arizona) are available as input.

Line 5 – Contract Year

Contract year is set to 2017 and cannot be changed.

Line 6 – Projected Member Months

Enter the total projected enrollment in member months for: the plan, the targeted population, and the population receiving interventions in Line 6a. In Line 6b enter the same values for the LIS population. Line 6c for projected non-LIS enrollment is calculated as the total enrollment less the LIS enrollment for each of Total Plan, Targeted, and Receiving Intervention(s) categories. Do not leave any of these cells blank; for cells that are not applicable, enter zero.

SECTION II – DIRECT COSTS OF ENHANCED MTM PROGRAM ACTIVITIES

The MPT includes rows to collect the projected cost information for up to 20 individual Program Activities. If more space is needed, similar Program Activities may be combined—at the discretion of the certifying actuary—in order to complete the MPT. The supporting documentation, however, should detail the pricing development separately for each and every Program Activity offered and should tie to the combined values entered in the MPT.

- **Column d – Description**

Enter a brief description of the proposed Program Activity (enough to identify which activity is designated so that the corresponding documentation can be found). In the event that activities must be combined to fit into the space provided, provide the same level of detail requested in the MPT in the documentation. See Appendix B for more requirements.

- **Column f – Targeting Expenses**

For each Program Activity, enter the total estimated costs attributable to activities associated with targeting the at-risk population.

- **Column g – Outreach Expenses**

Enter the total estimated costs attributable to reaching out to, contacting, and communicating with the population identified by targeting efforts.

- **Column h – Intervention Expenses**

Enter the total estimated costs attributable to providing Enhanced MTM-related items, services, cost-sharing assistance (solely for financial need), or other incentives to or on behalf of targeted beneficiaries.

All costs in columns f through h should exclude Program Expenses (as defined in these Instructions) and Indirect Expenses (as defined in the CY2016 Part D Bid Instructions). See Appendix B for more information on documentation requirements.

DATA ENTRY AND FORMULAS

- **Column i – Direct Cost Total**
Total direct costs of the Program Activity. Calculated cell: Direct Cost Total equals the sum of Targeting Expenses, Outreach Expenses, and Intervention Expenses.
- **Column j – Direct Cost Per Member Per Month**
Direct Cost Total divided by total plan enrollment. Calculated automatically.

If part of the plan's proposed program, two Program Activities must be reported in specific locations. These are Part D cost sharing assistance for financially needy beneficiaries and other beneficiary incentives (to promote protocol compliance). CMS will expect both of these activities to be relatively rare.

Line s – Part D Drug Cost-Sharing Assistance

Enter costs for cost-sharing assistance for Part D drugs for financially needy beneficiaries provided as a Program Activity.

Line t – Other Beneficiary Incentives

Enter costs for other beneficiary incentives.

If either of these Program Activities is not proposed, enter zeroes in columns f through h of lines s and t.

Line u – Total

Sum of lines a through t for each column.

SECTION III – SUMMARY OF ENHANCED MTM COSTS

This section both summarizes the projected costs for specific Program Activities entered in Section II and provides entries for Direct Expenses for Program Management, Indirect Expenses and Insurer Fees.

Line 1 – Direct Expenses for Program Activities

Sum of the projected costs for each Program Activity entered in Section II. Calculated in the MPT.

Line 2 – Direct Expenses for Program Management

Enter the costs associated with participating in the Model that are not attributable to individual Program Activities.

Line 3 – Indirect Expenses

Enter the total indirect expense PMPM associated with participating in the Model. In the required documentation outlined in Appendix B, explicitly account for any indirect expenses associated with subcontracted third parties, if applicable.

Line 4 – Insurer Fees

Enter the PMPM value of the insurer fee associated with the projected revenue of the Part D Enhanced MTM prospective payment. This category includes only the Health Insurance Providers Fee imposed by Section 9010 of the Patient Protection and Affordable Care Act, as amended.

Line 5 – Total Enhanced MTM Program Cost

Calculated in the MPT as the sum of Direct Expenses for Program Activities, Direct Expenses for Program Management, Indirect Expenses, and Insurer Fees.

SECTION IV – SUMMARY OF IMPACT ON PART D PMPM

This section summarizes the anticipated impact on allowed drug costs PMPM of the proposed interventions for the plan benefit type being offered (defined standard, actuarially equivalent, or basic alternative).

- **Column c – Allowed PMPM**
Enter the total estimated impact to allowed drug costs on a PMPM basis as a result of the proposed Program.
- **Column d – Cost Sharing PMPM**
The value is calculated automatically in the MPT as the sum of columns e through g and measures the change in cost sharing PMPM value for amounts between the ICL and catastrophic limit, the deductible, and other cost sharing.
- **Column e – GAP PMPM**
Enter the change in cost sharing PMPM value corresponding to amounts between the ICL and catastrophic limit. Reflect the impact of gap coverage in this amount.
- **Column f – Deductible PMPM**
Enter the change in the PMPM value of the deductible for all members.
- **Column g – Other Cost Sharing PMPM**
Enter the change in the PMPM value of the cost sharing between the deductible and ICL and the catastrophic coinsurance above the catastrophic limit for all members.
- **Column h – Federal Reinsurance PMPM**
Enter the change in the PMPM amount of federal reinsurance that will be received for all members. Reflect the impact of gap coverage in this amount.
- **Column i – Plan Liability PMPM**
The value is calculated automatically in the MPT as column c minus the sum of columns e through h.
- **Column j – Federal LICS PMPM**
Enter the change in the amount of low-income cost sharing subsidy PMPM that will be received for LIS-eligible members.

IV. APPENDICES

APPENDIX A – ACTUARIAL CERTIFICATION

CMS requires an actuarial certification to accompany every application for participation in the Enhanced MTM Model. A qualified actuary who is a member of the American Academy of Actuaries (MAAA) must complete the certification. The objective of obtaining an actuarial certification is to place greater responsibility on the actuary's professional judgment and to hold him/her accountable for the reasonableness of the assumptions and projections.

Certification

The certification provides:

- Standardized language.
- The ability to append free-form text language to the required standardized language.
- The ability to certify multiple MPTs.
- An initial actuarial certification must be submitted with the application. The actuary must also certify any changes made that affect the entries in the MPT or other actuarial documentation either during application review or subsequently.

Material changes to the certification language (after the initial January certification submission) are not allowed without prior written permission from the CMS Center for Medicare and Medicaid Innovation.

Required Certification Elements

The certification must contain the following information as part of the standardized language:

- The certifying actuary's name and the date when completed.
- Declaration that the certifying actuary is a member of the American Academy of Actuaries (MAAA) and is familiar with the requirements for preparing Medicare Advantage and Prescription Drug bid submissions and meets the Academy's qualification standards for doing so.
- The specific contract number, plan ID and segment ID of the MPT(s) being certified.
- The contract year of the MPT(s) contained in the certification.
- Statement that the certification applies to the application for the Enhanced MTM Model prospective payment.
- Attestation that the MPT(s) are in compliance with the applicable laws,⁴ rules,⁵ CY2017 MPT instructions, Enhanced MTM Model application instructions and other current CMS guidance.
- Attestation that, in accordance with Federal law, the MPT(s) are based on the additional cost to provide the Enhanced MTM interventions over the NBE cost of the same Part D bid without any MTM services.

⁴ Social Security Act sections 1860D-1 through 1860D-42.

⁵ 42 CFR Parts 400 and 423.

APPENDIX A

- Attestations that the data and assumptions used in the development of the MPT(s) are reasonable for the planned Enhanced MTM interventions and the projected plan enrollment.
- Attestation that the MPT(s) were prepared in compliance with the current standards of practice, as promulgated by the Actuarial Standards Board of the American Academy of Actuaries.⁶

⁶ Emphasis is placed on, but not limited to, the following ASOPs:

- ASOP No. 5, *Incurred Health and Disability Claims*
- ASOP No. 8, *Regulatory Filings for Health . . .*
- ASOP No. 23, *Data Quality*
- ASOP No. 25, *Credibility Procedures*
- ASOP No. 41, *Actuarial Communications*
- ASOP No. 45, *The Use of Health Status Based Risk Adjustment Methodologies*

APPENDIX B – SUPPORTING DOCUMENTATION

General

The purpose of the required supporting documentation is to provide full support for the development of the prospective payment amount PMPM. This documentation will be used in conjunction with the completed MPT to determine whether or not the prospective payment request will be accepted. All supporting documentation files should:

- Be clearly labeled and easily understood by CMS reviewers.
- Explain the rationale for the assumptions, including quantitative support and details where feasible based on insurance experience or reported research and/or demonstrations, rather than just narrative descriptions of assumptions.
- Provide sufficient detail to understand the reasoning leading to the assumptions adopted when there is no reliable experience to rely on.
- Explicitly state uses of actuarial judgment in lieu of experience or research with a summary of the problems with available data.
- Describe plan-specific variations in addition to the overall pricing assumption or methodology.
- Match the values entered in the MPT.
- Include Excel spreadsheets with working formulas, rather than PDF files, and a narrative explanation of the inputs and the calculations and their components.
- Clearly identify the plan ID(s) relating to the support. At a minimum, the contract number and organization name must appear on the first page. Specific plan numbers must be included where appropriate, such as on the first page, in a separate chart or as an attachment.
- Include a hard-coded date.
- Include the contract-plan ID (or organization name) and topic in the beginning of the file name.
- Include the topic in the name of each worksheet in an Excel workbook.
- Be labeled “revised” if any information in the file is revised or appended during Enhanced MTM actuarial review.

Cover Sheet

To help expedite and organize the review of the Enhanced MTM prospective payment application, Model participants must submit a “cover sheet” that lists all of the supporting documentation that is provided with the MPT. The filename must include the phrase “cover sheet.” The cover sheet must include detailed information for each support item—such as the filename and the location within the file, if applicable—and must clearly identify the contract number-plan IDs. Sample check lists and cover sheets for the initial January submission, and for any subsequent revisions, are provided at the end of this appendix.

Timing

Supporting documentation must be provided with the Part D Enhanced MTM Model application in January, 2016. Revised documentation must be provided with any request for changes in either the prospective payment amount (allowable only during the July 2016 Model Application Update Window) or to the Enhanced MTM Program Activities.

Initial January Submission

The following documentation requirements apply to all proposals.

- **Cover Sheet** - A cover sheet outlining the documentation files, as described above.
- **Program Narrative** - Narrative description of proposed Program Activities. Can be same narrative provided to CMS clinical team. The required elements include (where applicable)-
 - Detailed description of the targeting methodology, including specific disease groups, drugs taken, risk level, etc.
 - Detailed description of outreach tactics and strategies, including ongoing engagement activities.
 - Detailed description of types of providers who will be involved with the delivery of Enhanced MTM services and their responsibilities.
 - Description of expected relationship of subcontractors for Enhanced MTM services to applicant, services provided by subcontractors, and division of responsibilities between sponsor and contractor.
 - Description of delivery settings in which Enhanced MTM services will be provided.
 - Description of delivery method.
 - Frequency and interval of provided services.
 - Narrative description of the steps expected to be taken to initially target, engage, and to retain these members as participants.
- **Enrollment and Take-Up Rate Assumptions** - Support for total, targeted, and receiving interventions enrollment projections by plan. The required elements include-
 - Source of assumptions for population receiving interventions e.g., commercial experience, empirical studies, etc.
 - Quantitative documentation of enrollment counts for the population targeted under the Model.
- **Non-Benefit Expense Assumptions** - Support for the assumptions underlying the projected amounts of Direct Expenses for Program Activities, Direct Expenses for Program Management, Indirect Expenses, and Insurer Fees. The required elements include-
 - A description of the Program Activity expenses included in Section II.
 - For each Program Activity:
 - The projected number of member months targeted and receiving interventions under the Program Activity, if applicable.
 - Support that shows the development for the particular Program Activity.
 - Detailed support for the development of the projected expenses in all categories. The required elements include-
 - A description of the methodology used to develop the expenses.
 - Support that ties costs in the MPT to the potential payment flows between sponsors and other parties described in response to Question 12 in the Appendix-Application Template of the Request for Applications.
 - An analysis that shows the development of each line item using relevant data, assumptions, contracts, financial information, business plans, and other experience.
 - If applicable, the share of both direct and indirect expenses paid to subcontracted third parties.
 - For direct costs attributable to waived/reduced cost sharing for financial need only:
 - Detailed estimates of historical cost and utilization information for drugs targeted for reduced/waived cost sharing.

- Demonstration that Low Income Cost Sharing Subsidy (LICS) amounts are not included in waived amounts for those that qualify for LICS.
 - Methodology used to project any historical cost and utilization information underlying an estimate of direct costs to the contract period.

NOTE: The MPT includes rows for up to 20 Program Activities. If more space is needed, similar “strategies” may be combined into a single Program Activity at the discretion of the certifying actuary in order to complete the MPT; in such cases, the detail by Program Activity Component must be shown in supporting documentation.

- **Non-Benefit Expense Part D Impact** - Support for the expected impact on Non-Benefit Expenses reported on the Part D BPT due to removal of MTM costs from the bid.
- **Utilization and Cost Impacts** - Support for utilization and cost impacts of the proposed program. Due to the expected novel nature of some proposed interventions, it is possible that limited public experience or literature exists on which to base estimates of the impact of specific Program Activities on utilization patterns or the cost of services. In this case, it is sufficient for the justification of actuarial assumptions to be derived from the actuary’s reasoning, judgment, or other factors. Documentation in this form is still required to be sufficiently clear that another actuary can appraise its reasonableness. The required elements include-
 - Quantitative documentation of changes to Part D utilization and unit costs for both improved drug adherence and drug discontinuations expected to result from the Enhanced MTM Program.
 - See the Sample Service Level Impact Matrix below.
 - Quantitative documentation of impacts on medical costs.
 - No specific format is suggested for the estimates of the expected impacts on Parts A/B services. Estimates should be prepared for expected impacts on specific service categories, recommend using the same level of service categories as used in the Medicare Advantage BPT.
- A document titled “**Related-Party Declaration**” that states whether or not the sponsor is in a related-party arrangement impacting the projected costs of the activities.

The following documentation requirements apply to all proposals that contain these specified assumptions:

- Detailed support for any related-party arrangements
 - All Part D sponsors entering into an arrangement for MTM services with an entity that is associated with the Part D sponsor must meet the documentation requirements laid forth on page 21 and Appendix B of the CY2016 Part D BPT Instructions.
- Support for reliance on information supplied by others that–
 - Identifies the source(s) of the information—for example, name, position, company, date;
 - Identifies the information relied upon;
 - States the extent of the reliance—for example, whether or not checks as to reasonableness have been applied; and
 - Indicates to which plan(s) the reliance information applies.

Enhanced MTM CHECKLIST FOR REQUIRED SUPPORTING DOCUMENTATION

Initial Enhanced MTM Submission – Required for All Proposals
Cover sheet
Program narrative
Enrollment and take-up rate assumptions
Non-benefit expense assumptions
Non-benefit expense Part D impact
Utilization and cost impacts
Related-party declaration
Initial Enhanced MTM Submission – Required for All Proposals with Specified Assumptions
Related-party arrangements
Reliance information

**SAMPLE COVER SHEET – SUBMITTED WITH INITIAL ENHANCED MTM
UPLOAD**

Supporting Documentation Cover Sheet

CY2017

Organization Name: PDP Sponsor

Contract(s): S9999

Date: January 8, 2016

Documentation Requirement	Specific Bid(s) or N/A	File Name	Location within File (if Applicable)
Cover sheet	001	Cover Sheet 1-8-16.pdf	Page 1
Program narrative	001	Cover Sheet 1-8-16.pdf	Pages 2-4
Enrollment/ take-up rate Assumptions	001	Cover Sheet 1-8-16.pdf	Page 6
Activity costs	001	DirIndCosts.xlsx	Sheet1
Related-party declaration	001	Cover Sheet 1-8-16.pdf	Page 7
Utilization and cost impacts	001	UtilCostImpacts.xlsx	Sheet1

**SAMPLE COVER SHEET – SUBMITTED AS A SUBSEQUENT ENHANCED
MTM SUBSTANTIATION UPLOAD**

Supporting Documentation Cover Sheet

CY2017

Organization Name: PDP Sponsor

Contract(s): S9999

Date: January 29, 2016

Documentation Requirement	Specific Bid(s) or N/A	File Name	Location within File (if Applicable)
Cover sheet	001	Cover Sheet 1-29-16.pdf	Page 1
Email communication with actuarial reviewers	001	E-mail1.docx	n/a

SAMPLE SERVICE LEVEL IMPACT MATRIX – SUBMITTED WITH INITIAL ENHANCED MTM UPLOAD

Projected Utilization and Cost without Enhanced MTM for all targeted enrollees				Enhanced MTM Program Impact				
Tier and Point of Sale	# of Scripts/ 1000	Allowed per Script	PMPM Allowed	Estimated % Impact on Utilization	Estimated % Impact on Cost	Projected Scripts/ 1000	Projected Unit Cost	Allowed PMPM After Impact
a. Retail Generic	25,448	\$31.00	\$65.74	0.950	1.002	24,176	\$31.06	\$62.58
b. Retail Preferred Brand	8,877	\$42.00	\$31.07	0.950	1.002	8,433	\$42.08	\$29.58
c. Retail Non-Preferred Brand	6,500	\$250.00	\$135.42	0.999	1.002	6,494	\$250.50	\$135.55
d. Retail Specialty	8,877	\$42.00	\$31.07	1.010	0.998	8,966	\$41.92	\$31.32
e. Mail Generic	6,500	\$250.00	\$135.42	1.011	0.987	6,572	\$246.75	\$135.13
f. Mail Preferred Brand								
g. Mail Non-Preferred Brand								
h. Retail Specialty								
m. Total	56,202	\$85.00	\$398.10	0.964	1.024	54,179	\$87.00	\$392.80

APPENDIX C – GLOSSARY

Program Activity – This refers to a particular MTM “strategy” in an Enhanced MTM Program and is comprised of one or more Program Components (targeting, outreach, and intervention). Program Management is not considered a Program Activity.

Targeting – This category refers to criteria and other means used to identify enrollees experiencing or at risk of experiencing medication-related problems. Criteria could include factors such as the presence of certain diagnoses or drugs, alone or in combination, or certain patterns of prescription filling/refilling. Criteria may also include characteristics such as experiencing transitions of care, presence of multiple prescribers, absence of prescribers, lack of social supports, cognitive issues, or frequent use of medical services. Examples of potential cost categories associated with targeting include, but are not limited to –

- Database development to support targeting activities,
- Data mining and predictive analysis,
- Clinical resources for risk analysis,
- Clinicians for prescriber outreach,
- Systems development to support prescriber ordering of pharmacy consults,
- Systems development to support pharmacist identification of at-risk individuals and requests to authorize delivery of items or services, and
- Systems development to support interoperable data exchange of drug data or MTM care documents.

Outreach – This category refers to outreach and communication activities that influence the at-risk enrollee to participate in fact-finding activities to confirm risk and identify that individual’s goals of therapy and specific barriers to optimal medication use. The type of resources needed for these types of activities may include not only the more conventional call center and mail contacts, but also establishing linkages with the enrollee’s treating physician (or other health worker), community pharmacist, or other social support personnel. This could include additional spending on pharmacist or social service labor resources or spending on additional health information technology (HIT) development, either directly or indirectly through contractual arrangements with MTM vendors. Examples include but are not limited to:

- Call center staffing and operations,
- Mail operations,
- Clinical and non-clinical staffing to support additional outreach strategies, potentially including establishing and coordinating with pharmacy, physician office, clinic, home, and other community-resource-based contacts.

Interventions – These activities refer to services or items to address beneficiaries’ reasons for non-optimized medication use. The importance to this Model of incentivizing individualized interventions that meet the beneficiary “where s/he is” cannot be overemphasized. Interventions may involve targeted beneficiaries either directly, such as counseling or medication synchronization through beneficiaries’ treating pharmacists; or indirectly, such as through information transfer or consult requests among PDP representatives, pharmacists and prescribers. Examples include but are not limited to:

- Pharmacist counseling
- Comprehensive Medication Reviews (CMR)

- Medication reconciliation
- Medication synchronization
- Prescriber coordination to add, eliminate, or adjust drugs or dosages
- Prescriber requests for pharmacy consults
- Compliance packaging or other reminder systems
- Smart pill bottles or other assistive devices
- Smart phone or computer applications
- Access assistance, e.g., transportation, delivery, home visits
- Cost-sharing assistance for financially needy beneficiaries
- Other beneficiary incentives.

Direct Program Management Expenses – This includes direct program expenses that are not included in or attributable to the expenditure categories described above. (For example, expenditures for program requirements such as learning system operations or monitoring and reporting.)

Indirect Expenses – This includes indirect expenses as defined in the Part D Bid Instructions.

Targeted Population – Enrollees who meet the plan-specific eligibility criteria for the proposed Enhanced MTM Program.

Population Receiving Interventions – Enrollees who receive Enhanced MTM-related items, services, cost-sharing assistance (solely for financial need), or other incentives, either directly or indirectly.