PRESCRIPTION DRUG EVENT
Reconciliation

WORKBOOK

Scenario 1

Bayside Health Plan received $120 per low-income member per month of prospective LICS based on their Part D bid. The plan had 24,000 LI member months, meaning that the plan received a total of $2,880,000 of prospective LICS. Based on PDE data, the plan had $3,000,000 of actual LICS.

Scenario 2

Bayside reported DIR for total covered drugs equal to $1,850,000. Bayside reported Estimated Rebates at the POS equal to $350,000.

Scenario 3

Bayside reported GDCA equal to $2,250,000 and GDCB equal to $12,750,000. Bayside's total prospective reinsurance was $2,100,000. Since Bayside bid a prospective reinsurance amount of $35 pmpm and had 60,000 member months, Bayside's total prospective reinsurance was $2,100,000 ($35*60,000 = $2,100,000).

Scenario 4

Bayside received $3,078,000 in total direct subsidy payments and $2,100,000 in Part D basic premiums related to the standardized bid. Bayside's administrative cost ratio is 15 percent. Bayside's unadjusted allowable risk corridor cost is $8,120,000 and their induced utilization ratio is 1.018. Part D threshold risk percentages, in descending order are 110 percent, 105 percent, 95 percent, and 90 percent.