

Part D Senior Savings Model and Part D Payment Modernization Model CY2022 Overview and Application

*CMS Innovation Center
March 2021*



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CMS Innovation Center Team

Today's Speakers:

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Judy Geisler, Part D Model Team and Team Lead

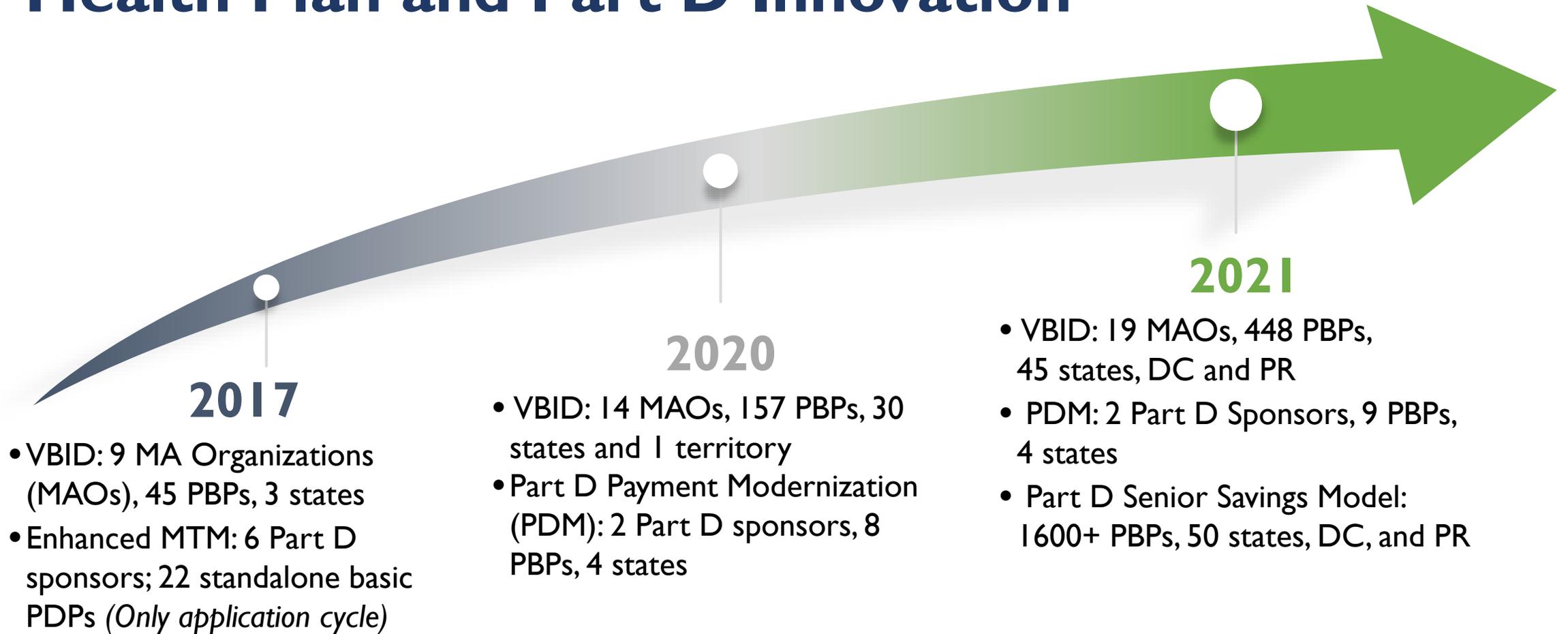
Trudel Pare, Part D Model Team

Hunter Coohill, Part D Model Team and Team Lead

Agenda

- Health Plan & Part D Innovation
- CY 2022 Part D Senior Savings Model (PDSS) Design and Application
- CY 2022 Part D Payment Modernization (PDM) Model Updates and Application
- Question and Answer

Health Plan and Part D Innovation



CY 2022 PDSS Model Design and Application

Part D Program Current State Outside the Model



Special Rule for Supplemental Benefits - 1860D-14A(c)(2) of the Act and 42 C.F.R. § 423.2325(e)

“...where an applicable beneficiary has supplemental benefits with respect to applicable drugs under the prescription drug plan or MA-PD plan that the applicable beneficiary is enrolled in, the applicable beneficiary shall not be provided a discounted price for an applicable drug under this section until after such supplemental benefits have been applied with respect to the applicable drug” - Social Security Act 1860D-14A(c)(2)

Due to these financial disincentives, Part D sponsors generally do not offer supplemental benefits in the coverage gap for insulin.

Part D Senior Savings Model



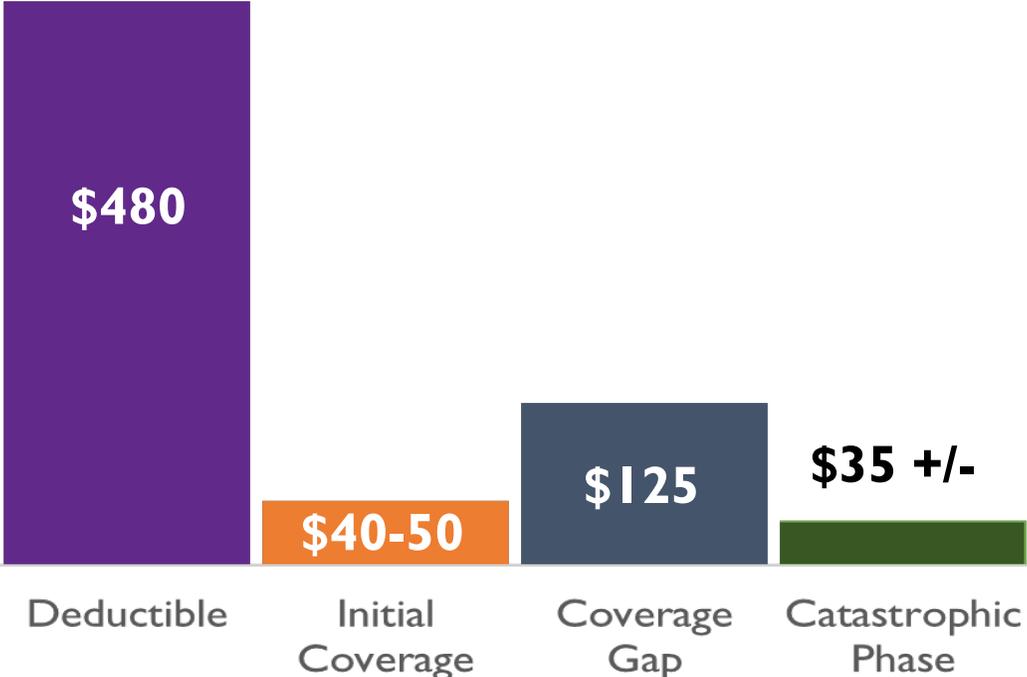
Broad set of formulary insulins available at a stable, predictable \$35 copay for a one-month's supply in the deductible, initial coverage, and coverage gap phases

- Voluntary for eligible manufacturers, Part D sponsors, and beneficiaries for the 2022 plan year.
- Enhanced alternative standalone prescription drug plans (PDPs) and Medicare Advantage plans that offer prescription drug coverage (MA-PDs).
- Address the current coverage gap financial disincentive in the manufacturer coverage gap discount program outside the Model.
- Applies to enrollees who do not qualify for the Part D low-income subsidy.
- Limited to applicable drugs that are, or contain, a drug classified as insulin, where the manufacturer participates and the Part D sponsor offers supplemental benefits for.
- Plans may offer Part D Rewards and Incentives Programs through the Model.

Insulin Costs for Beneficiaries

Current Enhanced Plan

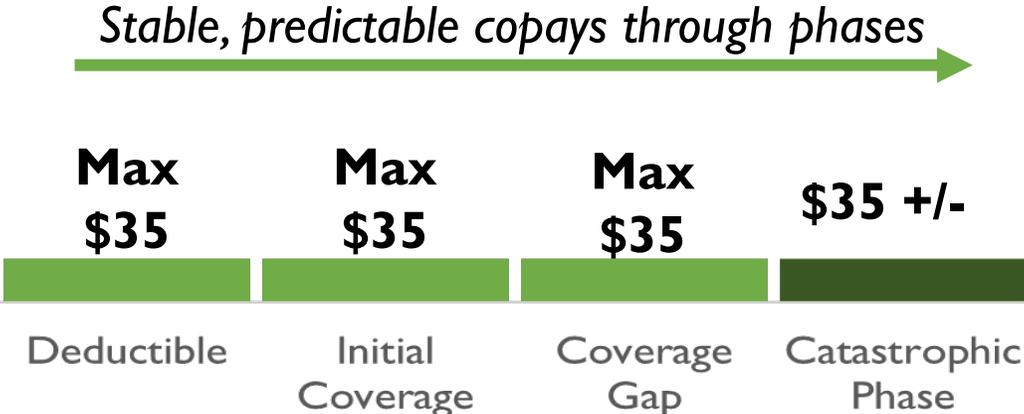
Beneficiary Cost for Month's Supply



vs

Model Enhanced Plan

Beneficiary Cost for Month's Supply



Part D Senior Savings Plan Operations

- **Deductible:** Beneficiaries move through the deductible and initial coverage phases of the Part D benefit based on the total gross drug costs accumulated
- **Preferred vs. Non-preferred:** Plans **MAY** differ cost-sharing at preferred and non-preferred pharmacies and at mail.
- **One-month-supply:** Follow the plan's definition, consistent with current program regulations and guidance, of a one-month's supply.
- **Maximum \$35 copay:** Plans may lower the copay for one or more Model drugs below \$35.
- **List of Model Drugs:** The updated list of Model drugs is available on the Model website.
- **Tier placement:** The Model drug must be on a tier that is at least the copay or higher.
- **Optional Risk Corridor:** application opt-in to be eligible for a 2.5% first risk corridor threshold.
- **Low- Income Cost-sharing Subsidy (LIS):** Enrollees with LIS (including LIS 4) are not eligible.

Note: CMS will provide additional guidance on how beneficiaries will be presented plans on Medicare Plan Finder for Plan Year 2022 Open Enrollment and answers to any other FAQs.

Plan Eligibility and Participation

- **Eligibility:** Enhanced alternative plan benefit packages (PBPs) offered either as standalone prescription drug plans or through Medicare Advantage plans that offer prescription drug coverage. Chronic condition and institutional special needs plans may also join.
- **Requirements:** Include at least one vial and pen dosage form for each of the different types of Model insulins, where available – rapid-acting, short-acting, intermediate-acting, and long-acting – at a maximum \$35 copay for one-month supply, through the deductible, initial coverage, and coverage gap phases of the benefit at all pharmacy types (preferred and non-preferred) and locations (retail and mail). *The catastrophic phase is not included in the Model's design.*
- **Standard Coverage for All Formulary Insulins:** CMS strongly encourages Part D sponsors to follow the same coverage rules for all Model insulins offered on formulary.

Part D Rewards and Incentives (RI) Programs



Permissible Part D RI program designs, with focus on promoting improved health outcomes, medication adherence, and the efficient use of health care resources:

- May be designed to target enrollees with pre-diabetes or diabetes who participate in a disease state management programs specific for pre-diabetes or diabetes.
- Provide RI for plan sponsor medication therapy management program participation, including review of all of an enrollee's medications & focus on pre-diabetes or diabetes.
- Provide RI for enrollees with pre-diabetes or diabetes who participate in preventive health services, such as receiving Part D covered vaccines.
- Allow enrollees with pre-diabetes or diabetes to engage and better understand their Part D plan benefit, costs, and clinically-appropriate coverage alternatives.
- Part D Sponsors participating in more than one CMMI Model have a combined, aggregate RI cap of \$600.

Quality and Performance Monitoring



Monitoring focus on changes to drug list price, beneficiary access, beneficiary enrollment and any potential impacts on affordability and adherence, including:

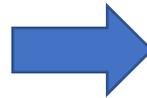
- Beneficiary experience and drug access
- Plan participant enrollment
- Prescription drug list price
- Direct and indirect remuneration and prescription drug net price
- Premiums
- Additional unintended consequences

Application Process

Pharmaceutical Manufacturers

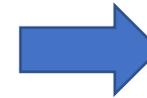
The following manufacturers are participating for CY 2022:

1. Eli Lilly and Company
2. Mannkind Corporation
3. Mylan Specialty
4. Novo Nordisk Pharma, Inc.
5. Sanofi-Aventis, U.S., LLC



CMS

CMS has posted the list of Model drugs on the Model website available here:
<https://innovation.cms.gov/innovation-models/part-d-savings-model>



Part D Sponsor

Submit a completed application by April 12th.

Part D Sponsors will finalize participation in the Part D bid process on June 7th, and submit a supplemental file by June 11th.

<https://innovation.cms.gov/innovation-models/part-d-savings-model>

Key Dates and Resources for PDSS

- PDSS Model Website: <https://innovation.cms.gov/innovation-models/part-d-savings-model>
- CY 2022 Part D Sponsor Request for Applications (RFA):
<https://innovation.cms.gov/media/document/partd-seniorsav-cy22-plan-rfa>
- PDSS Model Fact Sheet: <https://innovation.cms.gov/media/document/partd-seniorsav-cy22-fs>
- CY 2022 Part D Sponsor Application: https://cms.gov1.qualtrics.com/jfe/form/SV_6x95Apoix1OqDky
- HPMS Memo (CY 2022 Applications): <https://innovation.cms.gov/media/document/partd-seniorsav-cy22-mnfspr-hpmsmemo>

April 12, 2021

- Part D Sponsor Applications for the Model are due.

June 7, 2021

- Part D Sponsors confirm participation with bid submission in alignment with the Model.

3rd Quarter, 2021

- CMS and Model Participants sign Addendum to the CY 2022 Part D Sponsor Contract.

CY 2022 PDM Model Updates and Application

Updates to CY 2022 PDM Model (1 of 2)

Based on stakeholder feedback and other considerations, CMS is not moving forward with two Model design changes discussed in the January 19, 2021 CY 2022 RFA:

1. The Part D Formulary Flexibilities, and
2. Removal of downside risk for CY 2022. For CY 2022, the PDM Model will continue to test a modernized Part D payment structure in which participating Part D sponsors take two-sided risk for CMS' federal reinsurance subsidy spending for participating plan benefit packages (PBPs), relative to their Spending Target Benchmark(s).

Updates to CY 2022 PDM Model (2 of 2)

With the release of the updated CY 2022 PDM Model RFA, CMS is announcing the following policies, updates and clarifications:

- All plan types that were eligible to participate in the Model for CY 2021 are eligible to apply to participate in the Model for CY 2022, regardless of whether the Part D sponsor of such plan submitted a CY 2022 Notice of Intent.
- Spending Target Benchmark - CMS will require that a minimum threshold apply for all Performance-Based Gains and Losses.
- Part D Rewards and Incentives Programs - For CY 2022, multiple Part D RI programs are permitted to be offered in a single PBP under each of the PDM, Part D Senior Savings (PDSS), and Value Based Insurance Design (VBID) Models. This means that one PBP might include Part D RI Programs offered under up to three different Models.

Programmatic Flexibilities Available for CY 2022

For CY 2022, the Model will offer Part D sponsors the opportunity to implement the same Part D programmatic flexibilities that were offered in CY 2021, which are aimed at reducing out-of-pocket costs and improving the quality of care for beneficiaries:

- Medication Therapy Management+ (MTM+) Programs;
- Flexibilities to Lower Costs for Beneficiaries: Limited Initial Days' Supply and Cost Sharing Smoothing;
- Part D Rewards and Incentives Programs;
- Reduction or Elimination of Cost-Sharing on Generic Drugs and Biosimilars for Low-Income Subsidy Beneficiaries;
- Plan Timeliness for Standard Initial Coverage Determinations; and
- Additional Flexibility under the De Minimis Policy.

Key Dates and Resources for PDM Model

- PDM Model Website: <https://innovation.cms.gov/innovation-models/part-d-payment-modernization-model>
- CY 2022 Part D Sponsor Request for Applications (RFA):
<https://innovation.cms.gov/media/document/partd-payment-modernization-cy22rfa>
- PDM Model Fact Sheet: <https://innovation.cms.gov/media/document/partd-payment-modernization-cy22fs>
- CY 2022 Part D Sponsor Application: https://cms.gov | .qualtrics.com/jfe/form/SV_5Bj84BgvYTjPrSZ
- HPMS Memo (CY 2022 Applications): <https://innovation.cms.gov/media/document/partd-payment-modernization-cy22hpms>

April 16, 2021

- Part D Sponsor Applications for the PDM Model are due.

June 7, 2021

- Part D Sponsors confirm participation with bid submission in alignment with the PDM Model.

3rd Quarter, 2021

- CMS and Model Participants sign Addendum to the CY 2022 Part D Sponsor Contract.

Thank you for joining us!

Please email us with any questions about the Part D Senior Savings Model at PartDSavingsModel@cms.hhs.gov

For questions related to the Part D Payment Modernization Model, please contact PartDPaymentModel@cms.hhs.gov