

Part D Senior Savings (PDSS) Model – Fact Sheet Calendar Year (CY) 2022

The Centers for Medicare & Medicaid Services (CMS) is announcing increased pharmaceutical manufacturer and Part D Sponsor participation for Calendar Year (CY) 2022, the second year of the five-year Part D Senior Savings Model.

In CY 2022, CMS anticipates increased choice of plans offering lower out-of-pocket costs for beneficiaries taking insulin, with 2,159 Medicare Advantage Prescription Drug (MA-PD) plans and standalone Prescription Drug Plans (PDPs) scheduled to participate and provide affordable access to insulin for Medicare beneficiaries in all 50 states, D.C. and Puerto Rico. Two additional pharmaceutical manufacturers will also be participating in CY 2022, bringing total participation in the Model to five pharmaceutical manufacturers.

Model Overview

One in every three Medicare beneficiaries has diabetes, and over 3.3 million Medicare beneficiaries use one or more of the common forms of insulin. For some of these beneficiaries, access to insulin can be a critical component of their medical management, with gaps in access increasing risk of serious complications, ranging from vision loss to kidney failure to foot ulcers (potentially requiring amputation) to heart attacks. Unfortunately, sometimes the cost of insulin can be a barrier to appropriate medical management of diabetes. CMS's Part D Senior Savings Model is designed to lower prescription drug costs and provide Medicare beneficiaries with new choices of Part D plans that offer insulin at an affordable and predictable cost where a one-month's supply of a broad set of plan formulary insulins costs no more than \$35.

The voluntary Model, which began on January 1, 2021, tests the impact of offering beneficiaries an increased choice of enhanced alternative Part D plan options that offer lower out-of-pocket costs for insulin. CMS is testing a change to the Medicare Coverage Gap Discount Program (the "discount program") to allow participating Part D sponsors, through eligible enhanced alternative plans, to offer a Part D benefit design that includes predictable copays in the deductible, initial coverage, and coverage gap phases by offering supplemental benefits that apply after manufacturers provide a discounted price for a broad range of insulins included in the Model. The Model does not change cost sharing in the catastrophic phase. The Model aims to reduce Medicare expenditures while preserving or enhancing quality of care for beneficiaries who receive Part D coverage through standalone prescription drug plans (PDPs) or Medicare Advantage (MA) plans that provide Part D prescription drug coverage (MA-PDs). Model-participating plan benefit packages (PBPs) will provide more stable, predictable copays for certain insulins throughout the different phases of the Part D benefit.

While under current law, Part D sponsors may offer prescription drug plans that provide lower cost sharing for brand and other applicable drugs in the coverage gap, if a Part D sponsor chooses to design its benefit that way, the sponsor would accrue costs that pharmaceutical manufacturers would otherwise pay. Those costs are then passed on to beneficiaries in the form of higher supplemental premiums. Through the CMS Innovation Center, CMS is testing a change where Part D sponsors that participate in the Model offer beneficiaries prescription drug plans that provide supplemental benefits for a broad range of insulins in the coverage gap phase of the Part D benefit. Participating pharmaceutical manufacturers will pay the 70 percent discount in

the coverage gap for the Part D insulins that they market, but those manufacturer discount payments would now be calculated before the application of supplemental benefits under the Model. As such, CMS is encouraging health plan innovation to offer beneficiaries lower prescription drug out-of-pocket costs by waiving a requirement that is currently a programmatic disincentive for Part D sponsors to design prescription drug plans that offer supplemental benefits to lower beneficiary cost sharing in the coverage gap phase of the Part D benefit for certain insulins.

Part D sponsors participating in the Model will offer beneficiaries plan choices that provide broad access to multiple types of insulin, marketed by Model-participating pharmaceutical manufacturers, at a maximum \$35 copay for a one-month supply in the deductible, initial coverage, and coverage gap phases of the Part D benefit. As a result, beneficiaries who take insulin and enroll in a plan participating in the Model should save an average of \$446 in annual out-of-pocket costs on insulin, or over 66 percent, relative to their average cost-sharing today. This predictable copay will provide improved access to and affordability of insulin in order to improve management of beneficiaries who require insulin as part of their care.

To encourage broad Part D sponsor participation, CMS is providing Part D sponsors the option of additional risk corridor protection in CY 2022 for plan benefit packages (PBPs) that have higher enrollment than average from insulin-dependent diabetic patients, when the PBP meets qualifying criteria. Through the Model, CMS is also testing how participating Part D sponsors may best encourage healthy behaviors and medication adherence through Part D Rewards and Incentives programs.

CY 2022 Pharmaceutical Manufacturer and Part D Plan Sponsor Participation

Pharmaceutical Manufacturers

As announced in March 2021, an additional two pharmaceutical manufacturers (MannKind Corporation and Mylan Specialty L.P.) will participate in the Model starting in CY 2022. All three CY 2021 manufacturer participants will be continuing their participation for CY 2022, bringing participation in the Model to five pharmaceutical manufacturers total. This level of participation means that all currently marketed forms of insulin eligible for inclusion in the Model are available to be covered by participating Part D plans at Model cost-sharing.

The following pharmaceutical manufacturers will participate in the Model for CY 2022:

- Eli Lilly and Company
- MannKind Corporation
- Mylan Specialty L.P.
- Novo Nordisk Inc.
- Sanofi-Aventis U.S. LLC

A current Model Drug List for CY 2022, including National Drug Codes (NDCs) for new Model drugs, can be found on the Model website at: <https://innovation.cms.gov/media/document/partd-seniorsav-ndclist-2022>.

Part D Sponsors

In CY 2022, 30 additional Parent Organizations are participating and over 500 more participating plans will be offered in the second year of the Model. CMS anticipates a total of 2,159 Medicare Advantage Prescription Drug (MA-PD) plans and standalone Prescription Drug Plans (PDPs) will participate and provide affordable access to insulin for Medicare beneficiaries in all 50 states, D.C. and Puerto Rico.

For more information on the Part D Senior Savings Model, please visit:

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

Please email PartDSavingsModel@cms.hhs.gov with any questions related to the Model.

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