

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

### **Model Overview**

The Centers for Medicare & Medicaid Services (CMS) is announcing the second year of pharmaceutical manufacturer participation in the Part D Senior Savings Model (or the “Model”), and the corresponding Request for Application (RFA) process for Part D sponsor participation for CY 2022.

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 Participation and Requests for Applications**

Currently there are three pharmaceutical manufacturers participating in the PDSS Model for CY 2021 (Eli Lilly and Company, Novo Nordisk Inc., and Sanofi-Aventis U.S. LLC). In January 2021, CMS released a CY 2022 RFA for non-participating pharmaceutical manufacturers that market covered Part D drugs that are applicable drugs, as defined in section 1860D-14A(g)(2) of the Social Security Act, that are, or contain, a drug classified as insulin in the American Hospital Formulary Service (AHFS) Drug Information or the DRUGDEX Information System compendia.

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

An updated 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>.

**CMS is now announcing the release of the CY 2022 RFA for Part D sponsors; eligible sponsors are invited to apply to participate in the Model for CY 2022.** In addition to the list of participating pharmaceutical manufacturers and Model Drugs for CY 2022, the newly released RFA for Part D sponsors who would like to participate in the Model for CY 2022 is available on the Model website at: <https://innovation.cms.gov/innovation-models/part-d-savings-model>.

Part D sponsors are encouraged to review the Model's RFA for all Model eligibility criteria and other requirements. Applications for the Model are due on **April 12, 2021 at 11:59PM PDT**.

Upon completion of the application period and bid cycle in Fall 2021, CMS will make available the list of participating Part D sponsors that are innovating to provide beneficiaries lower out-of-pocket costs and

improved access, affordability, and adherence to the prescription drugs their health relies on, in partnership with the above listed pharmaceutical manufacturers.

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](mailto:PartDSavingsModel@cms.hhs.gov) with any questions related to the Model.