CENTERS FOR MEDICARE & MEDICAID SERVICES
CENTER FOR MEDICARE AND MEDICAID INNOVATION

Evaluation of the Part D Modernization Model

Executive Summary

June 2026

Executive Summary

Background: The Part D Modernization (PDM) Model was implemented from January 1, 2020 to December 31, 2021, and most Medicare Advantage prescription drug plans (MA-PDs) and stand-alone prescription drug plans (PDPs) were eligible to participate. The PDM Model implemented a redesign of the catastrophic coverage phase of the Part D benefit by establishing an annual Spending Target Benchmark for federal reinsurance spending against which the actual federal reinsurance spending of participating Part D plans was compared, resulting in either performance-based gains or losses. The PDM Model also offered participating Part D plans several optional programmatic flexibilities.

Methods: CMS analyzed trends in PDM Model participation and enrollment from 2019 through 2021. Outcome measures included Part D drug spending and utilization measures and healthcare service utilization. Due to the small number of participating plan sponsors, CMS descriptively compared outcome measures for PDM participating plans against a set of reference Part D plans with similar proportions of low-income subsidy (LIS) enrollees during the same period.

Results: Two Part D plan sponsors participated in the PDM Model: Health Plan Partners (HPP), with three MA-PDs, and UnitedHealthcare (UHC), with six PDPs in 2021, respectively. The patterns for HPP and its reference MA-PDs were similar for the percentage of enrollees reaching the catastrophic phase and catastrophic phase spending per enrollee. For UHC, CMS observed a reduced percentage of enrollees reaching the catastrophic phase and lower catastrophic phase spending per enrollee, along with a relative reduction in total 30-day equivalent prescription drug fills compared to reference PDPs. Because these comparisons are descriptive, the role of the PDM Model in these observed patterns cannot be determined.

Conclusions: Due to limited uptake of the PDM model, we were unable to determine whether the PDM Model as designed would have reduced federal reinsurance spending while maintaining or improving quality of care. The limited participation in the model highlighted the challenge of designing a voluntary model that provides Part D plan sponsors sufficient incentive to accept greater financial risk in the Part D program. Although the PDM Model was terminated prior to the conclusion of its planned performance period, the principle of reducing federal liability in the catastrophic coverage phase was included in the Part D benefit redesign provisions of the Inflation Reduction Act of 2022 (IRA).