

## **Part D Payment Modernization Model Calendar Year (CY) 2021 Fact Sheet**

In January 2020, the Centers for Medicare & Medicaid Services (CMS) Center for Medicare & Medicaid Innovation (CMS Innovation Center) launched the Part D Payment Modernization Model (the “PDM Model” or the “Model”) to test the impact of a revised Part D program design and improved alignment of financial risk incentives on overall Part D prescription drug spending and beneficiary out-of-pocket costs. The Model aims to reduce Medicare expenditures while preserving or enhancing quality of care for beneficiaries.

CMS is announcing a CY 2021 Model request for applications (RFA). The Model is open to eligible standalone Prescription Drug Plans (PDPs) and Medicare Advantage-Prescription Drug Plans (MA-PDs) for the 2021 Plan Year (the second year of the Model).

For CY 2021, Model participants may apply to CMS to offer the following range of programmatic flexibilities and model design elements:

- Medication Therapy Management+ (MTM+) (new for 2021);
- Limited Initial Days’ Supply for Specific Covered Part D Drugs (new for 2021)
- Cost-Sharing Smoothing (new for 2021);
- Part D Rewards and Incentives Programs;
- Reduction or Elimination of Cost-Sharing on Generic Drugs and Biosimilars for Low-Income Subsidy (LIS) Beneficiaries; and
- Updated Plan Timeliness from 72 to 96 hours for Standard Initial Coverage Determinations.

CMS is allowing Model participants to propose clinically-based drug utilization management techniques that make prescription drugs with lower list prices available while also ensuring appropriate beneficiary access. To that end, participating Part D sponsors may propose to leverage programmatic flexibilities and model design elements to:

- Create a Part D Rewards and Incentive programs to encourage greater enrollee education and greater engagement between the enrollee and the enrollee’s chosen Part D plan;
- Develop innovative MTM+ programs, that do not contain the minimum elements and interventions required under the existing Part D MTM program, but are more comprehensive and provide better medication therapy management and care coordination services compared to the existing MTM program;
- Leverage innovative approaches to lower drug costs for enrollees such as through Cost-Sharing Smoothing, where enrollees would be allowed to pay for their prescription cost-sharing over time within the course of the plan year (e.g., installment payments); and Limited Initial Day’s Supply, where Part D sponsors may limit the first fill of a new, medication to a clinically and operationally feasible time frame of less than a 30-day equivalent supply;
- Reduce or eliminate cost-sharing on generics and biosimilars for LIS beneficiaries to encourage the use of higher value products; and

- Enable increased medication adherence, increased initial determination approvals, and decreased re-determinations by allowing Part D sponsors to increase the standard coverage determination timeframe from 72 to 96 hours.

Further, given Model participants are taking additional reinsurance risk, for basic Part D plans that may be above the benchmark, CMS will consider offering Model participants the option for a higher *de minimis* amount, as necessary.

For the current plan year, the first year of the Model, CMS received significant letters of interest from Part D sponsors, but due to other potential proposed rules, a number of Part D sponsors shared that there was too much uncertainty to join. Two Part D sponsors, United Healthcare and Health Partners Plan, are participating in the Model for the first year. CMS hopes Part D sponsors take this opportunity to participate in a Model to reduce overall costs and deliver improved Part D programs to beneficiaries.

Overall, through the Part D Payment Modernization Model, CMS aims to test better alignment of CMS and plan risk-sharing in Part D to increase Part D market competition, decrease beneficiary out-of-pocket and premium costs, preserve or enhance quality of care for beneficiaries, maintain and ensure affordable access to prescription drugs, and decrease Part D programmatic spending.

Additional information on the Part D Payment Modernization Model can be found on the Model website at <https://innovation.cms.gov/initiatives/part-d-payment-modernization-model/>. The RFA to join the Model for CY 2021 is available on the model website and applications will be accepted through April 24, 2020.

For any questions about this Model, please email [PartDPaymentModel@cms.hhs.gov](mailto:PartDPaymentModel@cms.hhs.gov)