

CY 2021 Health Plan Innovation Models

Part D Senior Savings Model

Part D Payment Modernization Model

Medicare Advantage Value-Based Insurance Design Model

Center for Medicare & Medicaid Innovation
Centers for Medicare & Medicaid Services



Agenda

- CMS Introductions
- What's New for CY 2021
- Model Overview & Updates for CY 2021
 - Part D Senior Savings Model
 - Part D Payment Modernization (PDM) Model
 - Medicare Advantage Value-Based Insurance Design (VBID) Model
- CY 2021 Application Timeline & Process
- CMS Technical Assistance and Applicant Resources
- Question and Answer Session

Presenters

- Laura McWright
- Mark Atalla
- Judy Geisler
- Hunter Coohill

What's New for CY 2021?

Part D Senior Savings Model (New Model for CY 2021):

- Offers beneficiaries plan choices that provide broad access to multiple types of insulin at a maximum \$35 copay for a 30-days' supply in the deductible, initial coverage, and coverage gap phases of the Part D benefit.

Part D Payment Modernization Model:

- Medication Therapy Management+ (MTM+) Program Flexibility.
- New Flexibilities to Lower Costs for Beneficiaries: *Limited initial days' supply* and *Cost-Sharing Smoothing*.
- All Special Needs Plans (SNPs) are eligible to join.

Value-Based Insurance Design (VBID) Model:

- Hospice Benefit Component.
- Flexibility to share beneficiary rebate savings more directly with beneficiaries in the form of cash or monetary rebates.
- Medicare Advantage Organizations (MAOs) are encouraged to offer new and existing technologies and devices that are FDA approved and that do not fit into an existing benefit category, for targeted populations (chronic conditions and/or low income subsidy (LIS) status).

Part D Senior Savings Model

Current State and Model Problem Statement



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

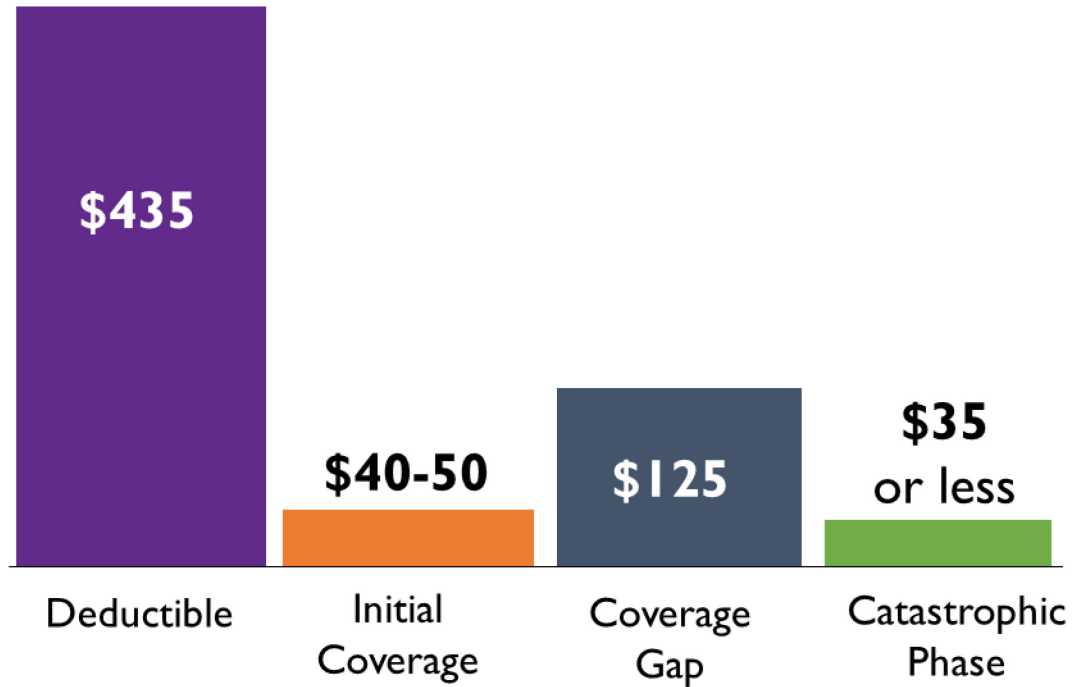
“...where an applicable beneficiary has supplemental benefits with respect to applicable drugs under the prescription drug plan or MA-PD plan that the applicable beneficiary is enrolled in, the applicable beneficiary shall not be provided a discounted price for an applicable drug under this section until 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.

Insulin Costs for Beneficiaries

Current Enhanced Plan

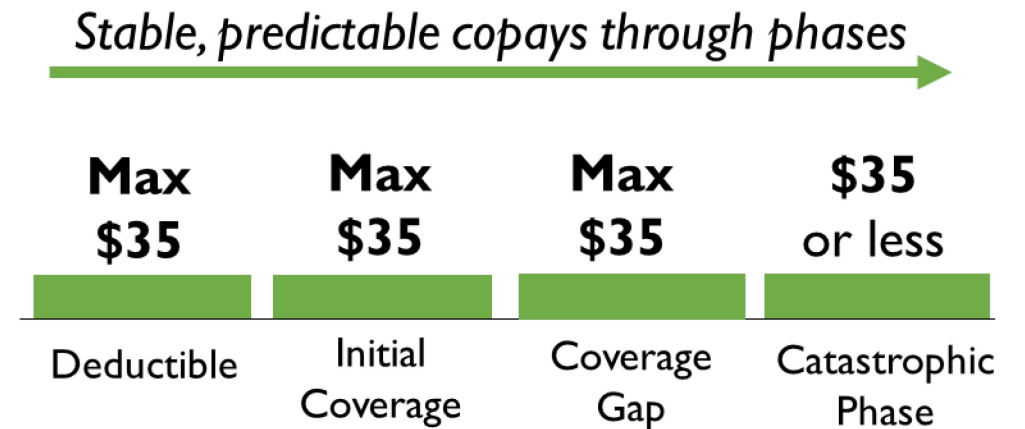
Beneficiary Cost for 30-day Supply



vs

Model Enhanced Plan

Beneficiary Cost for 30-day Supply



Goal: Lower Out-of-Pocket Costs



Broad set of formulary insulins available at a stable, predictable \$35 copay for a 30-days' supply in the deductible, initial coverage, and coverage gap phases

- Voluntary for eligible manufacturers, Part D sponsors, and beneficiaries for the 2021 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.
- 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.

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.
- **30-days'-supply:** Follow the plan's definition, consistent with current program regulations and guidance, of a one-month (30-day equivalent) supply.
- **Maximum \$35 copay:** Plans may lower the copay for one or more Model drugs below \$35.
- **List of Model Drugs:** The 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.

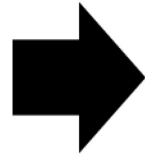
CMS will provide additional guidance on how beneficiaries will be presented plans on Medicare Plan Finder and answers to any other FAQs in the coming weeks.

Application Process

Pharmaceutical manufacturers

The following manufacturers are participating for CY 2021:

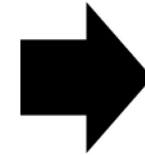
1. Eli Lilly and Company
2. Novo Nordisk, Inc. and Novo Nordisk Pharma, Inc.
3. Sanofi-Aventis U.S. LLC



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 Sponsors

Submit a non-binding letter of intent by April 10th.

Sponsors will then fill out an application by May 1st.

Part D sponsors will finalize participation in the Part D bid process on June 1st.

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

Part D Payment Modernization Model

Current State and Model Problem Statement



Reduce Part D Federal Reinsurance Subsidy Costs and improve quality

- The PDM Model is open to eligible Part D sponsors' Prescription Drug Plans (PDPs) and Medicare Advantage-Prescription Drug Plans (MA-PDs) in all states and territories for CY 2021.
- Create a retrospective spending target benchmark to enable two-sided risk on federal reinsurance (80 percent of catastrophic phase spending currently).
- Provide a set of Part D programmatic flexibilities to enable plans to better manage drug spending, increase engagement between plans and their enrollees and to promote better enrollee understanding of their Part D benefit, out-of-pocket costs, and clinically equivalent therapeutic options.

Performance-Based Payments or Losses

- Based on performance relative to the spending target benchmark, model participants will have performance-based payments or performance-based losses.
- **Performance-based payments:** CMS will pay participating Part D sponsors 30 percent of any savings up to 3%, relative to difference between performance and the benchmark, and 50 percent of savings beyond 3%.
- **Performance-based losses:** Part D sponsors will be responsible for 10 percent of the difference between performance and the benchmark if performance results in higher costs.

Spending Target Benchmark Outcome	%	Result
Savings	0% up to 3%	30% of savings
Savings	3%+	50% of savings greater than 3%
Losses	Any	10% of the difference

Model Programmatic Flexibilities: MTM+ Programs

MTM+ Program: CMS is waiving MTM requirements for targeting, interventions, and engagement, as well as uniformity and accessibility of benefits requirements, for participating Part D sponsors that develop innovative MTM programs (termed MTM+ programs) and participate in this Model.

By allowing Part D sponsors to develop MTM+ programs, in lieu of the standard Part D MTM program, CMS is testing ways MTM programs may be developed and implemented that improve beneficiary targeting and engagement, with the aim of improving adherence, coordination of care, and understanding of a beneficiary's medication regimens.

Part D sponsors are encouraged to develop MTM+ programs that are clinically impactful and meaningful, as measured by increased engagement and uptake of MTM interventions by beneficiaries, recommendations by the providers that care for them, improved medication adherence, and decreased Part D costs and Parts A and B costs.

Model Programmatic Flexibilities: Lower Costs

- **Limited initial days' supply:** Part D sponsors may propose to limit the first fill of a new medication to a clinically and operationally feasible time frame of less than a 30-days' equivalent supply for covered Part D drugs where there is a clinical and drug utilization review rationale to do so.
- **Cost-Sharing Smoothing:** Part D sponsors may propose to CMS innovative approaches to improving access to medications, including allowing an enrollee to pay their prescription cost-sharing over time within the course of the Plan Year (e.g., installment payments).
- **LIS Cost-Sharing Reduction:** Part D sponsors may reduce or eliminate cost-sharing on generics and biosimilars for LIS beneficiaries to encourage the use of higher value products. All Part D plan types may apply this flexibility.

Model Programmatic Flexibilities: Administrative

- **Part D Rewards and Incentives Programs:** Part D sponsors may propose to CMS to offer 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.
- **Increased window for standard coverage determinations:** 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.

These program flexibilities test a suite of tools in Part D that aim to lower costs and improve quality through the Model.

Value-Based Insurance Design Model

Current State and Model Problem Statement



Test Complementary Medicare Advantage Health Plan Innovations

- CMS is testing the VBID Model consistent with other Innovation Center models to reduce Medicare program expenditures and/or enhance the quality of care for Medicare beneficiaries and improve the coordination and efficiency of health care service delivery.
- Eligible MAOs in all 50 states and territories may apply for the health plan innovations being tested under the VBID Model.
- Open to MA-only and MA-PD plan offerings for most plan types including coordinated care plans and all SNPs.

VBID Model Updates for CY 2021

Testing additional programmatic flexibilities for participating MAOs, including:

- Provision of rebate savings to beneficiaries in the form of cash or monetary rebates.
- Encouragement of access to new and existing technologies or FDA approved medical devices.

In addition to the above, MAOs that join VBID in CY 2021 may do one or more of the following:

- Provide the Medicare Hospice Benefit, through a test of a carve-in of the hospice benefit in MA.
- Target supplemental benefits, including reducing cost-sharing, based on chronic conditions, socioeconomic status, or both.
- Offer Part C and D Rewards and Incentives Programs.

***All MAOs participating in VBID are required to outline
a Wellness and Health Care Planning Strategy***

Hospice Benefit Component of the VBID Model

- Through this voluntary test, CMS aims to enable a seamless care continuum that improves quality and timely access to palliative and hospice care in a way that fully respects beneficiary and caregiver needs, wishes, and desires.
- While maintaining the full scope of the current Medicare hospice benefit, flexibilities are permitted around palliative care strategy, provision of transitional concurrent care, and identification and provision of any hospice-specific supplemental benefits.
- Test promotes care transparency and quality through actionable, meaningful measures while maintaining broad choice and access to hospice.

CY 2021 Hospice Base Capitation Payment



*Risk-adjusted and consistent with current law; for only the month in which an enrollee elects hospice (Month 1), unless status is under hospice election as of the first of the month

- For enrollees who elect hospice, participating MAOs will receive a monthly hospice capitation rate, adjusted by a hospice-specific average geographic adjustment and a monthly rating factor
- For the first month of hospice coverage, MAOs will receive the risk-adjusted A/B capitation payment, the MA rebate amount, monthly prescription drug payment, (if offering prescription drug coverage), and a hospice capitation rate tied to the number of Month 1 days of hospice enrollment a beneficiary has:

Days in Month 1	Base Rate
1 – 6	\$1,764
7 – 15	\$3,320
16+	\$5,291

- For hospice stays that occur in a second calendar month and on (Months 2+), MAOs will receive a monthly hospice capitation payment, the MA rebate amount, and monthly prescription drug payment, if offering prescription drug coverage

Month 2 and Later	Base Rate
Monthly Capitation	\$5,187

CY 2021 Application Timeline & Process

Model Application Timeline and Process

	Part D Senior Savings Model	PDM	VBID
RFA	Yes	Yes	Yes – VBID Yes – VBID-Hospice
Notice of Intent	April 10, 2020	N/A	N/A
Application Date	May 1, 2020	April 24, 2020	April 24, 2020
Supplemental Files	Yes	Yes	Yes – VBID No- VBID-Hospice

- Each Model has a separate application portal; please see each Model website.
- Applicants to VBID are required to submit: 1) a list of participating contracts & PBPs; 2) supporting financial projections.
- MAOs and Part D sponsors will indicate their participation in the Model in their bid submission.

Application Process – Part D Senior Savings Model Supplemental Files

The below materials will be available for download within the Part D Senior Savings Model application:

- **CY 2021 Part D Senior Savings Model File:** Applicants must submit a file that contains the name, strength, and dosage form of each Model insulin the Part D sponsor will offer at a maximum of \$35 copayment for a 30-days' supply and the specific enrollee cost sharing for each Model insulin.

Application Process – PDM Model Supplemental Files

The below materials are available for download within the PDM Model application:

- **PDF of Application Questions:** To assist applicants in preparing applications.
- **Limited Initial Days' Supply File:** Applicants proposing to limit the first fill of a new medication to a clinically and operationally feasible timeframe of less than a 30-day equivalent supply are required to fill out and submit to PartDPaymentModel@cms.gov a supplemental Excel file.
- **Reduction or Elimination of Cost-Sharing on Generic Drugs and Biosimilars for LIS Beneficiaries File:** Applicants proposing to reduce or eliminate cost-sharing on generics and biosimilars for LIS beneficiaries are required to fill out and submit to PartDPaymentModel@cms.gov a supplemental Excel file.

Application Process – VBID Supplemental Files

The below materials are available for download within the VBID Model application:

- **PDF of Application Questions:** To assist applicants in preparing applications.
- **Required Contract & PBP Spreadsheet:** All applicants are required to fill out and submit to vbid@cms.hhs.gov an Excel file that includes the proposed VBID contracts, Plan Benefit Packages (PBPs), plan types, SNP types (if applicable), that are applicable to each proposed Model Component.
- **VBID Part D Supplemental File:** Applicants proposing to reduce cost-sharing for covered Part D drugs are required to fill out and submit to vbid@cms.hhs.gov the “CY 2021 Value Based Insurance Design Bids Application File Template” Excel file.
- **CY 2021 Financial Projections Template:** All applicants are required to fill out and submit to vbid@cms.hhs.gov a PDF that outlines the projected costs for each VBID Model Component, as well as projected net savings to Medicare over the course of the Model.

Application Process – Tips for a Seamless and Successful Application Submission

Separate Applications for each Model – New Application Platform

- The PDM, Part D Senior Savings, and VBID Models have their own applications, which can be accessed via their respective CMMI model webpages.

MAOs and Part D sponsors must submit an application for each model separately

- For each Model that you are applying to, you only need to submit one application. This application must include all of the contracts and PBPs you intend to include for that Model.

Resources

Model RFAs, Fact Sheets, Application links, and additional information can be located on each model's webpage provided below:

- **Part D Senior Savings Model:** <https://innovation.cms.gov/initiatives/part-d-savings-model>
- **PDM Model:** <https://innovation.cms.gov/initiatives/part-d-payment-modernization-model/>
- **VBID Model:** <https://innovation.cms.gov/initiatives/vbid/>

Please reach out to us with any questions or needed technical assistance at:

Part D Senior Savings Model: PartDSavingsModel@cms.hhs.gov

Part D Payment Modernization: PartDPaymentModel@cms.gov

VBID: VBID@cms.hhs.gov

Thank you for joining us.

Please email us with any questions at:

PartDSavingsModel@cms.hhs.gov

PartDPaymentModel@cms.hhs.gov

VBID@cms.hhs.gov