

## **Part D Senior Savings (PDSS) Model – Fact Sheet Calendar Year (CY) 2023**

The Centers for Medicare & Medicaid Services (CMS) is announcing manufacturer participation for the third year of the Part D Senior Savings Model (or the “Model”), and the Request for Application (RFA) process for participation from eligible Part D sponsors in all states and territories for Calendar Year 2023.

### **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).

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 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 for certain insulins.

As a result of the Model, 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.

**NOTE: This document was issued in February 28,2022 and has not been updated to reflect subsequent changes in law, including without limit the Inflation Reduction Act.**

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 2023 Participation and Requests for Applications**

Currently there are five pharmaceutical manufacturers that will participate in the PDSS Model for CY 2023 (see below for further details on CY 2022 participation). In January 2022, CMS released a CY 2023 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 2023:

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

An updated Model Drug List for CY 2023 can be found on the Model website at: <https://innovation.cms.gov/media/document/partd-seniorsav-ndclist-2023>.

**CMS is now announcing the release of the CY 2023 RFA for Part D sponsors; eligible sponsors are invited to apply to participate in the Model for CY 2023.** In addition to the list of participating pharmaceutical manufacturers and Model Drugs for CY 2023, the newly released RFA for Part D sponsors that would like to participate in the Model for CY 2023 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 8, 2022 at 11:59PM PDT**.

Upon completion of the application period and bid cycle in Fall 2022, CMS will make available the list of participating Part D sponsors for CY 2023 that are innovating to provide beneficiaries lower out-of-pocket costs and improved access, affordability, and adherence to the prescription drugs they rely on, in partnership with the above listed pharmaceutical manufacturers.

### **CY 2022 PDSS Model Participation**

#### *Pharmaceutical Manufacturers*

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

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

**NOTE:** This document was issued in February 28,2022 and has not been updated to reflect subsequent changes in law, including without limit the Inflation Reduction Act.

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, one hundred and six (106) Part D sponsors are participating in the Model and over 2,100 plans are being offered in the second year of the Model, providing 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](mailto:PartDSavingsModel@cms.hhs.gov) with any questions related to the Model.

This communication was printed, published, or produced and disseminated at U.S. taxpayer expense.