



CMS NEWS

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President Trump Announces Lower Out of Pocket Insulin Costs for Medicare’s Seniors
Across the nation, 88 Part D Sponsors applied to the Part D Senior Savings Model to offer enhanced plans with a maximum \$35 copay for a broad set of insulins beginning in 2021

Today, under President Trump’s leadership, the Centers for Medicare & Medicaid Services (CMS) announced that over 1,750 standalone Medicare Part D prescription drug plans and Medicare Advantage plans with prescription drug coverage have applied to offer lower insulin costs through the Part D Senior Savings Model for the 2021 plan year. Across the nation, participating enhanced Part D prescription drug plans will provide Medicare beneficiaries access to a broad set of insulins at a maximum \$35 copay for a month’s supply, from the beginning of the year through the Part D coverage gap. The model follows on the Trump Administration’s previously announced 13.5 percent decline in the average monthly basic Part D premium since 2017 to the lowest level in seven years.

Currently, Part D sponsors may offer prescription drug plans that provide lower cost-sharing in the coverage gap; however, when they do, the Part D sponsor accrues costs that pharmaceutical manufacturers would normally pay. These costs are then passed on to beneficiaries in the form of higher premiums. The new insulin model directly addresses this disincentive by doing two things: 1) allowing manufacturers to continue paying their full coverage gap discount for their products, even when a plan offers lower cost-sharing; and 2) requiring participating Part D sponsors’ plans, in part through applying manufacturer rebates, to lowering cost-sharing to no more than \$35 for a month’s supply for a broad set of insulins.

Under President Trump’s leadership, for the first time, CMS is enabling and encouraging Part D plans to offer fixed, predictable copays for beneficiaries rather than leaving seniors paying 25 percent of the drug’s cost in the coverage gap. Both manufacturers and Part D sponsors responded to this market-based solution in force and seniors that use insulin will reap the benefits.

Based on CMS's estimates, beneficiaries who use insulin and join a plan participating in the model could see average out-of-pocket savings of \$446, or 66 percent, for their insulins, funded in part by manufacturers paying an estimated additional \$250 million of discounts over the five years of the model. With a robust voluntary response from Part D sponsors, CMS anticipates beneficiaries will have Part D plan options in all 50 states, the District of Columbia, and Puerto Rico, through either a standalone prescription drug plan (PDP) or a Medicare Advantage plan with prescription drug coverage. Beneficiaries will be able to enroll during Medicare open enrollment, which is from October 15, 2020 through December 7, 2020, for Part D coverage that begins on January 1, 2021.

“President Trump has forged partnerships with pharmaceutical manufacturers and plans to deliver lower priced insulin to our nation’s seniors,” said CMS Administrator Seema Verma. “This market-based solution, in which insulin manufacturers and Part D sponsors compete to provide lower costs and higher quality for patients, will allow seniors to choose a Part D plan that covers their insulin at an average 66 percent lower out-of-pocket cost throughout the year.”

The Part D Senior Savings Model – which was announced on March 11, 2020 – is a voluntary model that tests the impact on insulin access and care by participating Part D enhanced alternative plans offering lower out-of-pocket costs, at a maximum \$35 copay for a month’s supply, for a broad range of insulins.

Part D sponsors that participate in the model will offer beneficiaries Part D prescription drug plans that provide supplemental benefits for a broad range of insulins, including both pen and vial dosage forms for rapid-acting, short-acting, intermediate-acting, and long-acting insulins. Participating pharmaceutical manufacturers will continue to pay their current 70 percent discount in the coverage gap for their insulins that are included in the model, and based on the model’s waiver of current regulations, those manufacturer discount payments will be calculated before the application of supplemental benefits under the model – which will reduce the out-of-pocket cost of insulin for Medicare beneficiaries.

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 is 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 to heart attacks. Unfortunately, the costs of insulin can be a major barrier to appropriate medical management of diabetes.

A beneficiary’s out-of-pocket costs for insulin in Medicare’s Part D prescription drug benefit can fluctuate from one month to the next, in part due to the different rules applying for each phase of the Part D benefit. This can be challenging for beneficiaries when budgeting for their drug costs. These challenges can in turn lead to beneficiaries not being able to afford their medicine or resorting to medication rationing, resulting in worse health outcomes over time. The model aims to address this with stable, predictable costs for insulin that beneficiaries know up front by staying in or choosing a model-participating plan during open enrollment.

Part D sponsors that applied must submit their calendar year 2021 plan benefits to CMS by June 1, 2020 to designate their participation in the model. CMS anticipates releasing the premiums and costs for specific Medicare health and drug plans for the 2021 calendar year in September 2020, including final information on the model.

Beneficiaries will be able to find a Part D plan participating in the Part D Senior Savings Model in the 2021 plan year through the Medicare Plan Finder on Medicare.gov during the annual open enrollment period, which begins on October 15, 2020 and ends December 7, 2020. CMS will enhance the Medicare Plan Finder to include a filter to identify plans that will offer capped out-of-pocket costs for insulin in the model so beneficiaries can easily find those plans during open enrollment in the Fall. The Medicare Plan Finder, which was upgraded for the first time in a decade last year, is the most used tool on Medicare.gov and allows users to shop and compare Medicare Advantage and Part D plans.

The Part D Senior Savings Model builds on steps the Trump Administration has already taken to strengthen Medicare and improve the quality of care for patients with diabetes. CMS has taken the following actions to address the needs of beneficiaries with diabetes:

- Providing coverage for therapeutic continuous glucose monitors (CGM) for patients who synchronize their insulin devices with their smartphones, when used in conjunction with a durable CGM receiver.
- Allowing Medicare Advantage plans to offer a broader range of supplemental benefits tailored to a patient's chronic disease. For an enrollee living with diabetes for example, a plan could provide transportation to a doctor's appointment, diabetes education programs, or time with a nutritionist.

To respond to the coronavirus disease 2019 (COVID-19) public health emergency, CMS has taken additional actions to ensure that beneficiaries with diabetes have access to treatment and care by:

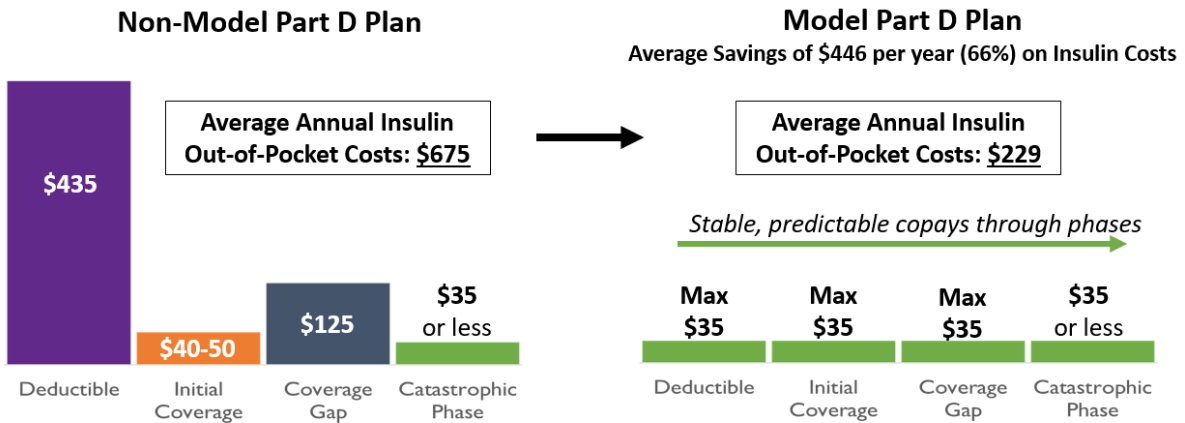
- Implementing statutory requirements for Medicare Part D prescription drug sponsors and MA plans with a prescription drug benefit to allow enrollees to obtain prescription fills or refills of covered Part D drugs—including insulin—for up to a three-month supply in most instances.
- Providing additional flexibility to Part D sponsors to give beneficiaries more options for delivery of their medications – including their diabetes supplies -- such as mail or home delivery through retail pharmacies.
- Expanding telehealth so that people with diabetes, nationwide, can still maintain access to their doctor.
- Expanding access to therapeutic continuous glucose monitors for patients with diabetes as determined medically appropriate by practitioners. Previously, patients were required to meet certain clinical criteria to qualify for coverage of a therapeutic continuous

glucose monitor under Medicare. During the COVID-19 public health emergency, CMS will not enforce the clinical indications in Local Coverage Determinations for therapeutic continuous glucose monitors in an effort to give practitioners the flexibility to allow more of their diabetic patients to better monitor their glucose and adjust insulin doses from home.

More information on the Part D Senior Savings Model can be viewed at: <https://innovation.cms.gov/initiatives/part-d-savings-model>.

To read a New England Journal of Medicine perspective on Medicare Part D and insulin affordability, please visit: <https://www.nejm.org/doi/full/10.1056/NEJMp2001649>.

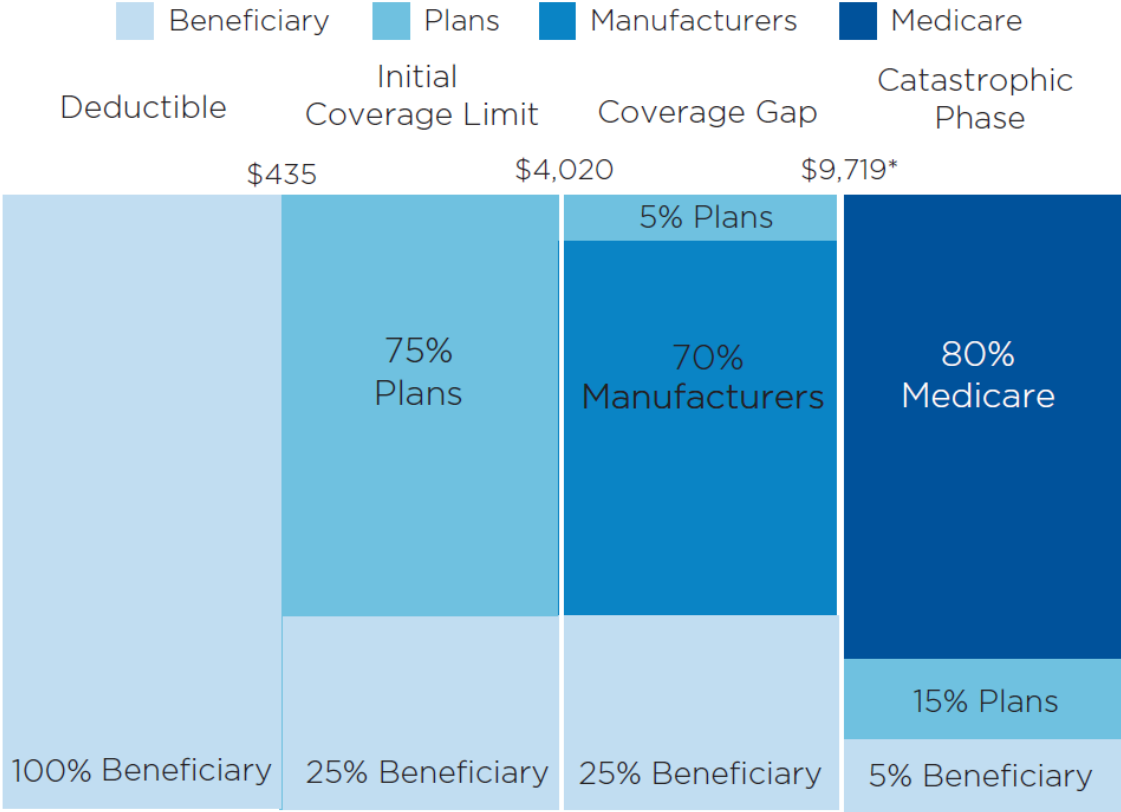
President Trump’s Part D Senior Savings Model



All estimates and averages are based on beneficiary out-of-pocket costs from 2018 CMS Prescription Drug Event data, inclusive of the majority of rapid-, short-, intermediate-, and long-acting insulins. Costs are calculated only for non-Low-Income Subsidy (non-US) beneficiaries in enhanced alternative standalone prescription drug plans and Medicare Advantage plans that offer prescription drug coverage. Individual savings may vary.



MEDICARE PART D DEFINED STANDARD BENEFIT FOR 2020



*\$9,719 is the estimated total covered Part D spending for applicable beneficiaries to reach catastrophic; the out-of-pocket threshold to reach catastrophic for 2020 is \$6,350

Medicare Part D AT A GLANCE

PART D COVERAGE

Part D is an optional prescription drug coverage benefit offered to everyone who has Medicare



46.3M
Total Part D
Enrollees



25.7M
Stand-Alone
Prescription Drug
Plan Enrollees

20.6M
Medicare Advantage
Prescription Drug
Plan Enrollees



74.7%
of total Medicare
enrollees also
have Part D
prescription drug
coverage

Current as of December 2019

TYPE OF MEDICARE COVERAGE

62.4%

are in the
Medicare
Fee-For-
Service
(FFS)
program

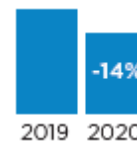


37.6%

are in the
Medicare
Advantage
(MA)
program

2020 Average Estimated
Medicare Advantage
Premiums: \$23

Lowest in 13 years



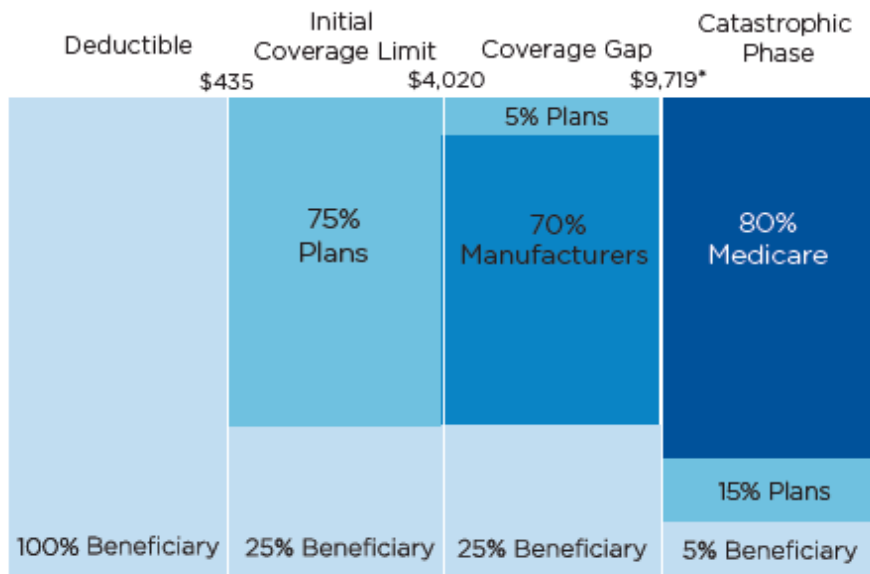
2020 Average Estimated
Part D Basic Premiums: \$30

Lowest in 13 years



MEDICARE PART D DEFINED STANDARD BENEFIT FOR 2020

Beneficiary Plans Manufacturers Medicare



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PLAN YEAR 2020 PART D PLANS

Basic Plan: offers a standard set of prescription drug benefits and coverage

Enhanced Plan: for an additional premium, offers extra benefits, like a lower deductible, higher initial coverage limit, or lower cost sharing

7M beneficiaries in Employer-sponsored and Other Plans (16%)

13M beneficiaries in Basic Plans (30%)

25M beneficiaries in Enhanced Plans (54%)

STANDALONE PART D PRESCRIPTION DRUG PLANS

BASIC ENHANCED



391



568

TOTAL:
959 PLANS

MEDICARE ADVANTAGE PRESCRIPTION DRUG PLANS

BASIC ENHANCED



543



3,427

TOTAL:
3,970 PLANS

DIABETES

30M

People in the U.S. have diabetes



1 IN EVERY 3

Medicare beneficiaries has diabetes

7

Diabetes is the **7th leading cause of death** in the U.S.

\$300B

in healthcare spending for diabetes

3.3M

Medicare beneficiaries receive one or more of the common forms of insulin.

INSULIN

\$13B

Medicare Part D spending on insulin

\$968M

Part D enrollees out-of-pocket spending on insulin in 2016

Current as of December 2019

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