

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
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CENTER FOR MEDICARE

DATE: May 22, 2020

TO: All Prescription Drug Plans, Medicare Advantage- Prescription Drug Plans, Section 1876 Cost Plans, Medicare-Medicaid Plans, and PACE plans

FROM: Amy Larrick Chavez-Valdez, Director
Medicare Drug Benefit and C & D Data Group

SUBJECT: Updated Contract Year (CY) 2021 Final Part D Bidding Instructions

On February 6, 2020, CMS issued a memorandum¹ containing information on the Part D program, and provided instructions and reminders for Part D sponsors to prepare to submit bids for CY 2021. In that memorandum, CMS noted that the Annual Eligibility Threshold for Medication Therapy Management Programs and the Minimum Specialty Tier Eligibility Threshold for CY2021 would be announced at a later date. This memorandum provides those thresholds.

Medication Therapy Management (MTM)

Annual Eligibility Threshold

Per section 1860D-4(c)(2)(a)(ii)(I) of the Social Security Act (the Act), Part D plans are required to target enrollees who meet all of the following criteria: have multiple chronic diseases, are taking multiple Part D drugs, and are likely to incur annual Part D drug costs that meet or exceed a certain threshold, for enrollment in the Part D plan's MTM program. Per 42 C.F.R. §423.153(d), for 2012 and subsequent years, the annual cost threshold for targeting beneficiaries is specified as costs for covered Part D drugs in an amount greater than or equal to \$3,000 increased by the annual percentage specified in 42 C.F.R. §423.104(d)(5)(iv). The 2020 MTM program annual cost threshold is \$4,255. The 2021 MTM program annual cost threshold is determined by updating the 2020 MTM program annual cost threshold using the annual percentage increase of 2.85% as specified in the Announcement of Calendar Year (CY) 2021

¹ HPMS Memo. "Contract Year (CY) 2021 Final Part D Bidding Instructions." February 6, 2020.

Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment Policies. Therefore, the 2021 MTM program annual cost threshold is \$4,376.

Part D Benefit Parameters for Non-Defined Standard Plans

Specialty Tiers

Part D sponsors may exempt a formulary tier in which it places very high cost Part D drugs and biological product items from its tiering exceptions process, consistent with 42 C.F.R. §423.578(a)(6)(iii). Under our current policy, for a Part D drug to be placed on a specialty tier, the Part D sponsor's negotiated price must exceed a dollar-per-month threshold established by CMS. For CY 2021, we will maintain the specialty tier threshold at \$670, as a 30-day equivalent negotiated price.

In the proposed rule titled "Medicare and Medicaid Programs; Contract Year 2021 and 2022 Policy and Technical Changes to the Medicare Advantage Program, Medicare Prescription Drug Benefit Program, Medicaid Program, Medicare Cost Plan Program, and Programs of All-Inclusive Care for the Elderly (CMS-4190-P)" published February 18, 2020 (<https://www.govinfo.gov/content/pkg/FR-2020-02-18/pdf/2020-02085.pdf>), CMS proposed allowing a second, preferred specialty tier effective January 1, 2021 and several changes to the methodology and calculation of the specialty tier threshold. These proposals, if adopted, would not be applicable any earlier than CY 2022.

For questions related to Part D Benefits, please email PartDBenefits@cms.hhs.gov.

For questions related to Part D Policy, please email PartDPolicy@cms.hhs.gov.

For questions related to Part D Formularies, please email PartDFormularies@cms.hhs.gov.

For questions related to Part D MTM Programs, please email PartD_MTM@cms.hhs.gov.