



September 20, 2023

Chiquita Brooks-LaSure, Administrator  
Centers for Medicare and Medicaid Services  
Hubert H. Humphrey Building  
200 Independence Avenue, S.W.  
Washington, D.C. 20201

Dear Administrator Brooks-LaSure:

Arnold Ventures welcomes the opportunity to provide comments to the Centers for Medicare and Medicaid Services (CMS) on the following guidance issued on August 21, 2023:

- *Maximum Monthly Cap on Cost-Sharing Payments Under Prescription Drug Plans: Draft Part One Guidance on Select Topics, Implementation of Section 1860D-2 of the Social Security Act for 2025, and Solicitation of Comments*

Arnold Ventures (AV) is a philanthropy dedicated to investing in evidence-based policy solutions that maximize opportunity and minimize injustice. Our work within the health care sector is driven by the recognition that the system costs too much and fails to adequately care for the people it serves. Our work spans a range of issues including commercial-sector prices, provider payment incentives, prescription drug prices, clinical trials, Medicare sustainability, and complex care.

We want to thank you and CMS staff for your important and expeditious work implementing the prescription drug provisions of the Inflation Reduction Act (IRA). We recognize the difficulty of the task you face. We appreciate the opportunity to provide comments on the implementation of the Maximum Monthly Cap on Cost-Sharing Payments Program, which is referred to in the guidance as the Medicare Prescription Payment Plan (MPPP). In addition to providing a summary of the MPPP, this letter provides comments on the following sections:

- 60.1 General Part D Enrollee Outreach Requirements
- 60.2.3 Targeted Part D Enrollee Notification at the Point of Service (POS)
- 70.3.9 Request for Information on Real-Time or Near-Real-Time POS Election and other POS Needs
- 80.2.1 Involuntary Terminations—Notice Requirement
- 80.5 Disenrollment

### **Summary of the Medicare Prescription Payment Program (MPPP)**

Starting in 2025, any Medicare Part D beneficiary, including those enrolled in the Low-Income Subsidy Program, may choose to participate in the MPPP established by the IRA. After opting into the MPPP, a beneficiary will not pay anything to the pharmacy when filling a prescription. Instead, the Part D plan will cover the beneficiary's OOP costs at the pharmacy counter. The Part D plan then bills the beneficiary for those OOP costs, which are then gradually paid back by the beneficiary through monthly installment payments that spread those costs over the remainder of



the calendar year. The MPPP program primarily benefits beneficiaries with high OOP costs incurred early in the calendar year.<sup>1</sup>

If a beneficiary fails to make their monthly installment payments, the Part D plan may choose to drop the beneficiary from the MPPP after providing a grace period of at least 2 months. Importantly, if a beneficiary gets dropped from the MPPP, they still retain their Part D coverage. After being dropped from the MPPP the beneficiary must continue to pay Part D premiums to maintain coverage as well as any OOP costs to the pharmacy for any prescriptions that they obtain in the future. The Part D plan may choose not to permit the beneficiary to rejoin its MPPP until all overdue balances are paid. If past due amounts are not repaid, the Part D plan must absorb those costs.

### **60.1 General Part D Enrollee Outreach Requirements**

Part D sponsors must provide informational materials about the MPPP through communication and marketing materials during open enrollment as well as in educational materials to their beneficiaries. Model language and templates for these materials will be forthcoming in future CMS guidance.

Clear educational materials provided to Part D beneficiaries will be critical to the success of the MPPP program. It is critical that beneficiaries understand the implications of joining this program because while some beneficiaries will benefit, others may be worse off. Top line messages that need to be communicated include the following:

- The MPPP is administered by an individual's Part D plan but is an entirely separate program. If for any reason a beneficiary is dropped from the MPPP program by their Part D plan that does not affect their Part D coverage.
- Beneficiaries need to prioritize Part D premium payments over monthly installment payments. The beneficiary can lose Part D coverage by failing to pay their premium. This is not the case if they fail to make their monthly MPPP installment payments.
- The MPPP primarily benefits those with high OOP costs early in the calendar year. Beneficiaries that have high OOP costs at the end of the year or who incur monthly OOP costs at the pharmacy counter that do not vary much over time are unlikely to benefit from the MPPP. It is important to provide example calculations in educational materials that describe scenarios in which beneficiaries would benefit from opting into the MPPP as well as scenarios where they would not benefit (as discussed in section 70.3.3).

With respect to the last bullet, it is important to note that a beneficiary enrolled in the MPPP that already has consistent coinsurance or copayments each month will initially benefit by paying very low monthly installment payments. But they will receive high monthly installment bills at the end of the year that could be as much as 3 times their normal monthly copayments and coinsurance payments. Without effective communication, a beneficiary in this scenario may not have joined the MPPP because of those balloon payments at the end of the year. The statutory formula in the

---

<sup>1</sup> This is because those high OOP costs are smoothed over many monthly installment payments. Most beneficiaries with high OOP costs at the end of the year, or those that already have relatively "smooth" monthly OOP payments (such as \$200 per month) do not benefit from this program.



IRA for repaying OOP costs to the Part D plan under the MPPP does the opposite of smoothing payments over time for these beneficiaries.

In addition to providing information to beneficiaries about the MPPP in their promotional materials and in their communications with beneficiaries, Part D sponsors are also required to provide information to beneficiaries *after* they opt into the MPPP. This includes examples of how monthly installment payments are calculated. Importantly, the guidance specifies that these examples would cover cases that illustrate when opting into the program would be beneficial as well as cases where it would not be beneficial. (See Sections 70.3.3, 70.3.4 and 70.3.5 on Processing Election Requests). It is also important to consider how beneficiaries might receive direct technical assistance from their Part D plan about the MPPP when making the decision about whether it would benefit them under their individual circumstances.

### **60.2.3 Targeted Part D Enrollee Notification at POS**

The pharmacy will notify beneficiaries with OOP costs above a threshold amount in a single visit that they are likely to benefit from opting into the MPPP. CMS is seeking comments on the threshold amount to use for such notifications. Based on an analysis of claims data, CMS has found that a threshold of somewhere between \$400 to \$700 in OOP costs in a single visit is likely to identify beneficiaries that will benefit from the MPPP program.

Arnold Ventures recommends that CMS also consider the month of the year in which those high OOP costs are incurred. If the threshold is set at the low end of this range, such as at \$400, then a subset of beneficiaries is more likely to face ballooning installment payments at the end of the year after joining this program. To help mitigate this problem, the threshold could be lower for beneficiaries who join in the first half of the year and higher for those who join in the second half of the year.<sup>2</sup>

Other factors CMS could consider when targeting the program to beneficiaries who will benefit most from the MPPP are the following, which affect the pattern of OOP costs over time:

- Whether the drug treats a chronic or acute condition (OOP costs are more likely to recur in future months if the drug treats a chronic condition).
- Days supplied of the prescription (e.g., 30 days versus 90) which affects the amount of OOP costs and how frequently they recur.

These factors could help to predict monthly OOP costs and whether a particular beneficiary would face ballooning installment payments at the end of the year if they were to join the MPPP.

### **70.3.9 Request for Information on Real-Time or Near-Real-Time POS Election and other POS Needs**

CMS is considering how to implement real time POS election into the MPPP program starting in 2026 or later. The ability to have POS election is critical, but it will be important to target POS election to the subset of beneficiaries who are likely to benefit from the program.

---

<sup>2</sup> For example, a beneficiary with \$400 per month in OOP costs will not face ballooning installment payments if they join the MPPP early in the year. However, if their OOP costs of \$400 month do not begin until August, then they would face escalating monthly installment payments including a very high monthly installment payment at the end of the year.



### **80.2.1 Involuntary Terminations—Notice Requirement**

Arnold Ventures strongly recommends that Part D plans be required to include in their notices that beneficiaries should prioritize premium payments over MPPP installment payments to ensure that they do not lose their Part D coverage.

### **80.5 Disenrollment**

Section 80.5 outlines that all beneficiaries are permitted to switch to a new Part D plan during special and open enrollment periods and enroll in that new plan's MPPP. This includes those who do not pay their MPPP monthly installment payments and were involuntarily disenrolled from the MPPP prior to switching plans. In turn, there may be instances where beneficiaries rejoin the MPPP through new Part D plans even when their outstanding MPPP balances are being actively pursued by the plans in which these beneficiaries were previously enrolled.

Allowing beneficiaries to switch Part D plans and opt back into the MPPP without repaying past due balances to the previous Part D plan could increase the likelihood that Part D plans will have to assume unpaid MPPP balances and offset these new liabilities through higher premiums.

Arnold Ventures supports guardrails that maintain the integrity of the Part D program by mitigating upward pressure on Part D premiums and premium subsidies paid by Part D beneficiaries and taxpayers. These could include limitations placed by the Secretary on the ability of beneficiaries to opt back into the MPPP after switching plans if they have a significant outstanding balance with another Part D plan under the MPPP.

### Conclusion

Arnold Ventures is prepared to assist with any additional information needed. Comments were prepared by Anna Anderson-Cook, Ph.D. with assistance from Andrea Noda, MPP, Vice President of Health Care at Arnold Ventures and Mark E. Miller, Ph.D., Executive Vice President of Health Care at Arnold Ventures.

Please contact Andrea Noda at [anoda@arnoldventures.org](mailto:anoda@arnoldventures.org) or Mark E. Miller, Ph.D. at [mmiller@arnoldventures.org](mailto:mmiller@arnoldventures.org) with any questions. Thank you again for the opportunity to comment and for your important work to lower prescription drug prices for the Medicare program and its beneficiaries.

Sincerely,

Andrea Noda