

May 22, 2020

Seema Verma  
Administrator, Centers for Medicare and  
Medicaid Services  
U.S. Department of Health & Human Services  
Hubert H. Humphrey Building  
200 Independence Avenue, SW  
Washington, D.C. 20201

Brad Smith  
Director, Center for Medicare and Medicaid  
Innovation  
Centers for Medicare & Medicaid Services  
U.S. Department of Health & Human Services  
Hubert H. Humphrey Building  
200 Independence Avenue, SW  
Washington, D.C. 20201

Dear Administrator Verma and Director Smith:

In March, the Centers for Medicare and Medicaid Services (CMS) Center for Medicare and Medicaid Innovation (Innovation Center) released its [Part D Modernization Request for Applications](#) for the calendar year 2021. In the RFA, CMS included a section “Smoothing of Enrollee Cost-Sharing through All Part D Benefit Phases” which would allow Part D sponsors to offer plans to enrollees that would evenly spread beneficiary cost-sharing obligations throughout a plan year.

We write to express our strong support for a mechanism that would make critical medications more affordable by allowing the total annual out-of-pocket costs for Medicare Part D beneficiaries to be distributed more evenly throughout a benefit year. This commonsense policy would greatly increase the affordability of prescription drugs by making out-of-pocket costs more manageable for many beneficiaries, particularly those prescribed high-cost drugs to treat such chronic diseases as hepatitis C, cancer, autoimmune disease, liver disease, and many others.

Under the traditional Part D benefit design, many beneficiaries encounter extraordinary variation in their monthly out-of-pocket costs, with extraordinary cost-sharing is in the early months of the calendar year. These high costs concentrated at the beginning of the year force patients to make difficult financial choices. Survey work by the Patient Access Network (PAN) found that almost 30 percent of the Medicare beneficiaries with high out-of-pocket drug costs reported taking less than their prescribed dose of medication, 23 percent delayed starting a treatment or stopped taking their treatment, and 22 percent prioritized paying for the medication for one condition over another<sup>1</sup>.

The Innovation Center model would provide Part D sponsors the flexibility to establish payment options for enrollees that would remove the concentration of prescription drug costs in the early months of the year. **The undersigned organizations appreciate that CMS chose to include in the Part D Modernization Model this important beneficiary option that will increase prescription drug affordability.** A smoothing mechanism will make budgeting easier for those beneficiaries enrolled in participating plans and greatly improve their ability to afford their prescription medications, particularly for those on fixed incomes. A report by the consulting firm Avalere found that 45 percent of beneficiaries not receiving the low-income subsidy who reached the catastrophic threshold in 2017 faced out-of-pocket costs of more than

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<sup>1</sup> Klein, Daniel J. “New Survey Shows Seniors Are Making Difficult Financial Choices at the Start of the Year to Afford Their Medications.” *PAN Foundation*, Patient Access Network, 13 Apr. 2020, [www.panfoundation.org/new-survey-shows-seniors-are-making-difficult-financial-choices-at-the-start-of-the-year-to-afford-their-medications/](http://www.panfoundation.org/new-survey-shows-seniors-are-making-difficult-financial-choices-at-the-start-of-the-year-to-afford-their-medications/).

\$1,000 per month before reaching the catastrophic threshold, and 19 percent of beneficiaries had out-of-pocket costs greater than \$2,500 in a single month.<sup>2</sup>

**To help facilitate robust participation in the demonstration, we urge CMS to proactively reach out to Part D plan sponsors about the importance of the smoothing demonstration.** We ask that you consider communicating to plans the positive impact smoothing could have on prescription drug affordability and adherence for beneficiaries.

Thank you for considering our views. If you have any questions or comments, please reach out to Ryne Carney, Public Policy Manager at the Alliance for Aging Research at [rcarney@agingresearch.org](mailto:rcarney@agingresearch.org) or (202) 688-1242.

Sincerely,

- Alliance for Aging Research
- Alliance for Patient Access
- American Cancer Society Cancer Action Network
- American Society of Consultant Pharmacists (ASCP)
- American Society of Hematology
- Arthritis Foundation
- Cancer Support Community
- CancerCare
- Epilepsy Foundation
- Genetic Alliance
- Global Healthy Living Foundation
- Go2Foundation for Lung Cancer
- HIV + Hepatitis Policy Institute
- International Pemphigus Pemphigoid Foundation
- Leukemia & Lymphoma Society
- LUNgevity Foundation
- Lupus and Allied Diseases Association, Inc.
- Lupus Foundation of America
- M-CM Network
- National Alliance on Mental Illness
- National Black Nurses Association
- National Council on Aging
- National Organization for Rare Disorders
- Patient Access Network (PAN) Foundation
- PXE International
- The Mended Hearts, Inc
- The Michael J. Fox Foundation for Parkinson's Research

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<sup>2</sup> "Out-of-Pocket Costs Among Medicare Part D Enrollees Reaching the Catastrophic Threshold." Avalere, Avalere, Oct. 2019, [avalere.com/wp-content/uploads/2019/10/Avalere-OOP-Costs-in-Part-D-Issue-Brief.pdf](https://www.avalere.com/wp-content/uploads/2019/10/Avalere-OOP-Costs-in-Part-D-Issue-Brief.pdf).