

Supporting Statement A
Part C and Part D Medicare Prescription Payment Plan Model Documents
(CMS-10882; OMB 0938-1475)

Background

The Centers for Medicare & Medicaid Services (CMS) has developed a set of model documents to help MA organizations offering Part D coverage and Part D plan sponsors meet the requirements of Section 11202 of the Inflation Reduction Act of 2022 (IRA) (Public Law 117169) which established the Maximum Monthly Cap on Cost-Sharing Payments Program (the program is also known as the Medicare Prescription Payment Plan).

Specifically, Section 11202 amended the Social Security Act (the Act) by adding section 1860D-2(b)(2)(E) which, beginning January 1, 2025, establishes the Medicare Prescription Payment Plan program. Under this program, MA organizations offering Part D coverage and Part D plan sponsors are required to offer enrollees the option to pay their Part D cost sharing in monthly amounts spread out over the plan year based on the formula described in section 1860D2(b)(2)(E)(iv) of the Act.

The model documents are designed to help Part D plan sponsors comply with Sections 1860D-2(b)(2)(E)(v)(II) – (IV) of the Act, the requirements established for CY 2025 in the Final Part One Guidance and Final Part Two Guidance,¹ and the requirements established for CY 2026 and subsequent years in the April 15, 2025 (89 FR 99340) final rule (CMS-4208-F; RIN 0938AV40).

CMS is requesting to revise the currently approved information collection request to reflect updated requirements for the Medicare Prescription Payment Plan established in the final rule “Contract Year 2026 Policy and Technical Changes to the Medicare Advantage Program, Medicare Prescription Drug Benefit Program, Medicare Cost Plan Program, and Programs of All-Inclusive Care for the Elderly” (CMS-4208-F).

We added the model Notice of Participation Renewal, which satisfies the requirement for Part D sponsors to alert Medicare Prescription Payment Plan participants that their participation in the program will automatically renew. We updated the Notice of Failure to Pay to reflect modifications to the timing requirements for the grace period. Additionally, in response to stakeholder feedback, we shortened the Likely to Benefit Notice to one page to reduce burden. In this renewal package, we also added burden associated with the Medicare Prescription Payment Plan that was not accounted for in previous PRA packages and removed burden for implementation costs that have already been incurred.

¹ Medicare Prescription Payment Plan: Final Part One Guidance on Select Topics, Implementation of Section 1860D-2 of the Social Security Act for 2025, and Response to Relevant Comments; and Medicare Prescription Payment Plan: Final Part Two Guidance on Select Topics, Implementation of Section 1860D-2 of the Social Security Act for 2025, and Response to Relevant Comments available at: <https://www.cms.gov/inflationreduction-act-and-medicare/part-d-improvements/medicare-prescription-payment-plan>

Finally, CMS updated burden estimates using 2024 Bureau of Labor Statistics Occupational Title, Occupational Code, and Mean Hourly Wage data.

Statutory Requirements Related to Plan Sponsor and MA Organization Education & Outreach

As described in Sections 1860D-2(b)(2)(E)(v)(II) and 1860D-2(b)(2)(E)(v)(III) of the Act, a Part D enrollee may elect into the program prior to the beginning of the plan year or during any month of the plan year. Part D plan sponsors are required to notify prospective Part D enrollees of the option to elect into the program prior to the plan year and have in place a mechanism during the plan year to notify Part D enrollees of the program when the Part D plan sponsor determines a Part D enrollee is likely to benefit from the program. CMS has developed the **Likely to Benefit Notice and Election Request Form** to provide a Part D enrollee with a description of the program, why an individual may be likely to benefit from participation, and details on how to receive more information and opt into the program. The **Notice of Election**

Approval confirms that an enrollee is an active participant in the program and informs the participant what to expect in terms of payments at the pharmacy, payment amounts each month to the plan, and issues related to non-payment. The **Notice of Participation Renewal** informs the participant that their participation in the program will automatically renew for the subsequent plan year unless they opt out.

Section 1860D-2(b)(2)(E)(v)(IV) of the Act describes how Part D plan sponsors are expected to communicate with enrollees who have failed to pay monthly amounts owed. CMS has developed the **Notice of Failure to Pay** to provide plans with standardized language to notify a program participant that a monthly payment has not been received, provide instruction for paying overdue amounts during a grace period, and clarify that failure to pay will result in termination from the program. Should the Part D enrollee fail to pay during the grace period, the **Notice of Involuntary Termination** confirms the person's removal from the program and states that the person still owes the overdue amount to the Part D plan sponsor. Finally, the **Notice of Voluntary Termination** is a standard notice plans can use to communicate with participants who choose to opt out of the program.

CMS provided more explicit instruction and requirements around the procedures related to education and outreach for CY 2026 and subsequent years through the April 2025 final rule (CMS-4208-F). As established at 42 CFR §§ 423.137(m) and (e), respectively, Part D plan sponsors are required to provide general and targeted outreach for Part D enrollees to inform them about the program and provide them the opportunity to participate. § 423.137(a) details how plans must allow any Part D enrollee to elect into the program. § 423.137(f) states that plans must have a process for termination of a participant for failure to pay their monthly billed amount, and a process to allow a participant to opt out of the program at any point during the plan year.

The seven model notices and their related burden are accounted for in this ICR package. By providing these model notices, CMS is providing standardized messaging for all Part D

beneficiaries and reducing administrative burden on Part D plan sponsors and MA organizations. For all materials provided to Part D enrollees, whether newly created or updated for the program, Part D plan sponsors should reference existing Part D regulations at 42 CFR 423.2260, which define standards for Part D required materials, content, and delivery requirements outlined in the Medicare Communications and Marketing Guidelines (MCMG). Sponsors should also reference the Medicare Prescription Drug Benefit Manual and Health Plan Management System (HPMS) memoranda to ensure compliance with other Part D communications requirements. In addition, as required by § 423.2267, materials must be provided in an accessible format upon receiving a request for the materials or otherwise learning of the Part D enrollee's primary language and/or need for an accessible format. For markets with a significant non-English speaking population, the requirements finalized in the CY 2024 MA and Part D Final Rule (CMS-4201-F) apply to all required materials, including standardized and model materials, Part D plan sponsors use, tailor, or develop for the Medicare Prescription Payment Plan. These requirements stipulate that Part D plan sponsors must provide translated materials to Part D enrollees on a standing basis in any non-English language that is the primary language of at least 5 percent of the individuals in a plan benefit package (PBP) service area.

A. Justification

1. Need and Legal Basis

Sections 1860D-2(b)(2)(E)(v)(II) – (IV) of the Act state the requirements for Part D plan sponsors in implementing the program, which include the processes for outreach to enrollees identified as likely to benefit, election, and termination. Subsection II states that any Part D enrollee may elect into the program prior to or during the plan year. Subsection III details that Part D plan sponsors and MA organizations must have a mechanism in place to inform enrollees that they are likely to benefit from electing into the program at the point of sale (POS). Subsection IV(aa) states that plans must terminate a beneficiary's participation in the program when the beneficiary fails to pay the amounts owed under this program.

CMS has developed the seven model notices to provide standardized and consistent language for potential and active program participants, regardless of which Part D plan they may be enrolled in. The seven model notices and their content serve as an example of how to convey information on the Medicare Prescription Payment Plan to Part D enrollees and program participants, as applicable. Though Part D plan sponsors are not required to use the model materials and content verbatim, use of the model materials will satisfy the communications requirements included in § 423.137. If a Part D plan sponsor chooses not to use a model material, they must meet the content requirements in § 423.137 for the alternate notices they develop. CMS notes that the "Medicare Prescription Payment Plan Likely to Benefit Notice," is a standardized material that Part D plan sponsors are required to use in the form and manner provided by CMS.

2. Information Users

As directed under Section 1860D-2(b)(2)(E)(v)(III) of the Act, Part D plan sponsors and MA organizations are responsible for managing enrollees who elect to participate in the program

through outreach, election, and termination. CMS will issue the model notices that plans may use to satisfy these requirements via HPMS and post them on the CMS webpage at: <https://www.cms.gov/medicare/health-drug-plans/medicare-prescription-payment-plan>.

Part D plan sponsors may use the posted model materials to meet Part D enrollee communications requirements. Unless otherwise specified, Part D plan sponsors may deliver the notices in hard copy or electronically, if the enrollee has opted into receiving electronic versions. Part D enrollees may use the notices to inform and manage their participation in the Medicare Prescription Payment Plan.

3. Use of Information Technology

Where detailed as appropriate in the issued CMS guidance, information included in this collection of information request involves the use of mail, electronic mail, and telephonic techniques that are designed to reduce burden through the provision of model notices and enhance accuracy of the information that is provided to Part D enrollees about the Medicare Prescription Payment Plan.

4. Duplication Efforts

This information collection does not duplicate any other effort and the information cannot be obtained from any other source.

5. Small Businesses

Small businesses are subject to the same requirements as other businesses as specified in Section 1860D–2(b)(2)(E)(v)(III) of the Act. The requirements do not impose any greater burden on small businesses than on large businesses.

6. Less Frequent Collection

CMS is requiring Part D plan sponsors to disseminate these model notices, as appropriate, prior to and during the plan year to meet statutory requirements as described in the Act and outlined at § 423.137. Less frequent collection will result in a lower number of enrollees being informed of the program and a decrease in the number of enrollees who would potentially benefit from the program and receive assistance in managing their prescription drug costs.

7. Special Circumstances

There are no special circumstances that would require an information collection to be conducted in a manner that requires respondents to:

- Report information to the agency more often than quarterly;
- Prepare a written response to a collection of information in fewer than 30 days after receipt of it;

- Submit more than an original and two copies of any document;
- Retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years;
- Collect data in connection with a statistical survey that is not designed to produce valid and reliable results that can be generalized to the universe of study,
- Use a statistical data classification that has not been reviewed and approved by OMB;
- Include a pledge of confidentiality that is not supported by authority established in statute or regulation that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or
- Submit proprietary trade secret, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.

8. Federal Register/Outside Consultation

Federal Register

The 60-day Federal Register notice published in the Federal Register on 05/13/2025 (90 FR 20304). Comments were due by 07/14/2025.

We received 15 comment letters from stakeholders during the 60-day public comment period. Many commenters expressed support for CMS's efforts to improve beneficiary communication, enhance the clarity of model materials, and implement automatic participation renewal. Overall, commenters offered recommendations to further improve clarity and readability for Part D enrollees, consistency across exhibits, and operational efficiency. CMS has reviewed all comments and provided responses in the 30-day Federal Register notice. In response to stakeholder feedback, CMS has revised model materials, where appropriate, and detailed all updates in the Crosswalk of this information collection request package.

The 30-day Federal Register notice published in the Federal Register on 07/28/2025 (90 FR 35529). Comments are due by 07/27/2025.

Outside Consultation

In addition to soliciting comment on the regulatory requirements discussed above through the draft part one and part two guidance and the proposed rule "Contract Year 2026 Policy and Technical Changes to the Medicare Advantage Program, Medicare Prescription Drug Benefit Program, Medicare Cost Plan Program, and Programs of All-Inclusive Care for the Elderly" (CMS-4208-P), CMS performed multiple rounds of research with a representative sample of Medicare Part D enrollees to evaluate CMS-developed Medicare Prescription Payment Plan materials in 2024.

9. Payments/Gifts to Respondents

There are no payments/gifts to respondents.

10. Confidentiality

CMS is not collecting any sensitive, confidential, or privileged information, nor will protected health information of MA and Part D enrollees maintained in plan records become part of a federal system of records; therefore, a System of Records Notice (SORN) is not required. MAOs and Part D plan sponsors are required by the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and any other applicable laws and regulations to protect enrollee information. As such, this information collection does not require a Privacy Act Statement.

11. Sensitive Questions

There are no sensitive questions associated with this collection. Specifically, the collection does not solicit questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private.

12. Collection of Information Requirements and Annual Burden Estimates

Wage Estimates

To derive average costs, we are using data from the U.S. Bureau of Labor Statistics' May 2024 National Occupational Employment and Wage Estimates (http://www.bls.gov/oes/2024/may/oes_nat.htm). The following table presents BLS' mean hourly wage, our estimated cost of fringe benefits and other indirect costs (calculated at 100 percent of salary), and our adjusted hourly wages

TABLE 1: Hourly Wage Estimates

Occupation Title	Occupation Code	Mean Hourly Wage (\$/hr)	Fringe Benefits and Other Indirect Costs (\$/hr)	Adjusted Hourly Wage (\$/hr)
Business Operations Specialist	13-1199	44.41	44.41	88.82
Software Developer	15-1252	69.50	69.50	139.00
Web Developer	15-1254	47.50	47.50	95.00
Software Quality Assurance Analyst and Tester	15-1253	53.01	53.01	106.02
Medical and Health Services Manager	11-9111	66.22	66.22	132.44

As indicated, we are adjusting our employee hourly wage estimates by a factor of 100 percent. This is necessarily a rough adjustment, both because fringe benefits and other indirect costs vary

significantly from employer to employer, and because methods of estimating these costs vary widely from study to study. Nonetheless, we believe that doubling the hourly wage to estimate total cost is a reasonably accurate estimation method.

Beneficiaries: We believe that the cost for beneficiaries undertaking administrative and other tasks on their own time is a post-tax wage of \$24.73/hr. The Valuing Time in U.S. Department of Health and Human Services Regulatory Impact Analyses: Conceptual Framework and Best Practices identifies the approach for valuing time when individuals undertake activities on their own time. To derive the costs for beneficiaries, a measurement of the usual weekly earnings of wage and salary workers of \$1,192, divided by 40 hours to calculate an hourly pre-tax wage rate of \$29.80/hr.² This rate is adjusted downwards by an estimate of the effective tax rate for median income households of about 17 percent, resulting in the post-tax hourly wage rate of \$24.73/hr. Unlike our private sector wage adjustments, we are not adjusting beneficiary wages for fringe benefits and other indirect costs since the individuals' activities, if any, would occur outside the scope of their employment.

Information Collection Requirements and Associated Burden Estimates

The burden associated with this requirement is the time and effort necessary for sponsors to comply with requirements associated with mailing billing statements (annual), setting up systems for auto-renewal (one-time), developing the auto-renewal notice (one-time), reviewing/updating systems based on likely to benefit criteria (annual), mailing notices (annual), and reporting their unique Processor Control Number (PCN) (annual).

The burden associated with this requirement also includes the time and effort necessary for Part D enrollees and Medicare Prescription Payment Plan participants to complete the opt-out process (one-time) and for pharmacies to print the "Medicare Prescription Payment Plan Likely to Benefit Notice" (annual).

Annual Burden (Mailing Billing Statement)

We are including an annual burden associated with the cost associated with sponsors sending monthly bills to program participants, which is a function of the number of enrollees likely to enroll in the program. As of January 2023, there were 50,657,397 Part D enrollees. CMS conducted internal analyses of CY 2021 Prescription Drug Event (PDE) data to identify the number of enrollees likely to be identified as likely to benefit from the program and estimates that between 435,000 and 3,200,000 individuals will elect to participate in the Medicare Prescription Payment Plan. Because of the targeted outreach required for individuals identified as likely to benefit, we assume that the majority of enrollees who participate will pick up a high-cost prescription early in the year, for which they will be billed over all 12 months of the plan year.

² "Usual Weekly Earnings of Wage and Salary Workers, Fourth Quarter 2024," Bureau of Labor Statistics, January 22, 2025, accessed on February 20, 2025 <<https://www.bls.gov/news.release/pdf/wkyeng.pdf>>.

Assuming 3,200,000 enrollees participate, and they all incur drug costs in January for which they are billed over the course of 12 months, the projected number of bills sent per year is 38,400,000 ($3,200,000 * 12$). Billing statements may be provided via mail or electronically; consistent with existing estimates for other required Part D materials, we estimate that approximately one-third or 12,800,000 ($1/3 * 38,400,000$) will be sent electronically since we estimate that one-third of enrollees will opt to receive billing statements electronically. We estimate that the remaining two-thirds of enrollees or **25,600,000** ($2/3 * 38,400,000$) will receive hard copy billing statements.

We assume the following costs include paper, toner, envelopes, and postage (envelope weight is normally considered negligible when citing these rates and is not included) for hard-copy mailings:

- *Paper*: \$3.50 for a ream of 500 sheets. The cost for one page is \$0.007 ($\$3.50/500$ sheets).
- *Toner*: \$70 for 10,000 pages. The toner cost per page is \$0.007 ($\$70/10,000$ pages).
- *Envelope*: Bulk envelope costs are \$440 for 10,000 envelopes or \$0.044 per envelope.
- *Postage*: The cost of first-class metered mail is \$0.73 per letter up to 1 ounce. We estimate that a sheet of paper weighs 0.16 ounces, and do not anticipate additional postage for mailings in excess of 1 ounce.

We estimate the aggregate cost per mailed billing statement is \$0.802 ($[\$0.007 \text{ for paper} * 2 \text{ pages}] + [\$0.007 \text{ for toner} * 2 \text{ pages}] + \$0.73 \text{ for postage} + \$0.044 \text{ per envelope}$). We assume a maximum of 2 double-sided pages (generally, weighing less than 1 ounce) will be needed for a billing statement, based on the required content for billing statements. Because preparing and generating a hard-copy billing statement is automated once the systems have been developed, we do not estimate any labor costs. Therefore, we estimate a total annual mailing cost by sponsors to enrollees of **\$20,531,200** ($25,600,000 \text{ mailings} * \$0.802/\text{mailing}$).

Annual Burden (Mailing Model Notices)

We are including an annual burden associated with the cost of providing Medicare Prescription Payment Plan model notices to enrollees. We estimate that approximately 3,200,000 enrollees will elect to participate in the Medicare Prescription Payment Plan program. To estimate the cost associated with providing beneficiaries and prospective beneficiaries model notices regarding the Medicare Prescription Payment Plan program, we note that all Part D plan sponsors and MA organizations must provide education and outreach materials to enrollees likely to benefit, to new enrollees to the Part D plan, and to enrollees participating in the Medicare Prescription Payment Plan program.

We estimate that plans will furnish a total of 19,280,000 notices regarding the program. This estimate includes both electronic and hard-copy mailings. Because electronic preparation and delivery is automated, we do not estimate any burden for the preparation and delivery of the electronic model notices. Instead, these costs are included in our systems programming estimate discussed below.

We estimate that a total of **12,751,627** hard-copy Medicare Prescription Payment Plan notices will be mailed annually (2,134,400 + 5,709,520 + 2,134,400 + 2,026,667 + 426,880 + 213,440 + 106,720). A description of each model notice and a detailed breakdown of our estimation for each is provided below:

1. **“Likely to Benefit Notice”** for targeted outreach by Part D plan sponsors to enrollees and prospective beneficiaries that are likely to benefit both prior to and during the plan year.

Based on analysis of CY 2021 PDE data, we estimate that 3,200,000 enrollees are likely to benefit from this program and will elect to participate annually. Specifically, we estimate that approximately one-third (33.3 percent), or 1,065,600 enrollees will opt to receive this notice electronically rather than via hard copy mailings. Therefore, we estimate that **2,134,400** (out of 3,200,000) enrollees that are likely to benefit will receive a hard copy of this notice.

2. **“Election Request Form”** to allow existing and new enrollees to indicate their interest in participating in the program.

We estimate that 8,560,000 enrollees will receive this notice annually. This estimate includes the 3,200,000 that are likely to benefit from participating in the program because plans have the option to include this notice as part of the Likely to Benefit notice dissemination; an additional 2,200,000 enrollees that are newly enrolled in a plan; and an additional 3,160,000 enrollees that are newly enrolled in plan because they have switched plans during the Annual Enrollment Period (AEP) or Open Enrollment Period (OEP). We estimate that approximately one-third (33%), or 2,850,480 of the 8,560,000 enrollees will opt to receive this notice electronically rather than via hard copy mailings. Therefore, we estimate that **5,709,520** (out of 8,560,000) enrollees will receive a hard copy of this notice.

3. **“Notice of Election Approval”** for enrollees that have been approved by their plan to participate in the program.

We estimate that 3,200,000 enrollees will receive this notice annually. Specifically, we estimate that approximately one-third (33%), or 1,065,600 enrollees will opt to receive this notice electronically rather than via hard copy mailings. Therefore, we estimate that **2,134,400** (out of 3,200,000) enrollees will receive a hard copy of this notice.

4. **“Notice of Participation Renewal”** for participants that have their participation automatically renewed.

Assuming 3,200,000 individuals participate in the Medicare Prescription Payment Plan and 160,000 will voluntarily terminate their participation annually, we estimate a total of 3,040,000 auto-renewal notices sent each year. We assume that one-third or 1,013,333 enrollees ($3,040,000 * 1/3$) will receive this notice electronically. Therefore, we estimate that the remaining two-thirds or **2,026,667** enrollees ($3,040,000 * 2/3$) will receive a hard-copy of this notice.

5. **“Notice of Failure to Pay”** notifies participants that payment of their monthly billed amount has not been received.

We estimate that 640,000 (20%) of participants in the program will receive this notice annually because their monthly payment is not received timely. Specifically, we estimate that approximately one-third (33%), or 213,120 enrollees will opt to receive this notice electronically rather than via hard copy mailings. Therefore, we estimate that **426,880** enrollees will receive a hard copy of this notice.

6. **“Notice of Involuntary Termination”** for enrollees that fail to pay their monthly billed amount as required under the program after the conclusion of the required grace period.

We estimate that 320,000 or half (50%) of the participants that receive the “Initial Notice of Failure to Pay” will be terminated from the program for failure to make their monthly payment following the grace period annually and will therefore receive this notice. Specifically, we estimate that approximately one-third (33%), or 106,560 enrollees will opt to receive this notice electronically rather than via hard copy mailings. Therefore, we estimate that **213,440** enrollees will receive a hard copy of this notice.

7. **“Notice of Voluntary Termination”** for enrollees that choose to terminate their participation in the program.

We estimate that 160,000 enrollees will voluntarily terminate their participation in the program annually. Specifically, we estimate that approximately one-third (33%), or 53,280 enrollees will opt to receive this notice electronically rather than via hard copy mailings. Therefore, we estimate that **106,720** enrollees will receive a hard copy of this notice.

We estimate the aggregate cost per mailing is \$0.788 ([\$0.007 for paper * 1 pages] + [\$0.007 for toner * 1 pages] + \$0.044 per envelope + \$0.73 for postage). We assume 2 pages on average will be needed for each model notice, based on the content included in the model notices. The notices are assumed to be printed double sided to save on printing costs, yielding 1 page of double-sided print, generally weighing less than 1 ounce. Because preparing and generating a hard-copy model is automated once the template is loaded, we do not estimate associated labor costs. Thus, we estimate a total annual mailing cost to sponsors of **\$10,048,282** (12,751,627 model notices * \$0.788).

Annual Burden (Review/Update Systems Based on Likely to Benefit Criteria)

We are including an annual burden for Part D plan sponsors to review annual updates to the “likely to benefit” identification criteria and update their systems accordingly. We estimate, on average, we expect that for each Part D contract, one business operations specialist will spend 2 hours at \$88.82/hr to review annual updates and make corresponding systems changes. In aggregate, we estimate an annual burden of **1,680 hours** (840 Part D contracts * 2 hr/contract) at a cost of **\$149,218** (1,680 hr * \$88.82/hr).

One-Time Burden (Set Up Systems for Auto-Renewal)

We estimate a one-time burden for Part D plan sponsors to set up systems to implement the autorenewal process. We expect that for each Part D contract, a four-member team will be used consisting of one software developer at \$139.00/hr, one web developer at \$95.00/hr, and one business operations specialist at \$88.82/hr will each work 40 hours while a software quality assurance analyst and tester will spend 10 hours at \$106.02/hr to implement these system changes. The total time spent per contract is 130 hours at a weighted average wage of \$107.48/hr. In aggregate, we estimate a one-time burden of **109,200 hours** (130 hr/plan * 840 Part D contracts) at a cost of **\$11,736,908** (109,200 hr * \$107.48/hr).

One-Time Burden (Develop Standard Auto-Renewal Notice)

We estimate a one-time burden for Part D sponsors to develop a standard auto-renewal notice alerting the Part D enrollee that their participation in the Medicare Prescription Payment Plan will continue into the next year unless they indicate that they choose to opt out. On average, we expect that for each Part D contract, a team of one medical and health services manager will spend 2 hours at \$132.44/hr and one business operations specialist will spend 10 hours at \$88.82/hr to implement the requirements. In aggregate, we estimate a one-time burden of **10,080 hours** (12 hr/contract * 840 Part D contracts) at a cost of **\$968,587** (840 contracts x [\$132.44/hr x 2 hr] + (\$88.82/hr x 10 hr)).

One-Time Burden (Complete the Opt-Out Process)

We are including a one-time burden associated with beneficiaries completing the opt-out process. We estimate that approximately 160,000 enrollees will voluntarily terminate their participation in the program each plan year. We estimate that 99,200 will opt out of the program electronically, and the remaining 60,800 will opt out via telephone. We estimate that it would take approximately 5 minutes (0.083 hr) to voluntarily terminate (by phone or electronically) participation in the Medicare Prescription Payment Program. We estimate the cost for beneficiaries undertaking administrative and other tasks on their own time is a post-tax wage of \$24.73/hr. We estimate a total one-time burden of **13,280 hr** (160,000 enrollees * 0.083 hr) at a cost of **\$328,414** (\$24.73/hr * 13,280 hr) for beneficiaries who choose to opt out of the program to complete a voluntary termination request.

Annual Burden (Pharmacies Providing the Likely to Benefit Notice)

We are including an annual burden associated with pharmacists providing the “Medicare Prescription Payment Plan Likely to Benefit Notice” for enrollees identified by their Part D plan sponsor as likely to benefit during the plan year. Based on analysis of CY 2021 PDE data, we estimate that 1,000,000 enrollees will receive this notice at the pharmacy POS annually based on the single prescription OOP cost threshold of \$600.

We estimate the aggregate cost per notice is \$0.014 ([\$0.007 for paper × 1 pages] + [\$0.007 for toner × 1 pages]). We assume one page on average will be needed for each model notice, based on the content included in the model notice. Because preparing and generating a hard-copy

model is automated once the template is loaded, we do not estimate associated labor costs. Thus, we estimate a total annual cost of printing the notice to pharmacies of **\$14,000** (1,000,000 notices * \$0.014).

Annual Burden (Reporting Program-Specific PCN)

We are including an annual burden associated with Part D plan sponsors reporting their program specific PCN starting with “MPPP” to CMS. We estimate that this will require 1 hour at \$88.82/hr for a business operations specialist to report their identifier to CMS. In aggregate, we estimate an annual ongoing burden of **840 hours** (840 Part D contracts * 1 hr/response) at a cost of **\$74,609** (840 Part D contracts * \$88.82/hr).

Burden Summary

TABLE 2: Burden Summary

	Respondents	Responses (per Respondent)	Total Responses	Time per Response (hr)	Total Time (hr)	Labor Cost (\$/hr)	Total Annual Cost (\$)
MPPP Mailing Billing Statements (Annual Burden) <i>Part D Sponsor Burden</i>	840	30,476	25,600,000	N/A	N/A	N/A	20,531,200
MPPP Auto-Renewal Development (One-Time Burden) <i>Part D Sponsor Burden</i>	840	1	840	12	10,080	Varies	968,587
MPPP Set Up Systems for Auto-Renewal (One-Time Burden) <i>Part D Sponsor Burden</i>	840	1	840	130	109,200	107.48	11,736,908

MPPP Review/Update Systems Based on Likely to Benefit Criteria (Annual Burden) <i>Part D Sponsor Burden</i>	840	1	840	2	1,680	85.70	149,218
MPPP Notices Mailings (Annual Burden) <i>Part D Sponsor Burden</i>	840	15,308	12,751,627	N/A	N/A	N/A	10,048,282
MPPP Reporting PCN (Annual Burden) <i>Part D Sponsor Burden</i>	840	1	840	1	840	88.82	74,609
<i>Subtotal: Part D plan sponsors</i>	<i>840</i>	<i>45,788</i>	<i>38,354,987</i>	<i>193</i>	<i>121,800</i>	<i>Varies</i>	<i>43,508,804</i>
Complete Opt-Out Process (One-Time Burden) <i>Beneficiary Burden</i>	160,000	1	160,000	.083	13,280	24.73	328,414
<i>Subtotal: Beneficiaries</i>	<i>160,000</i>	<i>1</i>	<i>160,000</i>	<i>.083</i>	<i>13,280</i>	<i>24.73</i>	<i>328,414</i>
Providing Likely to Benefit Notice (Annual) <i>Pharmacy Burden</i>	73,387	14	1,000,000	N/A	N/A	N/A	14,000
<i>Subtotal: Pharmacies</i>	<i>73,387</i>	<i>14</i>	<i>1,000,000</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>14,000</i>
Total	234,227	Varies	39,514,987	Varies	135,080	Varies	43,841,218

Information Collection/Reporting Instruments and Instruction/Guidance Documents

- The Likely to Benefit Notice (Revised) provides enrollees who have been identified by the plan as likely to benefit from Medicare Prescription Payment Plan with information regarding the purpose of the program, the reason they are receiving the notice, and details on how to receive more information and opt into the program.
- The Election Request Form (Revised) allows an enrollee to notify the Plan sponsor that they would like to opt into the program. Paper election requests can either be filled out electronically and printed or filled out by hand by an enrollee or their representative.
- The Notice of Election Approval (Revised) provides official plan documentation to an enrollee that the election request has been approved and participation is effective. It also provides information on the billing process, payments for prescriptions, and the process for opting out of the program.
- The Notice of Participation Renewal (New) notifies an individual that their participation in the program will automatically renew for the subsequent plan year unless they opt out. It also provides information on the process for opting out of the program and directs participants who may qualify to other programs that can help lower costs.
- The Notice of Failure to Pay (Revised) notifies a participant that a payment for a monthly billed amount has not been received. The notice instructs the participant how to submit their payment during the grace period; clarifies that if payment is not received, the participant will be terminated from the Program; and explains the availability of payment assistance programs that can lower costs.
- The Notice of Involuntary Termination (Revised) notifies an individual that they have been removed from the program due to their failure to pay their monthly billed amount within the allotted grace period. The notice also informs participants what they still owe, how to pay their balance, and provides details about other programs that can help lower costs.
- The Notice of Voluntary Termination (Revised) provides official plan documentation that a program participant has chosen to terminate their participation in the program. The notice alerts an individual that they are still responsible for any outstanding balance, describes the process for rejoining the program in the future, and details other programs that can assist with affordability.

13. Capital Costs

There is no capital cost associated with these activities.

14. Cost to Federal Government

The federal government cost estimate is based on the efforts expended by CMS staff with the following assumptions to develop, publish, and annually update the Medicare Prescription Payment Plan model notices.

To generate salary estimates for the table below, CMS used the 2024 General Schedule (GS) Locality Pay Tables published by the Office of Personnel Management (OPM) for the Washington-Baltimore-Arlington locality. We adjusted the hourly wage of \$56.52/hr for a GS-13 (step 1) by a factor of 100% to account for fringe benefits, for an adjusted hourly wage of \$113.04/hr.

Annual Costs

We estimate the annual costs to the government for updating and publishing the Medicare Prescription Payment Plan model notices. These tasks will be overseen by CMS employees. We estimate that three GS-13 employees will spend approximately 25 hours to oversee these tasks, at an adjusted hourly wage of \$113.04/hr, for a total cost of \$2,826 for each task. These estimates are reflected in Table 4.

TABLE 4: Annual Cost to Government

Task	Cost
Updating materials	
GS-13 (step 1): 2 FTE x \$113.04/hr x 25 hrs	\$2,826
Total One-Time Cost to Federal Government	\$2,826
Total Annualized One-Time Cost to Federal Government	\$942 (\$2,826/3 years)

15. Changes to Requirements and Burden

Changes in the mean hourly wage, fringe benefits, and adjusted hourly wage are calculated using current Bureau of Labor Statistics Occupational Title, Occupational Code, and Mean Hourly Wage data. For Part D plan sponsor burden, we updated the number of Part D contracts that we expect to comply with Medicare Prescription Payment Plan requirements (an increase of 33 from 807 to 840 contracts).

The model materials provided in this renewal package have been updated to reflect updated requirements for the Medicare Prescription Payment Plan established in the final rule “Contract Year 2026 Policy and Technical Changes to the Medicare Advantage Program, Medicare Prescription Drug Benefit Program, Medicare Cost Plan Program, and Programs of All-Inclusive Care for the Elderly” (CMS-4208-F). We revised references to refer to the new regulatory requirements. We added the model Notice of Participation Renewal, which satisfies the requirement for Part D sponsors to alert Medicare Prescription Payment Plan participants that their participation in the program will automatically renew. We updated the Notice of Failure to

Pay to reflect modifications to the timing requirements for the grace period. Additionally, in response to stakeholder feedback, we shortened the Likely to Benefit Notice to one page to reduce burden.

In this renewal package, we added burden associated with the Medicare Prescription Payment Plan that was not accounted for in previous PRA packages, including annual burden for Part D plan sponsors to comply with requirements to mail billing statements, annual burden for Part D plan sponsors to report their program-specific PCN starting with “MPPP” to CMS, one-time burden for Part D plan sponsors to set up systems for participation renewal, one-time burden for Part D plan sponsors to develop the Notice of Participation Renewal, and annual burden for Part D plan sponsors to update their systems to reflect changes to the likely to benefit criteria. We also added one-time beneficiary burden to complete the opt-out process and an annual burden for pharmacies to provide the Likely to Benefit Notice. We removed the burden associated with Part D plan sponsors programming the model notices into plan systems because after model notices are programmed, we assume production is automated. We revised the burden associated with Part D plan sponsors mailing model notices to include the Notice of Participation Renewal.

16. Publication/Tabulation Dates

The Medicare Prescription Payment Plan model notices will be announced through HPMS and published on cms.gov. Results of this information collection will not be published for statistical use or analysis.

17. Expiration Date

While it is not required that the expiration date of this ICR is displayed on model notices, CMS does not object to it being included.

18. Certification Statement

CMS has no exceptions to Item 19, “Certification for Paperwork Reduction Act Submissions” of OMB Form 83-I.

B. Collection of Information Employing Statistical Methods

There are no statistical methods, surveys, or questionnaires associated with this collection.