

(c) *Decision by the Administrator.* The Administrator issues a written decision, and furnishes the decision to the M+C organization requesting review.

§ 422.694 Effect of Administrator's decision.

A decision by the Administrator under section 422.692 is final and binding unless it is reopened and revised in accordance with § 422.696.

§ 422.696 Reopening of contract or reconsidered determination or decision of a hearing officer or the Administrator.

(a) *Initial or reconsidered determination.* CMS may reopen and revise an initial or reconsidered determination upon its own motion within one year of the date of the notice of determination.

(b) *Decision of hearing officer.* A decision of a hearing officer that is unfavorable to any party and is otherwise final may be reopened and revised by the hearing officer upon the officer's own motion within one year of the notice of the hearing decision. Another hearing officer designated by CMS may reopen and revise the decision if the hearing officer who issued the decision is unavailable.

(c) *Decision of Administrator.* A decision by the Administrator that is otherwise final may be reopened and revised by the Administrator upon the Administrator's own motion within one year of the notice of the Administrator's decision.

(d) *Notices.* (1) The notice of reopening and of any revisions following the reopening is mailed to the parties.

(2) The notice of revision specifies the reasons for revisions.

§ 422.698 Effect of revised determination.

The revision of a contract or reconsidered determination is binding unless a party files a written request for hearing of the revised determination in accordance with § 422.662.

Subpart O—Intermediate Sanctions

SOURCE: 63 FR 35115, June 26, 1998, unless otherwise noted.

§ 422.750 Kinds of sanctions.

(a) The following intermediate sanctions and civil money penalties may be imposed:

(1) Civil money penalties ranging from \$10,000 to \$100,000 depending upon the violation.

(2) Suspension of enrollment of Medicare beneficiaries.

(3) Suspension of payment to the M+C organization for Medicare beneficiaries who enroll.

(4) Require the M+C organization to suspend all marketing activities to Medicare beneficiaries for the M+C plan subject to the intermediate sanctions.

(b) The enrollment, payment, and marketing sanctions continue in effect until CMS is satisfied that the deficiency on which the determination was based has been corrected and is not likely to recur.

§ 422.752 Basis for imposing sanctions.

(a) *All intermediate sanctions.* For the violations listed below, CMS may impose any of the sanctions specified in § 422.750 on any M+C organization that has a contract in effect. The M+C organization may also be subject to other applicable remedies available under law.

(1) Fails substantially to provide, to an M+C enrollee, medically necessary services that the organization is required to provide (under law or under the contract) to an M+C enrollee, and that failure adversely affects (or is substantially likely to adversely affect) the enrollee.

(2) Imposes on M+C enrollees premiums in excess of the monthly basic and supplemental beneficiary premiums permitted under section 1854 of the Act and subpart G of this part.

(3) Expels or refuses to reenroll a beneficiary in violation of the provisions of this part.

(4) Engages in any practice that could reasonably be expected to have the effect of denying or discouraging enrollment of individuals whose medical condition or history indicates a need for substantial future medical services.

(5) Misrepresents or falsifies information that it furnishes—

(i) To CMS; or

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(ii) To an individual or to any other entity.

(6) Fails to comply with the requirements of § 422.206, which prohibits interference with practitioners' advice to enrollees.

(7) Fails to comply with § 422.216, which requires the organization to enforce the limit on balance billing under a private fee-for service plan.

(8) Employs or contracts with an individual who is excluded from participation in Medicare under section 1128 or 1128A of the Act (or with an entity that employs or contracts with such an individual) for the provision of any of the following:

- (i) Health care.
- (ii) Utilization review.
- (iii) Medical social work.
- (iv) Administrative services.

(b) *Suspension of enrollment and marketing.* If CMS makes a determination under § 422.510(a), CMS may impose the intermediate sanctions in § 422.756(c)(1) and (c)(3).

[63 FR 35115, June 26, 1998; 63 FR 52614, Oct. 1, 1998]

§ 422.756 Procedures for imposing sanctions.

(a) *Notice of Sanction and opportunity to respond*—(1) *Notice of sanction.* Before imposing the intermediate sanctions specified in paragraph (c) of this section CMS—

(i) Sends a written notice to the M+C organization stating the nature and basis of the proposed sanction; and

(ii) Sends the OIG a copy of the notice.

(2) *Opportunity to respond.* CMS allows the M+C organization 15 days from receipt of the notice to provide evidence that it has not committed an act or failed to comply with the requirements described in § 422.752, as applicable. CMS may allow a 15-day addition to the original 15 days upon receipt of a written request from the M+C organization. To be approved, the request must provide a credible explanation of why additional time is necessary and be received by CMS before the end of the 15-day period following the date of receipt of the sanction notice. CMS does not grant an extension if it determines that the M+C organiza-

tion's conduct poses a threat to an enrollee's health and safety.

(b) *Informal reconsideration.* If, consistent with paragraph (a)(2) of this section the M+C organization submits a timely response to CMS's notice of sanction, CMS conducts an informal reconsideration that:

(1) Consists of a review of the evidence by an CMS official who did not participate in the initial decision to impose a sanction; and

(2) Gives the M+C organization a concise written decision setting forth the factual and legal basis for the decision that affirms or rescinds the original determination.

(c) *Specific sanctions.* If CMS determines that an M+C organization has acted or failed to act as specified in § 422.752 and affirms this determination in accordance with paragraph (b) of this section, CMS may—

(1) Require the M+C organization to suspend acceptance of applications made by Medicare beneficiaries for enrollment in the sanctioned M+C plan during the sanction period;

(2) In the case of a violation under § 422.752(a), suspend payments to the M+C organization for Medicare beneficiaries enrolled in the sanctioned M+C plan during the sanction period; and

(3) Require the M+C organization to suspend all marketing activities for the sanctioned M+C plan to Medicare enrollees.

(d) *Effective date and duration of sanctions*—(1) *Effective date.* Except as provided in paragraph (d)(2) of this section, a sanction is effective 15 days after the date that the organization is notified of the decision to impose the sanction or, if the M+C organization timely seeks reconsideration under paragraph (b) of this section, on the date specified in the notice of CMS's reconsidered determination.

(2) *Exception.* If CMS determines that the M+C organization's conduct poses a serious threat to an enrollee's health and safety, CMS may make the sanction effective on a date before issuance of CMS's reconsidered determination.

(3) *Duration of sanction.* The sanction remains in effect until CMS notifies the M+C organization that CMS is satisfied that the basis for imposing the