Centers for Medicare & Medicaid Services, HHS

§ 423.510 Termination of contract by the Part D sponsor.

(a) Cause for termination. The Part D plan sponsor may terminate the contract if CMS fails to substantially carry out the terms of the contract.

(b) Notice of termination. The Part D plan sponsor must give advance notice as follows:

(i) To CMS, at least 90 days before the intended date of termination. This notice must state the reasons why the Part D sponsor is terminating the contract.

(ii) To its Medicare enrollees, at least 60 days before the termination effective date. This notice must include a written description of alternatives...
§ 423.512 Minimum enrollment requirements.

(a) Basic rule. Except as provided in paragraph (b) of this section, CMS does not enter into a contract under this subpart unless the organization meets the following minimum enrollment requirement:

(1) At least 5,000 individuals are enrolled for the purpose of receiving prescription drug benefits from the organization; or

(2) At least 1,500 individuals are enrolled for purposes of receiving prescription drug benefits from the organization primarily serves individuals residing outside of urbanized areas as defined in § 412.62(f) of this chapter;

(b) Minimum enrollment waiver. CMS waives the requirement of paragraphs (a)(1) and (a)(2) of this section for the duration of its contract.

(3) To the general public, at least 60 days before the termination effective date by publishing a CMS-approved notice in one or more newspapers of general circulation in each community or county located in the Part D plan sponsor’s geographic area.

(c) Effective date of termination. The effective date of the termination is determined by CMS and is at least 90 days after the date CMS receives the Part D plan sponsor’s notice of intent to terminate.

(d) CMS’s liability. CMS’s liability for payment to the Part D plan sponsor ends as of the first day of the month after the last month for which the contract is in effect.

(e) Effect of termination by the organization. CMS does not enter into an agreement with an organization that has terminated its contract within the preceding 2 years unless there are circumstances that warrant special consideration, as determined by CMS.

(f) Timely transfer of data and files. If a contract is terminated under paragraph (a) of this section, the Part D plan sponsor must ensure the timely transfer of any data or files.

§ 423.514 Validation of Part D reporting requirements.

(a) Required information. Each Part D plan sponsor must have an effective procedure to develop, compile, evaluate, and report to CMS, to its enrollees, and to the general public, at the times and in the manner that CMS requires, statistics indicating the following—

(1) The cost of its operations.

(2) The patterns of utilization of its services.

(3) The availability, accessibility, and acceptability of its services.

(4) Information demonstrating that the Part D plan sponsor has a fiscally sound operation.

(5) Other matters that CMS may require.

(b) Significant business transactions. Each Part D plan sponsor must report to CMS annually, within 120 days of the end of its fiscal year (unless, for good cause shown, CMS authorizes an extension of time), the following:

(1) A description of significant business transactions, as defined in § 423.501, between the Part D plan sponsor and a party in interest, including the following:

(i) Indication that the costs of the transactions listed in paragraph (c) do not exceed the costs that would be incurred if these transactions were with someone who is not a party in interest; or

(ii) If they do exceed, a justification that the higher costs are consistent with prudent management and fiscal soundness requirements.

(2) A combined financial statement for the Part D plan sponsor and a party in interest if either of the following conditions is met:

(i) Thirty five percent or more of the costs of operation of the Part D sponsor go to a party in interest.

(ii) Thirty five percent or more of the revenue of a party in interest is from the Part D plan sponsor.