the Part D plan. If an enrollee who is paying 100 percent cost sharing (as a result of paying a deductible or because the enrollee is between the initial coverage limit and the out-of-pocket threshold) obtains a covered Part D drug at a lower cost than is available under the Part D plan, such cost-sharing will be considered an amount paid under the plan by or on behalf of an enrollee under the previous sentence of this definition, if the enrollee’s costs are incurred costs as defined under §423.100 of this part and documentation of the incurred costs has been submitted to the Part D plan consistent with plan processes and instructions for the submission of such information. These costs are determined regardless of whether the coverage under the plan exceeds basic prescription drug coverage.

Target amount means the total amount of payments (from both CMS and by or on behalf of enrollees) to a Part D plan for the coverage year for all standardized bid amounts as risk adjusted under §423.329(b)(1) of this part, less the administrative expenses (including return on investment) assumed in the standardized bids.

§ 423.315 General payment provisions.

(a) Source of payments. CMS payments under this section are made from the Medicare Prescription Drug Account.

(b) Monthly payments. CMS provides a direct subsidy in the form of advance monthly payments equal to the Part D plan’s standardized bid, risk adjusted for health status as provided in §423.329(b), minus the monthly beneficiary premium as determined in §423.286.

(c) Reinsurance subsidies. CMS provides reinsurance subsidy payments described in §423.329(c) on a monthly basis during a year based on either estimated or incurred allowable reinsurance costs as provided under §423.329(c)(2)(i), and final reconciliation to actual allowable reinsurance costs as provided in §423.343(c).

(d) Low-income subsidies. CMS makes payments for premium and cost-sharing subsidies, including additional coverage above the initial coverage limit, on behalf of certain subsidy-eligible individuals as provided in §§423.780 and 423.782. CMS provides low-income cost-sharing subsidy payments described in §423.782 through interim payments of amounts as provided under §423.329(d)(2)(i) and reconciliation to actual allowable reinsurance costs as provided in §423.343(d).

(e) Risk-sharing arrangements. CMS may issue lump-sum payments or adjust monthly payments in the following payment year based on the relationship of the Part D plan’s adjusted allowable risk corridor costs to predetermined risk corridor thresholds in the coverage year as provided in §423.336.

(f) Retroactive adjustments and reconciliations. CMS reconciles payment year disbursements with updated enrollment and health status data, actual low-income cost-sharing costs and actual allowable reinsurance costs as provided in §423.343.

§ 423.316 Special rules for private fee-for-service plans—(1) Application of reinsurance. For private fee-for-service plans (as defined by §422.4(a)(3) of this chapter) offering qualified prescription drug coverage, CMS determines the amount of reinsurance payments as provided under §423.329(c)(3).

(2) Exemption from risk corridor provisions. The provisions of §423.336 regarding risk sharing do not apply.

§ 423.322 Requirement for disclosure of information.

(a) Payment conditional upon provision of information. Payments to a Part D sponsor are conditioned upon provision of information to CMS that is necessary to carry out this subpart, or as required by law.

(b) Restrictions on use of information. Officers, employees and contractors of the Department of Health and Human Services may use the information disclosed or obtained in accordance with the provisions of this subpart only for the purposes of, and to the extent necessary in, carrying out this subpart including, but not limited to, determination of payments, and payment-related oversight, and program integrity activities.