

§ 423.2480 MLR review and non-compliance.

To ensure the accuracy of MLR reporting, CMS conducts selected review of data submitted under § 423.2460 to determine that the MLRs and remittance amounts under § 423.2410(b) and sanctions under § 423.2410(c) and (d), were accurately calculated, reported, and applied.

(a) The reviews will include a validation of amounts included in both the numerator and denominator of the MLR calculation reported to CMS.

(b) Part D sponsors are required to maintain evidence of the amounts reported to CMS and to validate all data necessary to calculate MLRs.

(c)(1) Documents and records must be maintained for 10 years from the date such calculations were reported to CMS with respect to a given contract year.

(2) Part D sponsors must require any third party vendor supplying drug cost contracting and claim adjudication services to the Part D sponsors to provide all underlying data associated with MLR reporting to that Part D sponsor in a timely manner, when requested by the Part D sponsor, regardless of current contractual limitations, in order to validate the accuracy of MLR reporting.

(d) Data submitted under § 423.2460, calculations, or any other MLR submission required by this subpart found to be materially incorrect or fraudulent—

(1) Are noted by CMS;

(2) Appropriate remittance amounts are recouped by CMS; and

(3) Sanctions may be imposed by CMS as provided in § 423.752.

[78 FR 31310, May 23, 2013, as amended at 83 FR 16756, Apr. 16, 2018]

§ 423.2490 Release of Part D MLR data.

(a) *Terminology.* Subject to the exclusions in paragraph (b) of this section, Part D MLR data consists of the information submitted under § 423.2460.

(b) *Exclusions from Part D MLR data.* For the purpose of this section, the following items are excluded from Part D MLR data:

(1) Narrative descriptions that Part D sponsors submit to support the information reported to CMS pursuant to

the reporting requirements at § 423.2460, such as descriptions of expense allocation methods.

(2) Information that is reported at the plan level, such as the number of member months associated with each plan under a contract, including information submitted for a contract consisting of only one plan.

(3) Any information that could be used to identify Medicare beneficiaries or other individuals.

(4) MLR review correspondence.

(5) Any information for a contract for those contract years for which the contract is determined to be non-credible, as defined in accordance with § 423.2440(d).

(c) *Data release.* CMS releases to the public Part D MLR data, for each contract for each contract year, no earlier than 18 months after the end of the applicable contract year

[81 FR 80558, Nov. 15, 2016, as amended at 83 FR 16756, Apr. 16, 2018]

Subpart Y—Transitional Coverage and Retroactive Medicare Part D Coverage for Certain Low-Income Beneficiaries Through the Limited Income Newly Eligible Transition (LI NET) Program

SOURCE: 88 FR 22342, Apr. 12, 2023, unless otherwise noted.

§ 423.2500 Basis and scope.

(a) *Basis.* This subpart is based on section 1860D-14 of the Social Security Act.

(b) *Scope.* This subpart sets forth the requirements for the Limited Income Newly Eligible Transition (LI NET) program that begins no later than January 1, 2024. Under this program, eligible individuals are provided transitional coverage for Part D drugs.

§ 423.2504 LI NET eligibility and enrollment.

(a) *Eligibility.* An individual is eligible for LI NET coverage if they satisfy the criteria at paragraph (a)(1) or (2) of this section.

(1) *LIS-eligible.* The individual is a low-income subsidy eligible individual as defined at § 423.773 and—