

determines is appropriate for timely processing of the application by the State or States, but in no case is a waiver extend beyond the end of the calendar year.

§ 423.420 Solvency standards for non-licensed entities.

(a) *Establishment and publication.* CMS establishes and publishes reasonable financial solvency and capital adequacy standards for entities specified in paragraph (b) of this section.

(b) *Compliance with standards.* A PDP sponsor that is not licensed by a State and for which a waiver application is approved by CMS under § 423.410 or § 423.415 must maintain reasonable financial solvency and capital adequacy in accordance with the standards established by CMS under paragraph (a) of this section.

§ 423.425 Licensure does not substitute for or constitute certification.

The fact that a Part D sponsor is State licensed or has a waiver application approved under § 423.410 or § 423.415 does not deem the sponsor to meet other requirements imposed under this part for a Part D sponsor.

§ 423.440 Prohibition of State imposition of premium taxes; relation to State laws.

(a) *Federal preemption of State law.* The standards established under this part supersede any State law or regulation (other than State licensing laws or State laws relating to plan solvency) for Part D plans offered by Part D plan sponsors.

(b) *State premium taxes prohibited—(1) Basic rule.* No premium tax, fee, or other similar assessment may be imposed by any State, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa, the Mariana Islands or any of their political subdivisions or other governmental authorities for any payment CMS makes on behalf of Part D plan or enrollees under this part (including the direct subsidy, reinsurance payments, and risk corridor payments); or for any payment made to Part D plans by a beneficiary or by a third party on behalf of a beneficiary.

(2) *Construction.* Nothing in this section may be construed to exempt any Part D plan sponsor from taxes, fees, or other monetary assessments related to the net income or profit that accrues to, or is realized by, the organization from business conducted under this part, if that tax, fee, or payment is applicable to a broad range of business activity.

Subpart J—Coordination of Part D Plans With Other Prescription Drug Coverage

§ 423.452 Scope.

This section sets forth the application of Part D rules to Part C plans; establishes waivers for MA-PD plans, employer-sponsored group prescription drug plans, cost plans, and PACE organizations; and establishes requirements for coordination of benefits with State Pharmaceutical Assistance Programs and other providers of prescription drug coverage.

§ 423.454 Definitions.

For purposes of this part, the following definitions apply—

Employer-sponsored group prescription drug plan means, prescription drug coverage offered to retirees who are Part D eligible individuals under employment-based retiree health coverage. For purposes of this subpart, employment-based retiree health coverage is such coverage (as defined in § 423.882) provided through a Medicare Part D plan, or for which a plan sponsor could qualify for payments under subpart R of this part.

State Pharmaceutical Assistance Program (SPAP) means a State program that meets the requirements described under § 423.464(e)(1).

[70 FR 4525, Jan. 28, 2005, as amended at 77 FR 1882, Jan. 12, 2012]

§ 423.458 Application of Part D rules to certain Part D plans on and after January 1, 2006.

(a) *Relationship to Part C.* Except as otherwise provided in this part, the requirements of this part apply to prescription drug coverage provided by