

(ii) For the period beginning April 1, 2022, States must submit the file at least monthly and must submit updates to that file on a daily basis.

(e) *Data match*. CMS performs those periodic data matches as may be necessary to identify and compute the number of full-benefit dual eligible individuals needed to establish the State contribution payment.

(f) *Rebate adjustment factor*. CMS establishes the rebate adjustment factor using total drug expenditures made and drug rebates received during calendar year 2003 as reported on CMS 64 Medicaid expenditure reports for the four quarters of calendar year 2003 that were received by CMS on or before March 31, 2004. Rebates include rebates received under the national rebate agreement and under a State supplemental rebate program, as reported on CMS-64 expenditure reports for the four quarters of calendar year 2003.

(g) *Annual per capita drug expenditures*. CMS notifies each State no later than October 15 before each calendar year, beginning October 15, 2005, of their annual per capita drug payment expenditure amount for the next year.

[70 FR 4525, Jan. 28, 2005, as amended at 73 FR 20509, Apr. 15, 2008; 85 FR 25634, May 1, 2020]

### Subpart T—Appeal Procedures for Civil Money Penalties

SOURCE: 72 FR 68736, Dec. 5, 2007, unless otherwise noted.

#### § 423.1000 Basis and scope.

(a) *Statutory basis*. (1) Section 1128A(c)(2) of the Act provides that the Secretary may not collect a civil money penalty until the affected party has had notice and opportunity for a hearing.

(2) Section 1857 (g) of the Act provides that, for Part D sponsors found to be out of compliance with the requirements in part 423, specified remedies may be imposed instead of, or in addition to, termination of the Part D sponsor's contract. Section 1857(g)(4) of the Act makes certain provisions of section 1128A of the Act applicable to civil money penalties imposed on Part D sponsors.

(3) Section 1860D-14A(e)(2) of the Act specifies that the Secretary must impose a civil money penalty on a manufacturer that fails to provide applicable beneficiaries discounts for applicable drugs of the manufacturer in accordance with its Discount Program Agreement. Section 1860D-14A(e)(2)(B) of the Act makes certain provisions of section 1128A of the Act applicable to such civil money penalties imposed on manufacturers.

(b) [Reserved]

[72 FR 68736, Dec. 5, 2007, as amended 77 FR 22171, Apr. 12, 2012]

#### § 423.1002 Definitions.

As used in this subpart—

*Affected party* means any Part D sponsor or manufacturer (as defined in § 423.2305) impacted by an initial determination or, if applicable, by a subsequent determination or decision issued under this part, and “party” means the affected party or CMS, as appropriate.

*ALJ* stands for Administrative Law Judge.

*Departmental Appeals Board or Board* means a Board established in the Office of the Secretary to provide impartial review of disputed decisions made by the operating components of the Department.

*Part D sponsor* has the meaning given the term in 423.4.

[72 FR 68736, Dec. 5, 2007, as amended 77 FR 22171, Apr. 12, 2012]

#### § 423.1004 Scope and applicability.

(a) *Scope*. This subpart sets forth procedures for reviewing initial determinations that CMS makes with respect to the matters specified in paragraph (b) of this section.

(b) *Initial determinations by CMS*. CMS makes initial determinations with respect to the imposition of civil money penalties in accordance with part 423, subpart O.

#### § 423.1006 Appeal rights.

(a) *Appeal rights of Part D sponsors*. (1) Any Part D sponsor dissatisfied with an initial determination as specified in 423.1004, has a right to a hearing before an ALJ in accordance with this subpart and may request Departmental Appeals Board review of the ALJ decision.