

to CMS in their bid if the cap exceeds 2%.

(2) Payment Rate B reflects the projected net costs of the Part D drugs dispensed to individuals who receive the LI NET benefit.

(d) *Payment reconciliation and risk corridors*—(1) *Reconciliation*. CMS conducts LI NET payment reconciliation each year for Payment Rates A and B after the annual PDE data submission deadline has passed and makes the resulting payment adjustment consistent with § 423.343(a).

(2) *Risk corridors*. As part of LI NET payment reconciliation, CMS will apply risk corridors to Payment Rate B as follows:

(i) There will be no risk sharing in the symmetrical 1% risk corridor around the target amount as defined in § 423.308.

(ii) There will be symmetrical risk sharing of 0.1% beyond the 1% risk corridor.

(iii) To carry out this section, § 423.336(c) applies to LI NET.

(e) *Reopening*. The LI NET contract will be subject to payment reopenings per § 423.346 as applicable.

(f) *Payment appeals*. The LI NET sponsor can appeal under § 423.350.

(g) *Overpayments*. The overpayment provisions at §§ 423.352 and 423.360 apply to LI NET.

§ 423.2536 Waiver of Part D program requirements.

CMS waives the following Part D program requirements for the LI NET program:

(a) *General information*. Paragraphs (1) and (3)(B) of section 1860D-4(a) of the Act (relating to dissemination of general information; availability of information on changes in formulary through the internet).

(b) *Formularies*. Subparagraphs (A) and (B) of section 1860D-4(b)(3) of the Act (relating to requirements on development and application of formularies; formulary development) and formulary requirements in §§ 423.120(b) and 423.128(e)(5) and (6).

(c) *Cost control and quality improvement requirements*. Provisions under subpart D of this part, including requirements about medication therapy

management, are waived except for the provisions in § 423.2508(c)(1) through (5).

(1) Section 423.153(b) and (c) for dispensing and point-of-sale safety edits;

(2) Section 423.154 for appropriate dispensing of prescription drugs in long-term care facilities;

(3) Sections 423.159 and 423.160 for electronic prescribing, excepting the requirements pertaining to formulary standards in § 423.160(b)(5);

(4) Section 423.162 for QIO activities; and

(5) Section 423.165 for compliance deemed on the basis of accreditation.

(d) *Out-of-network access*. Section 423.124 Special rules for out-of-network access to Part D drugs at out-of-network pharmacies, except for § 423.124(a)(2), which applies to LI NET.

(e) *Medicare contract determinations and appeals*. Subpart N, except for the provisions that apply to LI NET in § 423.2520(d).

(f) *Risk-sharing arrangements*. Section 423.336(a), (b), and (d).

(g) *Certification of accuracy of data for price comparison*. Section 423.505(k)(6).

(h) *Part D communication requirements*. Portions of subpart V of this part related to Part D communication requirements that are inapplicable to LI NET, including:

(1) Section 423.2265(b)(4), (5), (11), and (13);

(2) Section 423.2265(c);

(3) Section 423.2266(a);

(4) Section 423.2267(e)(3) through (5), (9) through (12), (14) through (17), (25), (29), and (33); and

(5) Section 423.2274.

(i) *Medicare Coverage Gap Discount Program*. Subpart W of this part.

(j) *Requirements for a minimum medical loss ratio*. Subpart X of this part.

(k) *Recovery audit contractor Part C appeals process*. Subpart Z of this part.

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Subpart Z—Recovery Audit Contractor Part D Appeals Process

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