

(ii) To an individual or to any other entity under the Part D drug benefit program.

(6) Employs or contracts with an individual or entity who is excluded from participation in Medicare under section 1128 or 1128A of the Act (or with an entity that employs or contracts with an excluded individual or entity) for the provision of any of the following:

- (i) Health care.
- (ii) Utilization review.
- (iii) Medical social work.
- (iv) Administrative services.

(7) Except as provided under § 423.34, enrolls an individual in any plan under this part without the prior consent of the individual or the designee of the individual.

(8) Transfers an individual enrolled under this part from one plan to another without the prior consent of the individual or the designee of the individual or solely for the purpose of earning a commission.

(9) Fails to comply with communication restrictions described in subpart V of this part or applicable implementing guidance.

(10) Employs or contracts with any individual, agent, provider, supplier or entity who engages in the conduct described in paragraphs (a)(1) through (9) of this section.

(b) *Suspension of enrollment and communications.* If CMS makes a determination that could lead to a contract termination under § 423.509(a), CMS may impose the intermediate sanctions at § 423.750(a)(1) and (3).

(c) *Civil money penalties* (1) *CMS.* In addition to, or in place of, any intermediate sanctions, CMS may impose civil money penalties in the amounts specified in either of the following:

(i) Section 423.760(b) for any of the determinations at § 423.509(a), except § 423.509(a)(4)(i).

(ii) Section 423.760(c) for any of the determinations in paragraph (a) of this section except § 422.752(a)(5) of this chapter.

(2) *OIG.* In addition to, or in place of any intermediate sanctions imposed by CMS, the OIG, in accordance with part 1003 of Chapter V of this title, may impose civil money penalties for the following:

- (i) Violations listed at 423.752(a).

(ii) Determinations made pursuant to § 422.510(a)(4)(i) of this chapter.

[70 FR 4525, Jan. 28, 2005, as amended at 72 FR 68734, Dec. 5, 2007; 75 FR 19825, Apr. 15, 2010; 79 FR 29965, May 23, 2014; 83 FR 16753, Apr. 16, 2018]

§ 423.756 Procedures for imposing intermediate sanctions and civil money penalties.

(a) *Notice of intermediate sanction and opportunity to respond*—(1) *Notice of intent.* Before imposing the intermediate sanctions, CMS—

(i) Sends a written notice to the Part D plan sponsor stating the nature and basis of the proposed intermediate sanction, and the Part D plan sponsor's right to a hearing as specified in paragraph (b) of this section; and

(ii) Sends the OIG a copy of the notice.

(2) *Opportunity to respond.* CMS allows the Part D plan sponsor 10 calendar days after receipt of the notice to provide a written rebuttal. CMS considers receipt of the notice as the day after notice is sent by fax, e-mail, or submitted for overnight mail.

(b) *Hearing.* (1) The Part D plan sponsor may request a hearing before a CMS hearing officer.

(2) A written request must be received by the designated CMS office within 15 calendar days after the receipt of the notice.

(3) A request for a hearing under § 423.650 of this part does not delay the date specified by CMS when the sanction becomes effective.

(4) The Part D plan sponsor must follow the right to a hearing procedure as specified at subpart N of this part.

(c) *Effective date and duration of sanctions*—(1) *Effective date.* The effective date of the sanction is the date specified by CMS in the notice.

(2) *Exception.* If CMS determines that the Part D sponsor's conduct poses a serious threat to an enrollee's health and safety, CMS may make the sanction effective on an earlier date that CMS specifies.

(3) *Duration of sanction.* The sanction remains in effect until CMS is satisfied that the deficiencies that are the basis for the sanction determination have been corrected and are not likely to recur.

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(i) CMS may require that the Part D plan sponsor hire an independent auditor to provide CMS with additional information to determine if the deficiencies that are the basis for the sanction determination have been corrected and are not likely to recur. The independent auditor must work in accordance with CMS specifications and must be willing to attest that a complete and full independent review has been performed.

(ii) In instances where intermediate sanctions have been imposed, CMS may require a Part D plan sponsor to market or to accept enrollments or both for a limited period of time in order to assist CMS in making a determination as to whether the deficiencies that are the bases for the intermediate sanctions have been corrected and are not likely to recur.

(A) If, following this time period, CMS determines the deficiencies have not been corrected or are likely to recur, the intermediate sanctions will remain in effect until such time that CMS is assured the deficiencies have been corrected and are not likely to recur.

(B) The Part D plan sponsor does not have a right to a hearing under § 423.650(a)(4) of this subpart to challenge CMS' determination to keep the intermediate sanctions in effect.

(C) During the limited time period, sanctioned Part D plan sponsors under the benchmark that would normally participate in the annual and monthly auto enrollment process for enrollees receiving the low income subsidy will not be allowed to receive or process these types of enrollments.

(d) *Non-renewal or termination by CMS.* In addition to or as an alternative to the sanctions described in § 423.750, CMS may decline to authorize the renewal of an organization's contract in accordance with § 423.507(b), or terminate the contract in accordance with § 423.509.

(1) Decline to authorize the renewal of an organization's contract in accordance with § 423.507(b); or

(2) Terminate the contract in accordance with § 423.509.

(e) *Notice to impose civil money penalties*—(1) *CMS notice to OIG.* If CMS determines that a Part D sponsor has

committed an act or failed to comply with a requirement as described in 423.752, CMS notifies the OIG of this determination. OIG may impose a civil money penalty upon a Part D sponsor as specified at 423.752(c)(2).

(2) *CMS notice of civil money penalties to Part D plan sponsors.* If CMS makes a determination to impose a CMP described in 423.752(c)(1), CMS will send a written notice of the Agency's decision to impose a civil money penalty to include—

(i) A description of the basis for the determination.

(ii) The basis for the penalty.

(iii) The amount of the penalty.

(iv) The date the penalty is due.

(v) The Part D sponsor's right to a hearing as specified under Subpart T of this part.

(vi) Information about where to file the request for hearing.

[70 FR 4525, Jan. 28, 2005, as amended at 72 FR 68735, Dec. 5, 2007; 73 FR 55764, Sept. 26, 2008; 75 FR 19825, Apr. 15, 2010; 79 FR 29965, May 23, 2014; 83 FR 16753, Apr. 16, 2018]

§ 423.758 Collection of civil money penalties imposed by CMS.

(a) When a Part D plan sponsor does not request a hearing CMS initiates collection of the civil money penalty following the expiration of the time-frame for requesting an ALJ hearing as specified in subpart T.

(b) If a Part D sponsor requests a hearing and CMS' decision to impose a civil money penalty is upheld, CMS may initiate collection of the civil money penalty once the administrative decision is final.

[72 FR 68735, Dec. 5, 2007]

§ 423.760 Determinations regarding the amount of civil money penalties and assessment imposed by CMS.

(a) *Determining the appropriate amount of any penalty.* In determining the amount of penalty imposed under § 423.752(c)(1), CMS considers the following as appropriate:

(1) The nature of the conduct.

(2) The degree of culpability of the Part D sponsor.

(3) The adverse effect to enrollees which resulted or could have resulted from the conduct of the Part D sponsor.