the effective date of the Part D enrollee's enrollment in the new Part D plan of record, the new Part D plan of record must make the reconciling payments based on amounts reported to it by CMS without regard to the Part D plan's own formulary or drug utilization review edits.

(6) Use of other reconciliation processes. In the process of coordinating benefits between the correct Part D plan of record and another entity providing prescription drug coverage when that entity has incorrectly paid as primary payer for a covered Part D drug on behalf of a Part D enrollee, the correct Part D plan of record must achieve timely reconciliation through working directly with the other entity that incorrectly paid as primary payer, unless CMS has established reconciliation processes for payment reconciliation, rather than requesting pharmacy claims reversal and re-adjudication.

(g) Responsibility to account for other providers of prescription drug coverage when a retroactive claims adjustment creates an overpayment or underpayment. When a Part D sponsor makes a retroactive claims adjustment, the sponsor has the responsibility to account for SPAPs and other entities providing prescription drug coverage in reconciling the claims adjustments that create overpayments or underpayments. In carrying out these reimbursements and recoveries, Part D sponsors must also account for payments made and for amounts being held for payment by other individuals or entities. Part D sponsors must have systems to track and report adjustment transactions and to support all of the following:

(1) Adjustments involving payments by other plans and programs providing prescription drug coverage have been made.

(2) Reimbursements for excess costsharing and premiums for low-income subsidy eligible individuals have been processed in accordance with the requirements in \$423.800(c).

(3) Recoveries of erroneous payments for enrollees as specified in §423.464(f)(4) have been sought.

(h) Reporting requirements. A Part D sponsor must report credible new or changed supplemental prescription drug coverage information to the CMS 42 CFR Ch. IV (10–1–10 Edition)

Coordination of Benefits Contractor in accordance with the processes and timeframes specified by CMS.

[70 FR 4525, Jan. 28, 2005, as amended at 73 FR 20507, Apr. 15, 2008; 75 FR 19819, Apr. 15, 2010]

## §423.466 Timeframes for coordination of benefits.

(a) Retroactive claims adjustments, underpayment refunds, and overpayment recoveries. Whenever a sponsor receives information that necessitates a retroactive claims adjustment, the sponsor must process the adjustment and issue refunds or recovery notices within 45 days of the sponsor's receipt of complete information regarding claims adjustment.

(b) Coordination of benefits. Part D sponsors must coordinate benefits with SPAPs, other entities providing prescription drug coverage, beneficiaries, and others paying on the beneficiaries' behalf for a period not to exceed 3 years from the date on which the prescription for a covered Part D drug was filled.

[75 FR 19819, Apr. 15, 2010]

## Subpart K—Application Procedures and Contracts with Part D plan sponsors

## §423.500 Scope.

This subpart sets forth application procedures and contracts with Part D plans: application procedures and requirements; contract terms; procedures for termination of contracts; reporting by Part D plans. For purposes of this subpart, Medicare Advantage (MA) organizations offering Part D plans follow the requirements of part 422 of this chapter for MA organizations, except in cases where the requirements for the qualified prescription drug coverage involve additional requirements.

## §423.501 Definitions

For purposes of this subpart, the following definitions apply:

*Business transaction* means any of the following kinds of transactions:

(1) Sale, exchange, or lease of property.

(2) Loan of money or extension of credit.