

§ 423.506

42 CFR Ch. IV (10–1–11 Edition)

relative to the performance of other Part D sponsors.

(o) *Release of summary CMS payment data.* The contract must provide that the Part D sponsor acknowledges that CMS releases to the public summary reconciled Part D payment data after the reconciliation of Part D payments for the contract year as follows:

(1) The average per member per month Part D direct subsidy standardized to the 1.0 (average risk score) beneficiary for each Part D plan offered.

(2) The average Part D risk score for each Part D plan offered.

(3) The average per member per month Part D plan low-income cost sharing subsidy for each Part D plan offered.

(4) The average per member per month Part D Federal reinsurance subsidy for each Part D plan offered.

(5) The actual Part D reconciliation payment data summarized at the Part Organization level including break-outs of risk sharing, reinsurance, and low income cost sharing reconciliation amounts.

[70 FR 4525, Jan. 28, 2005, as amended at 73 FR 20507, Apr. 15, 2008; 73 FR 30683, May 28, 2008; 73 FR 54251, Sept. 18, 2008; 73 FR 70599, Nov. 21, 2008; 74 FR 1545, Jan. 12, 2009; 75 FR 19821, Apr. 15, 2010; 76 FR 21574, Apr. 15, 2011]

EFFECTIVE DATE NOTE: At 76 FR 54634, Sept. 1, 2011, § 423.505 was amended by revising the introductory text to paragraph (b)(21), effective October 31, 2011. For the convenience of the user, the revised text is set forth as follows:

§ 423.505 Contract provisions.

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(b) \* \* \*

(21) Effective contract year 2009 and subsequent contract years, update any prescription drug pricing standard based on the cost of the drug used for reimbursement of network pharmacies by the Part D sponsor on—

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§ 423.506 Effective date and term of contract.

(a) *Effective date.* The contract is effective on the date specified in the contract between the Part D plan sponsor and CMS.

(b) *Term of contract.* Each contract is for a period of 12 months.

(c) *Qualification to renew a contract.* In accordance with 423.507, an entity is determined qualified to renew its contract annually only if the Part D plan sponsor has not provided CMS with a notice of intention not to renew and CMS has not provided the Part D organization with a notice of intention not to renew.

(d) *Renewal of contract contingent on reaching agreement on the bid.* Although a Part D plan sponsor may be determined qualified to renew its contract under this section, if the sponsor and CMS cannot reach agreement on the bid under subpart F, no renewal takes place, and the failure to reach agreement is not subject to the appeals provisions in subpart N of this part.

(e) The provisions of this section do not apply to fallback entities.

[70 FR 4525, Jan. 28, 2005, as amended at 72 FR 68732, Dec. 5, 2007]

§ 423.507 Nonrenewal of contract.

(a) *Nonrenewal by a Part D plan sponsor.* (1) Except for fallback entities, a Part D plan sponsor may elect not to renew its contract with CMS, effective at the end of the term of the contract for any reason provided it meets the timeframes for doing so set forth in paragraphs (a)(2) and (a)(3) of this section.

(2) If a Part D plan sponsor does not intend to renew its contract, it must notify—

(i) CMS in writing by the first Monday of June in the year in which the contract ends;

(ii) Each Medicare enrollee by mail at least 90 calendar days before the date on which the nonrenewal is effective. The sponsor must also provide information about alternative enrollment options by doing one or more of the following:

(A) Provide a CMS approved written description of alternative MA plan and PDP options available for obtaining qualified prescription drug coverage within the beneficiaries' region.

(B) Place outbound calls to all affected enrollees to ensure beneficiaries know who to contact to learn about their enrollment options.

(3) If a Part D plan sponsor does not renew a contract under this paragraph (a), CMS cannot enter into a contract