**Attachment 2**

**Summary of Part D Application Requirements Fulfilled under Part C for**

**Cost Plan Prescription Drug Applicants**

This table summarizes the Part D application requirements that are fulfilled for cost plans applying to offer Part D benefits for the first time. These requirements were fulfilled as part of their existing contracts with CMS. This table indicates why the Part D application burden is reduced for cost plan applicants compared to stand-alone PDP applicants.

| **Part D Regulation Waived** | **Regulatory Requirement(s) Description** | **Basis and Rationale** |
| --- | --- | --- |
| 42 CFR 423 Subpart I, excepting 42 CFR §423.440 ( which concerns Federal preemption of State law and prohibition of State premium taxes) | Licensure and Solvency – Applicant must be licensed to bear risk in the State in which it intends to operate or apply for a licensure waiver and meet CMS solvency standards. | Duplicative of Cost Plan requirements for licensure and solvency under 42 CFR §417.404 (General requirements) and 42 CFR §417.407 (Requirements for a Competitive Medical Plan (CMP)). All Cost Plans are State licensed in some manner or have authority to offer a Cost Plan in all states in which they operate. |
| 42 CFR §423.112 (a) | Service Area – Applicant must offer a Part D plan that serves at least an entire PDP region. | Conflicts with Cost Plan regulations (42 CFR §417.1) defining the service area for HMOs and CMPs offering Medicare reasonable Cost Plans. |
| 42 CFR §423.120(a)(3)  *Waiver applies only to Cost contractors that operate their own pharmacies* | Pharmacy Network – Applicant must offer its Part D plan benefit through a contracted retail pharmacy network that meets CMS standards for convenient access. | Waiver stated in regulations at 42 CFR §423.120(a)(7)(i) excuses from the CMS standards for convenient access those Cost contractors that administer their Part D benefit through pharmacies owned by the Cost contractor if that organization’s pharmacy network access is comparable to the CMS convenient access standards . *{Note: Applicants will be expected to provide comparable information in the application for organizational pharmacies}* |
| 42 CFR §423.120(a)(8)(i) *Waiver applies only to Cost contractors that operate their own pharmacies* | Pharmacy Network – Applicant must offer its Part D benefit through any willing pharmacy that agrees to meet reasonable and relevant standard network terms and conditions. | Waiver promotes the coordination of Parts C and D benefits. Excuses from CMS any willing pharmacy requirement those Cost contractors that administer their Part D benefit through pharmacies owned by the Cost contractor and dispense at least 98% of all prescriptions through pharmacies owned and operated by Applicant. |