

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) <i>Waiver applies only to Cost contractors that operate their own pharmacies</i>	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 . <i>{Note: Applicants will be expected to provide comparable information in the application for organizational pharmacies}</i>
42 CFR §423.120(a)(8)(i) <i>Waiver applies only to Cost contractors that operate their own pharmacies</i>	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.