

DRUG & PHARMACY ALERT

1/10/14

CMS New Part D Proposed Regulations Highlights Expansion of Preferred Provider Networks – Other Issues Addressed

On January 10, 2014, The Centers for Medicare & Medicaid Services (CMS) issued its ruling titled Medicare Program: Contract Year 2015 and Technical Changes to the Medicare Advantage and the Medicare Prescription Drug Benefit Programs. The regulations will grant CMS the oversight and authority to monitor the prescription drug program. Armed with direct access to prescription records, invoices, and other documents provided from participating pharmacies, CMS will be able to more effectively monitor prescribing practices and to ensure that only “qualified individuals” are prescribing Part D drugs. Prior to its issuance, CMS permitted private health plans to oversee and administer Part D, and maintained limited involvement with the program.

Incorporating a number of the provisions of the Affordable Care Act, the regulations limit selection afforded to Part D beneficiaries. The rule requires that payors offer no more than two Part D plans in the same service area, offering the opportunity for comparative shopping among Part D consumers based on price and medications covered. In limiting selection, participating plans cannot incentive the use of preferred pharmacies. The ruling further revises the requirements for preferred cost sharing between network pharmacies. Under the new regulations, sponsors offering Part D plans may reduce copayments or coinsurance for Part D covered drugs obtained through network pharmacies, so long as the lower negotiated prices are offered to Part D beneficiaries and do not ultimately increase CMS’s payments made to those plans.

For any questions regarding the proposed new CMS rules, please contact **Ned Milenkovich** at 312.582.1676 or nmilenkovich@ralaw.com.