

20.1 - General

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A Part D sponsor must provide enrollees with qualified prescription drug coverage. Qualified prescription drug coverage, which consists of either of the following options, may be provided directly by the Part D sponsor or through arrangements with other entities:

- (1) Standard prescription drug coverage (as described in section 20.3), which includes both defined standard coverage (as described in section 20.3.1) and actuarially equivalent standard coverage (as described in section 20.3.2).
- (2) Alternative prescription drug coverage (as described in section 20.4), which includes both basic alternative coverage (as described in section 20.4.1) and enhanced alternative coverage (as described in section 20.4.2).

For purposes of ensuring that Part D enrollees have a variety of different benefit options in a particular service area, CMS also makes a distinction between qualified prescription drug coverage that is basic prescription drug coverage and qualified prescription drug coverage that provides supplemental benefits (as described in section 20.4.2). Basic prescription drug coverage consists of any of the following:

- (1) Defined standard coverage, as described in section 20.3.1;
- (2) Actuarially equivalent standard coverage, as described in section 20.3.2; or

(3) Basic alternative coverage, as described in section 20.4.1

As described in section 20.4.2, plans may offer an additional type of qualified prescription drug coverage – enhanced alternative coverage – that includes both: (1) basic prescription drug coverage, as described above, and (2) supplemental benefits. Table 1 summarizes the difference between qualified prescription drug coverage and basic prescription drug coverage.

Table 1
Qualified and Basic Prescription Drug Coverage

	Types of Coverage that May be Included
Qualified Prescription Drug Coverage	<ul style="list-style-type: none">• Defined Standard Coverage• Actuarially Equivalent Standard Coverage• Basic Alternative Coverage• Enhanced Alternative Coverage
Basic Prescription Drug Coverage	<ul style="list-style-type: none">• Defined Standard Coverage• Actuarially Equivalent Standard Coverage• Basic Alternative Coverage