

60.1 – General Rule

(Rev. 3, Issued: 09-05-08, Effective: 09-01-08, Implementation: 09-01-08)

A Part D sponsor must establish a reasonable and appropriate drug utilization management program that—

- Maintains policies and systems to assist in preventing over-utilization and under-utilization of prescribed medications;
- Provides CMS with information concerning the procedures and performance of its drug utilization management program, according to guidelines specified by CMS; and,
- Includes incentives to reduce costs when medically appropriate.

Common utilization management tools include formularies, prior authorization requirements, and promotion of lower cost generics. Part D sponsors will be required to submit their utilization management tools to CMS for approval as a component of the sponsor's formulary. Further information on formulary benefit management tools, including CMS expectations on criteria, can be found in Chapter 6 of the Medicare Prescription Drug Benefit Manual.