

## **20.14 - Part D Formularies**

*(Rev.6, Issued: 11-07-08, Effective/Implementation: 11-07-08)*

PDP sponsors will not be required to submit to CMS every formulary variation offered to Part D eligibles enrolled in EGWPs. Rather, PDP sponsors are permitted to submit a base formulary for use with its employer/union sponsored group health plans. After submission and approval of a base formulary, PDP sponsors may enhance the formulary (add new drugs or make positive changes to cost sharing) without having to resubmit the formulary for review and approval by CMS. These formularies may not be modified to remove any drugs from the list, or to add any restrictions or limitations unless these modifications or removals are otherwise consistent with CMS requirements.

### **20.14.1 - Formularies for Non-Calendar Year Plans**

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CMS allows PDP sponsors to offer prescription drug benefits on a calendar year and on a non-calendar year basis (if PDP sponsors are approved to offer non-calendar year Part D EGWP plan benefit packages). Negative formulary change requests for non-calendar year Part D EGWPs are required to follow the same review and approval process as calendar year plans. Thus, the time frame for non-calendar year Part D EGWPs to make negative changes is the same as calendar year plans.

Non-calendar year Part D EGWPs may elect to convert to the conditionally approved formulary for the next calendar year on January 1<sup>st</sup>. PDP sponsors offering non-calendar year EGWPs that choose this option must provide appropriate beneficiary notice as specified in 423.120(b)(5). Alternatively, PDP sponsors offering non-calendar year Part D EGWPs whose plan start date occurs after conditional approval of the formulary for the following calendar year (CY) may elect to use that formulary for the entire non-calendar plan year. Any further changes for the rest of the non-calendar year would have to be consistent with the process for updating CY 2008 formularies and requesting negative formulary changes as described in the HPMS memorandum, Updating CY 2008 Formularies, November 28, 2007.

The following example illustrates the above-stated policy. A non-calendar year Part D EGWP with a start date of October 1, 2008, could either:

- Use its CY 2008 conditionally approved formulary throughout the employer/union sponsor's plan year (October 1, 2008 –September 30, 2009) and make no negative changes;
- Use its CY 2008 conditionally approved formulary from October 1, 2008 – December 31, 2008 and its CY 2009 conditionally approved formulary from January 1, 2009 – September 30, 2009) and request negative changes through July 31, 2009, in accordance with the above-stated policy; or
- Use its CY 2009 conditionally approved formulary throughout the employer/union sponsor's plan year (October 1, 2008 – September 30, 2009) and request negative changes through July 31, 2009, in accordance with the above-stated policy.