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## 42 C.F.R. § 423.329

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### Determination of payments.

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- (a) *Subsidy payments*—(1) *Direct subsidy*. CMS makes a direct subsidy payment for each Part D eligible beneficiary enrolled in a Part D plan for a month equal to the amount of the plan's approved standardized bid, adjusted for health status (as determined under § 423.329(b)(1)), and reduced by the base beneficiary premium for the plan (as determined under § 423.286(c) and adjusted in § 423.286(d)(1)). The direct subsidy payment may be increased by the excess amount of a negative premium as described in § 423.286(d)(1), if applicable.
- (2) *Subsidy through reinsurance*. CMS makes reinsurance subsidy payments as provided under paragraph (c) of this section.
- (3) *Low-income cost-sharing subsidy*. CMS makes low-income cost-sharing subsidy payments as provided under paragraph (d) of this section.
- (b) *Health status risk adjustment*—(1) *Establishment of risk factors*. CMS establishes an appropriate methodology for adjusting the standardized bid amount to take into account variation in costs for basic prescription drug coverage among Part D plans based on the differences in actuarial risk of different enrollees being served. Any risk adjustment is designed in a manner so as to be budget neutral in the aggregate to the risk of the Part D eligible individuals who enroll in Part D plans.

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