

## 42 C.F.R. § 438.730

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### Sanction by CMS: Special rules for MCOs.

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- (a) *Basis for sanction.* A State may recommend that CMS impose the denial of payment sanction specified in paragraph (e) of this section on an MCO with a contract under this part if the agency determines that the MCO acts or fails to act as specified in § 438.700(b)(1) through (6).
- (b) *Effect of an agency determination.* (1) The State's determination becomes CMS' determination for purposes of section 1903(m)(5)(A) of the Act unless CMS reverses or modifies it within 15 days.
- (2) When the State decides to recommend imposing the sanction described in paragraph (e) of this section, this recommendation becomes CMS' decision, for purposes of section 1903(m)(5)(B)(ii) of the Act, unless CMS rejects this recommendation within 15 days.
- (c) *Notice of sanction.* If the State's determination becomes CMS' determination under paragraph (b)(2) of this section, the State takes all of the following actions:

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