NCPA Member Summary:
CMS CY 2026 Medicare Part D/MA Final Rule

The Centers for Medicare and Medicaid Studies (CMS) released its pre-published Contract Year 2026 Medicare Part D and MA final rule. NCPA provided comments to the proposed rule in January 2025. Key components of the final rule are below.

Key Components

The Bad

- CMS removed its proposal allowing pharmacies to terminate Part D contracts without cause.
- CMS did not finalize the requirement that Part D sponsors must alert pharmacies of network status by Oct 1.
- Pharmacies required to participate in Medicare Drug Price Negotiation (MDPN) program via PBM/plan contracts.
- CMS did not grant NCPA's ask for a more detailed cost burden analysis impact on independent pharmacies, as it was only looking at the cost burden from the perspective of enrolling in the Medicare Transaction Facilitator (MTF).

The Good

- The MTF will not charge dispensing entities any fees to use the system.
- CMS shortens current 30-day window of time Part D plan sponsors submit Prescription Drug Event (PDE) records from 30 days to 7 days.
- LTC Pharmacy is required to provide the Likely to Benefit Notice at the time of cost sharing billing.
- Pharmacies are not required to inform beneficiaries of out-of-pocket (OOP) costs under the Medicare Prescription Payment Plan (MPPP).
- 24-hour timeframe for election requests made during the plan year for MPPP is codified.

SUMMARY: This final rule revises the Medicare Advantage (Part C), Medicare Prescription Drug Benefit (Part D), Medicare cost plan, and Programs of All-Inclusive Care for the Elderly (PACE) regulations to implement changes related to prescription drug coverage, the Medicare Prescription Payment Plan, dual eligible special needs plans (D-SNPs), Part C and D Star Ratings, and other programmatic areas, including the Medicare Drug Price Negotiation Program. This final rule also codifies existing sub-regulatory guidance in the Part C and Part D programs.

DATES: This rule is effective June 3, 2025.

Here are the most relevant regulations for independent pharmacy in the final rule:

Proposed ability of pharmacies to terminate Part D contracts without cause removed in final rule. CMS did not finalize its proposed provision that would have allowed pharmacies to terminate its contracts in Medicare Part D without cause.

CMS did not grant NCPA's ask**.** NCPA had supported CMS' proposed provision allowing pharmacies to terminate contracts without cause, and had also called for CMS to eliminate the requirement that this is allowable only if network pharmacy contract allows terminations without cause by the sponsor, and to require a commercially reasonable notice of termination.

CMS did not finalize requirement that Part D sponsors must alert pharmacies of network status by Oct 1. CMS also had proposed to require Part D sponsors (or first tier, downstream, or related entities (FDRs), such as pharmacy benefit managers (PBMs), on the sponsors' behalf) to notify network pharmacies which plans the pharmacies will be in-network for in a given plan year by October 1 of the year prior to that plan year and to require sponsors to provide a list of these plans to network pharmacies on request after October 1. NCPA supported this, and requested if CMS can add BIN (and when the NCPDP Telecommunication Standard Implementation Guide Version F6, January 2020 and equivalent NCPDP Batch Standard Implementation Guide, Version 15, October 2017, goes into effect in February 11, 2028, IIN) and PCN numbers as well. CMS did not grant NCPA's ask.

Pharmacies required to participate in Medicare Drug Price Negotiation program via PBM/plan contracts. CMS finalized the provision that required Part D sponsors' network pharmacies to be enrolled in the Medicare Transaction Facilitator Data Module (MTF DM) via PBM/plan contracts, and that such pharmacies certify the accuracy and completeness of their enrollment information in the MTF DM. CMS stated that the required enrollment of pharmacies into the MTF DM will facilitate continued beneficiary access to selected drugs that are covered Part D drugs, promote access to negotiated MFPs under the Negotiation Program for both beneficiaries and dispensing entities, and help ensure accurate Part D claims information and payment. CMS further stated that it did not expect this policy to have an impact on costs to Medicare.

CMS asserted that it had statutory authority to propose the requirement, specifically as section 1857(e)(1) of the Social Security Act (the Act) authorizes the HHS Secretary to adopt contract terms and conditions as necessary and appropriate and not inconsistent with the Part D statute. Additionally, CMS stated that section 1860D-12(b)(3)(D)(i) of the Act specifies that information provided to the Secretary under the application of section 1857(e)(1) of the Act may be used for the purposes of carrying out the Part D program or Part E of Title XI of the Act (that is, the Negotiation Program). CMS stated that the MTF DM will contain several key functionalities that are necessary and appropriate for operations related to administration of the Negotiation Program and the Part D program, and that dispensing entity enrollment in the MTF DM will help ensure continued access to selected drugs that are covered under Part D for beneficiaries and dispensing entities and help maintain the accuracy of Part D claims information and payment.

CMS did not grant NCPA's ask. NCPA called for CMS to eliminate its proposal that requires pharmacies' mandatory participation in the MDPN Program via PBM/plan contracts.

The MTF will not charge pharmacies any fees to use the system. CMS granted NCPA's ask.

CMS shortens current 30-day window of time Part D plan sponsors submit PDE records from 30 days to 7 days. CMS stated that it believes that a 7-day timeliness requirement strikes the right balance between ensuring timely payment to dispensing entities while setting a standard that is operationally feasible for Part D sponsors.

CMS granted NCPA's ask. NCPA asked CMS to shorten the current 30-day window of the time that Part D plan sponsors have to submit complete Part D Prescription Drug Event (PDE) records to CMS' Drug Data Processing System (DDPS), to 7 days. While NCPA had supported a 7-day window, it urged CMS to shorten the PDE reporting period from 30 days to 1 day, and to require MTFs to provide the requisite data to the Primary Manufacturers on a daily basis. As finalized, there will be 7 days for the Part D sponsor to submit PDE data to the DDPS, plus approximately 1 to 3 days for the PDE data to move from DDPS to the MTF to the Primary Manufacturer, plus up to an additional 14 days for the Primary Manufacturer to transmit an MFP refund payment.

LTC Pharmacy is required to provide the Likely to Benefit Notice at the time of cost sharing billing. CMS stated that when the POS notification is received by a long-term care pharmacy, the plan sponsor should not require that the long-term care pharmacy provides the "Medicare Prescription Payment Plan Likely to Benefit Notice" prior to dispensing the medication. Instead, CMS stated that the plan sponsor should require the long-term care pharmacy provide the notice to the Part D enrollee (or their authorized representative) at the time of its typical enrollee cost sharing billing process. CMS granted NCPA's ask**.**

CMS continues to punt on pharmacy reimbursement under Medicare Part D. CMS stated that consistent with section 1860D-11(i) of the Act, CMS may not interfere with the negotiations between Part D plan sponsors and pharmacies and may not institute a price structure for the reimbursement of covered Part D drugs (except as provided under section 1860D-11(i)(3) of the Act related to the Medicare Drug Price Negotiation Program). CMS also stated that any additional transaction fees or other costs pharmacies incur from processing claims under the Medicare Prescription Payment Plan or otherwise related to such program are considered allowable pharmacy costs associated with the dispensing of a covered Part D drug that may be paid through applicable dispensing fees. CMS also stated that should Part D plan sponsors and pharmacies come to contractual arrangements that reimburse pharmacies for program operations through a non-dispensing fee mechanism (for example, remuneration for administrative services), these arrangements must be reported appropriately via the bid pricing tool and direct and indirect remuneration (DIR) reporting, as necessary.

CMS did not grant NCPA's ask**.** NCPA asked that under Medicare Part D, CMS should require that the final reimbursement to pharmacies after any reconciliation for a prescription drug is no less than NADAC plus a commensurate professional dispensing fee.

Pharmacies are not required to inform beneficiaries of OOP costs under the Medicare Prescription Payment Plan (MPPP). CMS is not finalizing the proposed requirement for Part D sponsors to ensure that pharmacies are prepared to inform Part D enrollees of the actual OOP cost of a Part D prescription processed under the MPPP program at the pharmacy point of sale, in response to comments that the OOP cost

information is already provided to pharmacies through the established claims processing methodology. CMS continues to encourage pharmacies to leverage standard industry transaction set data to provide OOP costs to participants verbally upon request.

Network status notification. CMS will not require plans and PBMs to notify pharmacies of their status in a pharmacy network prior to the beginning of open enrollment for a given plan year.

Finalization of Inflation Reduction Act reforms. CMS finalized other previously implemented IRA benefits, including:

- No cost sharing for enrollees in the catastrophic phase, which for 2026 begins after an annual out-of-pocket threshold of $2,100 is reached;
- A cap on enrollee cost sharing for a month's supply of each covered insulin product, which, beginning in CY 2026, is the lesser of $35, 25% of the maximum fair price established under the Medicare Drug Price Negotiation Program, or 25% of the negotiated price under the prescription drug plan (PDP) or Medicare Advantage prescription drug (MA-PD) plan;
- No cost sharing for adult vaccines recommended by the Advisory Committee on Immunization Practices that are covered under Part D; and
- The requirement for Part D sponsors to offer the Medicare Prescription Payment Plan (MPPP).

Additionally, CMS finalized its proposal to codify the 24-hour timeframe for election requests made during the plan year for MPPP, as required in 2025. CMS believes that the 24-hour timeframe, paired with the required process to retroactively apply the program to those meeting criteria for a retroactive election, reduces the likelihood of dispensing delays and prescription abandonment while avoiding the operational burden that would be required for Part D sponsors, PBMs, and pharmacies to develop and implement mechanisms to support real-time or POS election.

More detailed cost burden analysis impact on independent pharmacies. CMS recognized NCPA request for a more detailed breakdown of the costs to be borne by small entities, with an emphasis on pharmacies, and our claim that CMS' cost analysis in the proposed rule did not provide adequate data to determine if the rule would have a "significant economic impact" on pharmacies. CMS stated that the costs that it calculated for pharmacies fall below HHS' threshold for a significant burden, and can be found listed in the Summary of Annual Information Collection Requirements and Burden (table 10) in the final rule.