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DATE: December 23, 2025

TO: All Medicare Prescription Drug Plans

FROM: Vanessa S. Duran
Director, Medicare Drug Benefit and C&D Data Group

SUBJECT: REMINDER: Long-Term Care Pharmacy Access Requirements and Dispensing Fees for Select Drugs

The purpose of this memorandum is to remind all Part D sponsors of their obligation to work with long-term care (LTC) pharmacies and LTC facilities to provide beneficiaries residing in LTC facilities required access to Part D drugs.

In the Health Plan Management System (HPMS) memorandum dated August 25, 2025, CMS stated that, under section 1860D-2(d)(1)(D) of the Social Security Act (the “Act”), as amended by section 11001(b) of the Inflation Reduction Act, Part D plan payment for a selected drug during its price applicability period must not exceed the applicable maximum fair price (MFP), plus any dispensing fees. When the MFPs are in effect beginning January 1, 2026, pharmacy reimbursement from Part D plan sponsors for dispenses of a selected drug will be no more than the selected drug’s MFP (plus any dispensing fees). CMS continues to hear concerns that long-term care (LTC) pharmacies may decline to participate in certain sponsors’ Part D networks for Contract Year 2026 because compensation for selected drugs will be inadequate to compensate LTC pharmacies for the higher cost of providing prescription drugs to residents of LTC facilities.

As provided in 42 CFR § 423.120, Part D sponsors must provide “convenient access to LTC pharmacies consistent with written policy guidelines and other CMS instructions.” Consistent with CMS guidance, all of a Part D sponsor’s enrollees who reside in an LTC facility must be able to routinely receive their Part D benefits through the plan’s network of LTC pharmacies, and sponsors cannot rely on out-of-network access to meet the LTC pharmacy convenient access standards.¹ Additionally sponsors may not rely upon beneficiary special enrollment periods to circumvent LTC pharmacy convenient access requirements.²

If a Part D beneficiary enrolled in a sponsor’s plan resides in a LTC facility served by a LTC pharmacy that is not part of the sponsor’s LTC contracted pharmacy network, the sponsor must

¹ Medicare Prescription Drug Benefit Manual, Chapter 5, Section 50.5.1, p 41. Available at <https://www.cms.gov/files/document/chapter-5-benefits-and-beneficiary-protection-v92011.pdf>.

² Id.

arrange for the enrollee to receive Part D drugs from a network pharmacy that serves the facility in which the beneficiary resides. Unless the sponsor has contracted with another LTC network pharmacy (as defined in 42 CFR § 423.100) that has contracted with the LTC facility in which an affected enrollee resides, the sponsor should take steps to contract with the pharmacy that serves that facility. In the absence of a contract, and as a short-term, stopgap solution to mitigate beneficiary access concerns, a sponsor may process claims from the LTC pharmacy serving the facility as in-network, provided the pharmacy is willing to accept the current or standard contracting rates in the absence of signed contract.

Sponsors may send questions regarding LTC pharmacy contracting requirements to PartD_Monitoring@cms.hhs.gov with a subject line “LTC Pharmacy Contracting”.