Prescription Drug Event Computer Based Training
Introduction Module

1. Introduction

1.1 Introduction

Welcome to the Part D Prescription Drug Event Calculation and Reporting Computer-Based Training course, also referred to as the PDE CBT. This introductory module will help you become familiar with the course layout, interactivity, and navigation that will be available to you throughout the CBT version of the course. This introduction is not necessary to navigate the text-only version of the course. Let's begin with the screen layout.

1.2 Screen Layout

There are three main areas available on your screen throughout the course. The Side Bar along the left, the Information Tabs across the top, and the Navigation Bar along the bottom.

Info Tabs

In the CBT, click the tabs along the top of the screen to access course information such as resource downloads, glossary, and 508 compliance resource information.

Side Bar

The Side Bar in the CBT contains two tabs along the left-hand side of the screen.

The Menu tab allows you to jump to any point in the course and displays your current location.

The Narration tab shows you a transcript of the audio for the current slide.

Note: The Replay button will only replay on non-interactive pages; reference the Narration tab to revisit narration.

Navigation Bar

The Next and Prev buttons allow you to move forward and backward through the course. Note that the Prev button returns you to the last slide visited in the course.

The Audio button lets you set the volume to your desired level.

The Progress bar lets you pause the slide, replay the slide, or move to any point on the current slide.

Note that not all the controls will display on every screen.

1.3 Interactivity Examples

Now that we have explored the CBT's course layout and options available to you, let's look into several

types of interactive pages that you will encounter throughout the course such as branching, calculations, tablet icons and sliders.

Branching

When you encounter a branching page, a series of checkboxes will be available. Once a checkbox is selected, you will move to that branch. After completing the pages in the branch, you will return back to the original branching page where you began. A checkmark will appear to show completion of that branch.

Calculations

Calculation pages are identified throughout the course by gray-colored input boxes. In order to move from one value to the next, you must enter a value and then click the Continue button. Once the Continue button is clicked, the next input field will appear along with feedback text about the previous value entered. When all values have been entered, a Next button will appear to move to the next page.

Tablet Icons

Select references are available for each calculation page throughout the course. These references can be accessed by selecting the icons on the tablet, on the top right or left hand corner of your screen. The colored icons represent the following: the Icon with the Black Letter "A" in the top left corner of the tablet references the example scenario text, the Pink icon to the right of the "A" icon references the Calendar Year 2015 Defined Standard Benefit Parameters table, the next icon to the right is Purple and references the Cost-Sharing table for Applicable Part D Drugs, the Green icon in the top right corner of the tablet references the Cost-Sharing table for Non-Applicable Part D Drugs, the Yellow icon on the left side of the bottom row references the LI Eligible Beneficiaries: Calendar Year 2015 Beneficiary Cost-Sharing Amounts, the Blue icon in the middle of the bottom row references the table for Mapping to the Defined Standard Benefit for LI Subsidy Beneficiaries for Calendar Year 2015, and the Orange icon on the right side of the bottom row references the table for Mapping to the Defined Standard Benefit for Non LI Beneficiary for Calendar. Please note that not all icons are available on every module.

Sliders Layer

Slider pages will be used for calculations requiring an updated accumulator. When you encounter a slider page, use your mouse to drag the circle to the correct value. Click the Continue button to check the value and receive feedback text. When both the TGCDC and TrOOP Accumulators are complete, a Next button will appear to move to the next page.

1.4 Module Overviews

The PDE CBT course contains three modules: Basic Benefit Prescription Drug Plans, Enhanced Alternative Plans, and Low Income Cost-Sharing.

Module 1 covers basic prescription drug plans, with a focus on the Coverage Gap Phase. The purpose of this module is to review the Calendar Year (CY) 2015 Defined Standard Benefit Parameters and provide a walk-through of calculating and reporting the Prescription Drug Event (PDE) record for various scenarios for Defined Standard, Basic Alternative, and Actuarially Equivalent Plans.

Module 2 covers calculating and reporting PDE records for Enhanced Alternative Plans, also known as EA plans. The purpose of this module is to equip plans with the tools to accurately submit PDE records for the EA cost-sharing (EACS) benefit.

Module 3 covers calculating and reporting low income cost-sharing (LICS). The purpose of this module is to equip plans with the tools to accurately calculate and report PDE records for their Low Income Subsidy (LIS) eligible beneficiaries.

Prescription Drug Event Computer Based Training
Module 1 - Basic Benefit Prescription Drug Plans

1. Introduction

1.1 Introduction

Welcome to the Part D Prescription Drug Event Calculation and Reporting Computer Based Training course. In Module 1, we will cover basic benefit prescription drug plans and the Coverage Gap Phase.

The purpose of this module is to review the CY 2015 Defined Standard Benefit Parameters and provide a walk-through of populating and calculating various Defined Standard, Basic Alternative, and Actuarially Equivalent Plans' Prescription Drug Event scenarios.

1.2 Learning Objectives

By the end of this module, participants should be able to identify the CY 2015 parameters for the Defined Standard Benefit, demonstrate the steps to accurately populate and calculate a Defined Standard Plan Prescription Drug Event (PDE) record, demonstrate the steps to accurately populate and calculate a Basic Alternative Plan PDE Record, and demonstrate the steps to accurately populate and calculate an Actuarially Equivalent Plan PDE Record.

1.3 Basic Benefit Coverage Types

Title 18 of the Social Security Act established a Basic Prescription Drug Benefit structure called the Defined Standard. Part D requires all plans to provide a minimum set of prescription drug benefits, typically referred to as the Basic Benefit or basic prescription drug coverage.

However, plans can offer two alternate Basic Benefit structures that have met certain tests of actuarial equivalence to the Defined Standard coverage type: Basic Alternative and Actuarially Equivalent.

Regardless of the coverage type, the Basic Benefit only pays for drugs that meet the statutory definition of a Part D drug and are covered under a Part D plan's benefit package.

There are three Basic Benefit plan types in 42 CFR §423.100: Defined Standard (DS), Actuarially Equivalent (AE), Basic Alternative (BA).

1.4 Types of Drugs Covered

Before we go any further, we want to make clear what CMS means when referring to Applicable and Non-Applicable drugs. An Applicable drug meets the definition at §1860D-14A(g)(2) of the Social Security Act and will be referred to throughout the rest of the module as a brand drug. A Non-Applicable drug is a drug that does not meet the definition of an Applicable drug, is covered under a Part D plan's benefit package, and will be referred to as a generic drug throughout the rest of the module.

A Covered Part D drug means a Part D drug that is included in a Part D plan's formulary, or treated as being included in a Part D plan's formulary as a result of a coverage determination or appeal under 42 CFR §§423.566, 423.580, and 423.600, 423.610, 423,620, and 423.630, and obtained at a network

pharmacy or an out-of-network pharmacy in accordance with 42 CFR §423.124.

According to 42 CFR §423.100, an Applicable drug means a Part D drug that is approved under a new drug application under §505(b) of the Federal Food, Drug, and Cosmetic Act (FDCA); or in the case of a biological product, licensed under §351 of the Public Health Service Act (other than a product licensed under subsection (k) of such §351); and if the PDP sponsor of the prescription drug plan or the MA organization offering the MA-PD plan uses a formulary, which is on the formulary of the prescription drug plan or MA-PD plan that the applicable beneficiary is enrolled in; if the PDP sponsor of the prescription drug plan or the MA organization offering the MA-PD plan does not use a formulary, for which benefits are available under the prescription drug plan or MA-PD plan that the applicable beneficiary is enrolled in; or is provided to a particular applicable beneficiary through an exception or appeal for that particular applicable beneficiary.

Non-applicable drugs are covered Part D drugs that do not meet the definition of an applicable drug, also known as generic drugs. Non-applicable drugs are subject to "generic" Coverage Gap cost-sharing.

1.5 Coverage Gap Discount Program - Applicable Beneficiary

As defined in 42 CFR §423.100, Applicable Beneficiaries are beneficiaries that are eligible for the Coverage Gap Discount Program.

An Applicable Beneficiary is an individual who, on the date of dispensing a covered Part D drug is enrolled in a prescription drug plan or an MA-PD plan, is not enrolled in a qualified retiree prescription drug plan, is not entitled to an income-related subsidy under §1860D-14(a) of the Social Security Act, and has reached or exceeded the Initial Coverage Limit under §1860D-2(b)(3) of the Social Security Act during the year. An Applicable Beneficiary also has not incurred costs for covered Part D drugs in the year equal to the annual Out-Of-Pocket Threshold specified in §1860D-2(b)(4)(B) of the Social Security Act, and has a claim that is within the Coverage Gap, or straddles the initial coverage period and the Coverage Gap, or straddles the coverage gap and the annual Out-Of-Pocket Threshold; or Spans the Coverage Gap from the initial coverage period and exceeds the annual Out-Of-Pocket Threshold.

1.6 Coverage Gap Discount Program

The Coverage Gap Discount Program began in 2011. Section 3301 of the Patient Protection and Affordable Care Act, as amended by section 1101 of the Health Care and Education Reconciliation Act of 2010, phases in a reduction of beneficiary cost-sharing in the Coverage Gap phase of the Part D benefit with the implementation of the Coverage Gap Discount Program and changes to plan liability.

Section 1860D-14A(c)(1)(A)(ii) of the Social Security Act requires the Coverage Gap discounts to be provided at point of sale. Part D sponsors pay the Coverage Gap Discount at point of sale on behalf of manufacturers so the beneficiary can immediately receive the out-of-pocket cost reduction. The plan reports the actual amount of Coverage Gap discount paid for the dispensing event in the Reported Gap Discount field on the PDE Record.

Cost-sharing reductions began in CY 2011 for both generic and brand drugs. The Coverage Gap Discount Program, also known as, CGDP, provides Manufacturer discounts applied to brand drugs in the coverage gap phase of the Part D benefit. In addition to the CGDP, Part D sponsors cover a portion of generic and brand drugs in the coverage gap phase. The objective is to reduce beneficiary cost-sharing. The objective is to reduce beneficiary cost-sharing to 25% which results in a seamless Defined Standard benefit by CY 2020 with 25% beneficiary coinsurance after satisfying the deductible until the Out-of-Pocket threshold

is reached.

1.7 Cost-Sharing for Applicable Part D Drugs

The Affordable Care Act phases in a reduction in beneficiary cost-sharing in the Coverage Gap for applicable drugs through the Coverage Gap Discount Program and increased plan cost-sharing.

The objective is to reduce beneficiary cost-sharing to 25 percent by CY 2020 to provide a seamless defined standard benefit with 25 percent beneficiary coinsurance after satisfying the deductible until the Out-Of-pocket threshold is reached for basic benefit plans.

Table 1 highlights the changes in beneficiary and plan cost-sharing for applicable, or brand, drugs in the Coverage Gap through 2020.

Table 1: Cost-Sharing for Applicable Part D Drugs

Year	Manufacturer Cost-Sharing	Beneficiary Cost-Sharing	Plan Cost-Sharing
2011	50%	50%	0%
2012	50%	50%	0%
2013	50%	47.5%	2.5%
2014	50%	47.5%	2.5%
2015	50%	45%	5%
2016	50%	45%	5%
2017	50%	40%	10%
2018	50%	35%	15%
2019	50%	30%	20%
2020	50%	25%	25%

1.8 Cost-Sharing for Non-Applicable Part D Drugs

The Affordable Care Act also phases in a reduction in beneficiary cost-sharing in the Coverage Gap for non-applicable, generic, drugs through increased plan cost-sharing. Generic drugs are not eligible for the Coverage Gap Discount, but are eligible for generic cost-sharing in the Coverage Gap Phase. This table highlights the changes in beneficiary and plan cost-sharing for generic, covered Part D drugs through 2020 for the basic benefit. There is no manufacturer cost-sharing for generic drugs. You will see that for the CY 2015 benefit year, the beneficiary cost-sharing amount is 65 percent, while the plan assumes 35 percent of the cost-sharing.

Table 2 – Cost-Sharing For Non-Applicable Part D Drugs

Year	Beneficiary Cost-Sharing	Plan Cost-Sharing
2011	93%	7%
2012	86%	14%
2013	79%	21%
2014	72%	28%
2015	65%	35%
2016	58%	42%
2017	51%	49%
2018	44%	56%
2019	37%	63%
2020	25%	75%

1.9 CY 2015 Defined Standard Benefit Parameters (Excluding Low-Income Eligible Beneficiaries)

Now that we have talked about cost-sharing under the Coverage Gap Discount Program, let's take a look at the Defined Standard benefit parameters for CY 2015 and the associated cost-sharing in each benefit phase.

Please note, that the CY 2015 Defined Standard Benefit Parameters (Excluding Low-Income Eligible Beneficiaries) table only applies to Applicable beneficiaries and does not include Low-Income beneficiaries. Parameters for Low-Income beneficiaries will be discussed in the Low-Income Cost-Sharing Module.

The examples in this Module use the CY 2015 parameters. However, the 2006 through 2014 values are provided in the Resources tab of the CBT.

Table 3 – CY 2015 Defined Standard Benefit Parameters (Excluding Low-Income Eligible Beneficiaries)

BENEFIT PHASE	PARAMETERS TO DEFINE BENEFIT PHASE Year-to-Date (YTD) Gross Covered Drug Costs	PARAMETERS TO DEFINE BENEFIT PHASE YTD TrOOP Costs	BENEFICIARY COST-SHARING	PLAN LIABILITY
Deductible	less than or equal $320	Less than or equal to $4,700	100% coinsurance	0%
Initial Coverage Phase	greater than $320 and less than or equal to $2,960	Less than or equal to $4,700	25% coinsurance	75%
Coverage Gap	greater than $2,960	less than or equal to $4,700	65% coinsurance for generic drugs 95% of Total Drug Cost – Gap Discount for brand drugs	35% for generic drugs 5% of ingredient cost and sales tax and 55% of dispensing fee and vaccine administration fee for brand drugs
Catastrophic Coverage Phase		greater than $4,700 (OOP threshold)	Greater of 5% coinsurance or $2.65/$6.60 (generic/brand) copayment	Lesser of 95% or (Gross Covered Drug Cost - $2.65/$6.60)

Benefit Phase

Benefit Phase represents the different phases of the benefit. The beneficiary will move through the phases based on the TGCDC and TrOOP Accumulators. It is important to know what phase of the benefit the claim falls in because it determines the plan and beneficiary cost-sharing responsibilities.

Year-to-Date (YTD) Gross Covered Drug Cost is the sum of the beneficiary's covered drug costs for the benefit year.

Year-to-Date (YTD) TrOOP is the sum of the beneficiary's incurred costs for the benefit year. This value is the sum of the Patient Pay Amount, Low-Income Cost- Sharing, Other TrOOP Amount, and Reported Gap Discount.

Year-to-Date (YTD) TrOOP determines when the beneficiary reaches the Catastrophic Coverage Phase, regardless of YTD Gross Covered Drug Costs.

Deductible Phase

In the 2015 Defined Standard Benefit Parameters in the Deductible Phase the Year-to-Date (YTD) Gross Covered Drug cost is equal to or less than $320.00. The beneficiary assumes all cost-sharing during this phase. The beneficiary accumulates TrOOP during this phase.

Initial Coverage Phase

In the Initial Coverage Phase, the beneficiary's Year-to-Date Gross Covered Drug cost is greater than $320.00 and less than or equal to $2,960.00. During this phase, the beneficiary pays 25% coinsurance and the plan assumes 75% of the cost-sharing. The beneficiary continues to accumulate TrOOP to advance toward the Out-Of-Pocket Threshold.

Coverage Gap Phase

The Coverage Gap will be covered in more detail later in this document.

Catastrophic Phase

In the Catastrophic Coverage Phase, the Year-to-Date TrOOP costs have exceeded the Out-Of-Pocket threshold of $4,700.00. It is important to note that it is the TrOOP amount that determines when a beneficiary enters the Catastrophic Phase, not Gross Covered Drug Costs. In this phase, the beneficiary cost-sharing is the greater of 5% coinsurance or $2.65 for a generic drug co-payment or $6.60 for a brand drug co-payment. The plan liability is the lesser of 95% or Gross Covered Drug Cost minus $2.65 for a generic drug or $6.60 for a brand drug.

1.10 Coverage Gap Phase

Year-to-Date (YTD) Gross Covered Drug Costs

In the Coverage Gap Phase, the beneficiary's YTD Gross Covered Drug cost is greater than $2,960.00.

YTD TrOOP Costs

YTD TrOOP costs are less than or equal to $4,700.00.

Beneficiary

The applicable beneficiary pays 45% of the cost of a brand drug and also receives a 50% manufacturer discount. The beneficiary's 45% coinsurance applies to ingredient cost, sales tax, dispensing fee, and administration fee. For generic drugs, the beneficiary is responsible for 65% of the cost-sharing. Refer to the Resources tab for the cost-sharing of Applicable Part D Drugs for the Beneficiary's Cost-Sharing percentage of Applicable (brand) drugs for each year 2011 through 2020.

Plan Liability

When the beneficiary is in the Coverage Gap Phase, the plan pays 5% cost-sharing of ingredient cost and sales tax, and 55% cost-sharing of dispensing fee and vaccine administration fee for brand drugs. The plan is responsible for 35% of the cost-sharing of generic drugs.

Note the beneficiary and plan only assume these cost-sharing percentages for the dispensing and vaccine administration fees when these fees are included in the Coverage Gap Phase.

1.11 Straddle Claims

So far, we've reviewed the benefit phases and the parameters for each. There are times when the claim will not fit squarely in a particular phase. In these cases, the claim will "straddle" phases; a portion of the claim falls into one phase, and the remaining values "spill over" into the next phase.

Straddle claims can occur when claims cross from the Deductible Phase to the Initial Coverage Phase,- from the Initial Coverage Phase to the Coverage Gap Phase, and from the Coverage Gap Phase to the Catastrophic Coverage Phase.

Straddle claims can also occur across multiple phases such as from the Deductible Phase to the Coverage Gap Phase, or Initial Coverage Phase to the Catastrophic Phase.

1.12 Calculating the PDE Record for Coverage Gap Claims

Now that we've provided a background on the 2015 Defined Standard benefit parameters, Basic Benefit types, and the Coverage Gap Discount Program, we're going to move on to calculating and reporting several examples. These examples focus on the Coverage Gap. Therefore, we are going to discuss the six steps used to calculate claims that fall within or straddle the Coverage Gap. Please note, these steps only apply to calculating in the Coverage Gap.

These six steps apply to a brand drug in the Coverage Gap with no Part D supplemental coverage in the Gap.

Step 1: Determine Costs that Fall in the Coverage Gap

The first step is to determine costs that fall in the Coverage Gap. Claims that begin and end in the Coverage Gap fall squarely in the Gap. Straddle claims are claims that fall in two or more benefit phases. In the case of straddle claims, apply Dispensing Fee and Vaccine Administration Fee, to the greatest extent possible, outside the Coverage Gap.

Step 2: Determine Discount Eligible Cost

The second step is to determine Discount Eligible Cost, which is the cost falling in the Coverage Gap, excluding supplemental benefits, Dispensing Fee, and Vaccine Administration Fee.

Step 3: Calculate Coverage Gap Discount

The third step is to calculate the Coverage Gap Discount. Plans should multiply the Discount Eligible Cost by the Manufacturer Cost-Sharing percentage of 50% to obtain the Coverage Gap Discount.

Step 4: Determine Beneficiary Cost-Sharing

Next, in the fourth step, you will determine beneficiary cost-sharing, which in CY 2015 is 45% of the Discount Eligible Cost and 45% of any Dispensing Fee and Vaccine Administration Fee that falls in the Coverage Gap. If the beneficiary has other secondary health insurance, the other secondary health insurance reduces beneficiary cost-Sharing remaining after the Coverage Gap Discount is applied. In

straddle claims, the beneficiary cost-Sharing is: beneficiary cost-sharing in the Gap plus beneficiary cost-sharing from other benefit phases.

Step 5: Calculate Covered Plan Paid Cost-Sharing

In the fifth step, plans should calculate the Covered Plan Paid Amount, known as CPP. For applicable drugs under the Defined Standard Benefit, the plan pays 5% of the Discount Eligible Cost, and 55% of any Dispensing Fee and Vaccine Administration Fee that falls in the Coverage Gap Phase.

Step 6: Update Accumulators

Lastly, in Step 6, plans should update the accumulators in preparation for adjudicating the next claim.

1.13 Examples

In this module there are seven examples, which demonstrate how to calculate and populate the PDE record for Defined Standard, Basic Alternative, and Actuarially Equivalent plans.

At the end of the module, there are several assessment questions to test your knowledge.

The Defined Standard Examples include:

1. Coverage Gap – Brand Drug,
2. Coverage Gap – Generic Drug,
3. Straddles the Gap to Catastrophic with a Portion of the Dispensing Fees Falling Within the Gap Calculation, and
4. Straddle of Deductible Through Catastrophic Coverage Phase.

The Basic Alternative Examples include:

5. Straddle Claim with Copay in Initial Coverage Phase (ICP) and
6. Straddle Claim Copay/Co-Insurance with Lesser Of Logic.

The Actuarially Equivalent Examples includes:

7. Coverage Gap – Brand Drug for AE Plan.

2. Example 1 – Coverage Gap – Brand Drug

2.1 Example #1 - Coverage Gap - Brand Drug

In this example, we will calculate and record the PDE record for a brand drug in a Defined Standard plan.

When claim adjudication begins, the Total Gross Covered Drug Cost, or TGCDC, Accumulator is $3,000.00, and the True Out-Of-Pocket, or TrOOP, Accumulator is $1,015.50. Using the scenario provided, let's begin to gather information to populate the PDE record for this example.

In 2015, ABC Health PDP, a Defined Standard plan, processed a claim for an applicable beneficiary for a brand drug that has an Ingredient Cost of $195.00, a Sales Tax Amount of $5.00, and a Dispensing Fee of $2.00.

When claim adjudication begins the Total Gross Covered Drug Cost (TGCDC) Accumulator is $3,000, and

the True Out-Of-Pocket (TrOOP) Accumulator is $1,015.50.

The Discount Eligible Cost is $200.00 (Ingredient Cost and Sales Tax) and the Total Gross Covered Drug Cost is $202.00 (Ingredient Cost, Sales Tax, and Dispensing Fee).

2.2 Step 1: Determine Costs that Fall in the Coverage Gap

In the first step, determine the costs that fall in the coverage gap.

TGCDC ($3,000.00) is greater than the ICL ($2, 960.00) .

TrOOP ($1, 015.00) is less than the TrOOP Threshold ($4, 700.00).

The TGCDC Accumulator is $3,000.00. The Initial Coverage Limit (ICL) is $2,960.00. The TrOOP Accumulator is $1,015.50. The TrOOP threshold is $4,700.00.The Beginning and Ending Benefit Phase values and the TGCDC Accumulator and TrOOP Accumulator values validate that the claim falls squarely in the Coverage Gap.

2.3 Step 2: Determine Discount Eligible Cost

For Step 2, determine the Discount Eligible Cost.

The Discount Eligible Cost equals $200.00.

The Discount Eligible Cost is $200.00. Since the claim falls squarely in the Coverage Gap, the total cost of the drug, not including the Dispensing Fee, is discount eligible.

2.4 Step 3: Calculate Coverage Gap Discount

In Step 3, calculate the Coverage Gap Discount. To calculate the Coverage Gap Discount, multiply the Manufacturer Discount Percentage by the Discount Eligible Cost.

Manufacturer Discount Percentage (50%) multiplied by the Discount Eligible Cost ($200.00) equals the Coverage Gap Discount ($100.00).

The Manufacturer Discount Percentage is 50%. As we determined in the previous slide, the Discount Eligible Cost is $200.00. We can determine that the Coverage Gap Discount for this scenario is $100.00. The Coverage Gap Discount is reflected in the Reported Coverage Gap Discount field.

2.5 Step 4: Determine Beneficiary Cost-Sharing

For Step 4, the total amount of the Beneficiary Cost-Sharing in the Coverage Gap is calculated in two parts: the Beneficiary's Cost-Sharing of the cost of the drug, and the Beneficiary's Cost-Sharing of the Dispensing Fee. Beneficiary Cost-Sharing Percentage (45%) multiplied by the Discount Eligible Cost ($200.00) equals the Beneficiary Cost-Sharing of Drug Cost ($90.00).

Beneficiary Cost-Sharing Percentage (45%) multiplied by the Dispensing Fee ($2.00) equals the Beneficiary Cost-Sharing of Dispensing Fee ($0.90).

Beneficiary Cost-Sharing of Drug Cost ($90.00) plus the Beneficiary Cost-Sharing of Dispensing Fee ($0.90) equals the Total Beneficiary Cost-Sharing ($90.90).

The Beneficiary Cost-Sharing Percentage is 45%. The Discount Eligible Cost is $200.00. The Beneficiary Cost-Sharing of Drug Cost is $90.00. The Dispensing Fee is $2.00. The Beneficiary's Cost-Sharing of the Dispensing Fee is $0.90. The total amount of the Beneficiary's Cost Sharing, which includes the Beneficiary's Cost-Sharing of the Drug Cost and for the Dispensing Fee, totals to $90.90. This amount will be reflected in the Patient Pay Amount field.

2.6 Step 5: Calculate Covered Plan Paid (CPP) Cost-Sharing

In Step 5, calculate the Covered Plan Paid Amount, also known as the CPP. Let's begin with the calculation to determine the plan's liability in the Coverage Gap.

Plan Cost-Sharing Percentage for Ingredient Cost and Sales Tax (5%) multiplied by the Discount Eligible Cost ($200.00) equals the Plan Cost-Sharing of Drug Cost ($10.00).

Plan Cost-Sharing Percentage for Dispensing Fee (55%) multiplied by the Dispensing Fee ($2.00) equals the Plan Cost-Sharing of Dispensing Fee ($1.10).

Plan Cost-Sharing of Drug Cost ($10.00) plus the Plan Cost-Sharing of Dispensing Fee ($1.10) equals the Total Covered Plan Paid Amount ($11.10).

The plan liability percentage in the Coverage Gap is 5% of the Discount Eligible Cost.

The Discount Eligible Cost is $200.00. The Plan's cost sharing of the drug cost is $10.00.

The Plan's Cost-Sharing Percentage for the Dispensing Fee is 55%.

The Dispensing Fee equals $2.00. The plan's cost-sharing of the Dispensing Fee is $1.10. The Total Covered Plan Paid Amount is the sum of $10.00 and $1.10, totaling $11.10.

2.7 Step 6: Update Accumulators

In Step 6, to determine what the updates to the TGCDC and TrOOP Accumulators will be for the next claim.

After the claim is processed, the TGCDC Accumulator increases by $202.00, from $3,000.00 to $3,202.00.

The next PDE will increase the TGCDC Accumulator by $202.00, the total cost of the drug, to a total of $3,202.00.

The TrOOP Accumulator increases by the sum of the Coverage Gap Discount and the Beneficiary's Total Cost-Sharing, $190.90, from $1,015.50 to $1,206.40.

The next PDE will increase the TrOOP Accumulator by $190.90, which is the sum of the Beneficiary's Total Cost-Sharing and the Reported Gap Discount. This increases the TrOOP Accumulator for the next claim to a total of $1,206.40.

2.8 Populate the PDE Record for Reporting

Now that all the calculations are complete, the PDE Record is ready for population. Each row has been auto populated from the calculations performed in the previous six steps.

Please note that the TGCDC and TrOOP Accumulator values on this record reflect each value at the beginning of this claim. Each accumulator will update prior to the next claim processed by the plan.

Table 4 – PDE Record for Example 1

PDE Fields	Total
Drug Coverage Status Code	C
Ingredient Cost Paid	$195.00
Dispensing Fee Paid	$2.00
Total Amount Attributed to Sales Tax	$5.00
Gross Drug Cost Below Out-of-Pocket Threshold (GDCB)	$202.00
Gross Drug Cost Above Out-of-Pocket Threshold (GDCA)	$0.00
Patient Pay Amount	$90.90
Other TrOOP Amount	$0.00
Low Income Cost Sharing Subsidy Amount (LICS)	$0.00
Patient Liability Reduction Due to Other Payer Amount (PLRO)	$0.00
Reported Gap Discount	$100.00
Covered Plan Paid Amount (CPP)	$11.10
Non Covered Plan Paid Amount (NPP)	$0.00
Estimated Rebate at POS	$0.00
Vaccine Administration Fee	$0.00
Total Gross Covered Drug Cost Accumulator	$3,000.00
True Out-of-Pocket Accumulator	$1,015.50
Beginning Benefit Phase	G
Ending Benefit Phase	G

3. Example 2

3.1 Example #2 - Coverage Gap - Generic Drug

Let's look at an example of a claim for a generic drug that falls in the Coverage Gap. In 2015 a beneficiary from ABC Health, which is a Defined Standard Plan, is in the Coverage Gap Phase with a YTD Gross Covered Drug Cost of $3,500.00 and TrOOP costs of $1,542.50. The beneficiary purchases a $20.00 generic drug, and there is no Dispensing Fee.

3.2 Step 1: Determine Costs that Fall in the Coverage Gap

For Step 1, determine if the claim falls squarely in the Coverage Gap. After populating the four values on the screen, select the Yes or No button to indicate if the claim falls squarely in the Coverage Gap.

TGCDC ($3,500.00) is greater than ICL ($2,960.00).

TrOOP ($1,542.50) is less than the TrOOP Threshold ($4,700.00).

The TGCDC Accumulator is $3,500.00.

The Initial Coverage Limit (ICL) is $2,960.00.

The TrOOP is $1,542.50.

This claim falls squarely in the Gap.

Because covered Non-Applicable Drugs, which include generic drugs, are not eligible for the Coverage Gap Discount, no drug costs in the Coverage Gap are eligible for the Coverage Gap Discount. Therefore, we will bypass the steps “Determine Discount Eligible Cost” and “Calculate the Coverage Gap Discount.” Next, we will determine the beneficiary's cost-sharing amount.

3.3 Step 2: Determine Beneficiary Cost-Sharing

In Step 2, determine the beneficiary’s cost-sharing.

Beneficiary Cost-Sharing Percentage (65%) multiplied by the Negotiated Price ($20.00) equals the Beneficiary Cost-Sharing of Drug Cost ($13.00).

Next, we will calculate the Beneficiary Cost-Sharing for a generic drug The Beneficiary Cost-Sharing Percentage is 65%.

The Negotiated Price is $20.00. The Beneficiary’s Cost-Sharing of the drug cost is $13.00. This amount is reported in the Patient Pay Amount field.

3.4 Step 3: Calculate Covered Plan Paid (CPP) Cost-Sharing

Next in Step 3, determine the Covered Plan Paid Amount.

Plan Cost-Sharing Percentage (35%) multiplied by the Negotiated Price ($20.00) equals the Covered Plan Paid Amount ($7.00)

The Plan’s Cost-Sharing Percentage is 35%.

The Negotiated Price is $20.00. The total Covered Plan Paid Amount is $7.00. This amount is populated in the Covered Plan Paid (CPP) field.

3.5 Step 4: Update Accumulators

In Step 4, determine what the updates to the TGCDC and TrOOP Accumulators will be for the next claim.

After the claim is processed, the TGCDC Accumulator increases by $20.00, from $3,500.00 to $3,520.00. The next PDE will increase the TGCDC Accumulator by $20.00, the total cost of the drug, to a total of $3,520.00.

The TrOOP Accumulator increases by $13.00, from $1,542.50 to $1,555.50.

The next PDE will increase the TrOOP Accumulator by $13.00, which is the Beneficiary's Total Cost-Sharing. This increases the TrOOP Accumulator for the next claim to a total of $1,555.50.

3.6 Populate the PDE Record for Reporting

Now that all the calculations are complete, the PDE Record is ready for population. Each row has been auto populated from the calculations performed in the previous six steps.

Please note that the TGCDC and TrOOP Accumulator values on this record reflect each value at the

beginning of this claim. Each accumulator will update prior to the next claim processed by the plan.

Table 5 – PDE Record for Example 2

PDE Fields	Total
Drug Coverage Status Code	C
Ingredient Cost Paid	$20.00
Dispensing Fee Paid	$0.00
Total Amount Attributed to Sales Tax	$0.00
Gross Drug Cost Below Out-of-Pocket Threshold (GDCB)	$20.00
Gross Drug Cost Above Out-of-Pocket Threshold (GDCA)	$0.00
Patient Pay Amount	$13.00
Other TrOOP Amount	$0.00
Low Income Cost Sharing Subsidy Amount (LICS)	$0.00
Patient Liability Reduction Due to Other Payer Amount (PLRO)	$0.00
Reported Gap Discount	$0.00
Covered Plan Paid Amount (CPP)	$7.00
Non Covered Plan Paid Amount (NPP)	$0.00
Estimated Rebate at POS	$0.00
Vaccine Administration Fee	$0.00
Total Gross Covered Drug Cost Accumulator	$3,500.00
True Out-of-Pocket Accumulator	$1,555.50
Beginning Benefit Phase	G
Ending Benefit Phase	G

4. Example 3

4.1 Example #3 - Straddle the Gap to Catastrophic with Portion of Dispensing Fees Falling in Gap

This example will demonstrate how to report a PDE when a portion of the Dispensing Fee or Vaccine Administration Fee falls within the Coverage Gap Phase.

In 2015, a beneficiary in ABC Health PBP, a defined standard plan, purchases a $202.00 brand drug. The cost includes $187.90 Ingredient Cost, $10.10 Sales Tax, and $4.00 Dispensing Fee. The TGCDC Accumulator is $6,255.00 and the TrOOP Accumulator is $4,511.00.

Using the scenario provided, let's begin to gather information to populate the PDE example.

4.2 Step 1: Determine Costs that Fall in the Coverage Gap

The first step is to determine the costs that fall in the Coverage Gap. In this example, we need to break

this first step down into four separate calculations. Let's start by first determining the remaining TrOOP amount.

Out-Of-Pocket Threshold ($4,700.00) minus the Beginning Value in Troop ($4,511.00) equals the Remaining TrOOP ($189.00).

The Out-Of-Pocket Threshold is $4,700.00.

The beginning value of the TrOOP Accumulator is $4,511.00. When the claim begins, the beneficiary is in the Coverage Gap Phase. To determine the cost falling within the Coverage Gap, start by determining the remaining TrOOP, which is $4,700.00 minus $4,511.00 equaling $189.00.

4.3 Step 1: Determine Costs that Fall in the Coverage Gap (Continued)

Now, determine the actual amounts to be contributed to TrOOP by the beneficiary and manufacturer cost-sharing.

Manufacturer Cost-Sharing Percentage (50%) multiplied by the Ingredient Cost plus the Sales Tax ($198.00) equals the Manufacturer Cost-Sharing of Drug Cost ($99.00).

Beneficiary Cost-Sharing Percentage (45%) multiplied by the Ingredient Cost plus the Sales Tax ($198.00) equals the Beneficiary Cost-Sharing of Drug Cost ($89.10).

Manufacturer Cost-Sharing of Drug Cost ($99.00) plus the Beneficiary Cost-Sharing of Drug Cost ($89.10) equals the Actual TrOOP ($188.10).

The manufacturer pays 50% the Ingredient Cost and Sales Tax.

The Ingredient Cost and Sales Tax is $198.00. The Manufacturer Cost-Sharing of the Drug Cost is $99.00.

The beneficiary pays 45% of the Ingredient Cost and Sales Tax, which equals $89.10. The sum of the Beneficiary's Cost-Sharing and the Coverage Gap Discount, the Manufacturer's Cost-Sharing, which equals $188.10 counts towards TrOOP.

4.4 Step 1: Determine Costs that Fall in the Coverage Gap (Continued)

Next, we compare the Actual Troop to the Remaining TrOOP. Lastly, we determine what additional cost falls in the Coverage Gap.

Actual TrOOP Amount ($188.10) is less than the Remaining TrOOP Calculated ($189.00).

Remaining TrOOP Amount ($0.90) divided by the Beneficiary Cost-Sharing Amount for Dispensing Fee Percentage (45%) equals the Dispensing Fee that falls in the Coverage Gap ($2.00).

The Actual TrOOP calculated in Step 2 is $188.10.

Compare the remaining TrOOP, $189.00 to the Actual TrOOP amount. Since the Actual TrOOP of $188.10 is less than remaining TrOOP, a portion of the Dispensing Fee must fall within the Coverage Gap. Next, we need to determine additional costs falling in the Coverage Gap.

After taking into account the manufacturer and beneficiary cost-sharing for the Discount Eligible Cost, $0.90 of TrOOP remains.

To determine the Dispensing Fee that falls within the Coverage Gap, the remaining TrOOP amount of $0.90 is divided by the Beneficiary Cost-Sharing amount for the Dispensing Fee, which is 45%. This will determine the amount of the Dispensing Fee that falls within the Coverage Gap, which comes to $2.00.

So the Ingredient Cost, Sales Tax, and $2.00 of the Dispensing Fee falls within the Coverage Gap.

4.5 Step 2: Determine Discount Eligible Cost

For Step 2, determine the Discount Eligible Cost. The Discount Eligible Cost must be net of the Dispensing Fee. Since a portion of the Dispensing Fee falls within the Coverage Gap, it must be subtracted from the drug cost falling within the gap. Populate the Drug Cost Falling Within the Gap into the table.

Drug Cost falling within the Gap ($200.00) minus the Portion of Dispensing Fee Within the Gap ($2.00) equals the Discount Eligible Cost ($198.00).

The Drug Cost falling within the Gap is $200.00, which is the total of the Ingredient Cost and Sales Tax of the drug and the portion of the Dispensing Fee that falls in the Coverage Gap.

As calculated in the previous step, the portion of the Dispensing Fee that falls in the Coverage Gap is $2.00. Because the Dispensing Fee is not eligible for the Coverage Gap Discount, the Discount Eligible Cost must be net of the Dispensing Fee. This means that the Discount Eligible Cost of the drug is $200.00 minus $2.00, which equals $198.00.

4.6 Step 3: Calculate Coverage Gap Discount

For Step 3, calculate the Coverage Gap Discount. To calculate the Coverage Gap Discount, multiply the Discount Eligible Cost by the Manufacturer Discount Percentage.

Manufacturer Discount Percentage (50%) multiplied by the Discount Eligible Cost ($198.00) equals the Coverage Gap Discount ($99.00).

The Manufacturer Discount Percentage is 50%.

The Discount Eligible Cost is $198.00. The Coverage Gap Discount is 50% of $198.00 or $99.00.

4.7 Step 4: Determine Beneficiary Cost-Sharing

In Step 4, when determining the Beneficiary Cost-Sharing, the beneficiary is responsible for cost-sharing in the Coverage Gap and Catastrophic Phases.

First, determine the Beneficiary Cost-Sharing in the Coverage Gap Phase.

Beneficiary Cost-Sharing Percentage (45%) multiplied by the Discount Eligible Cost ($198.00) equals the Beneficiary Cost-Sharing of Drug Cost ($89.10)

Beneficiary Cost-Sharing Percentage (45%) multiplied by the Dispensing Fee in CGP ($2.00) equals the Beneficiary Cost-Sharing of Dispensing Fee ($0.90).

Beneficiary Cost-Sharing of Drug Cost ($89.10) plus the Beneficiary Cost-Sharing of Dispensing Fee ($0.90) equals the Beneficiary Cost-Sharing in the Coverage Gap ($90.00).

Beneficiary Cost-Sharing Percentage in the Coverage Gap is 45% of the Discount Eligible Cost and 45% of the Dispensing Fee falling in the Gap in 2015.

The Discount Eligible Cost is $198.00. The Beneficiary Cost-Sharing of Drug Cost is $89.10.

The Dispensing Fee is $2.00. Multiply 45% of the Dispensing Fee of $2.00, which comes to $0.90. This

equates to Beneficiary Cost-Sharing in the Coverage Gap of $90.00.

4.8 Step 4: Determine Beneficiary Cost-Sharing (Continued)

Next, let's determine the Beneficiary Cost-Sharing in the Catastrophic Phase. As a reminder, the beneficiary is responsible for five percent of the drug cost in the Catastrophic Phase, or a brand copay of $6.60, whichever is greater. Five percent equals ten cents, so the copay is the greater amount.

However, the copay is greater than the cost of the drug falling in the Catastrophic Coverage Phase, which is $2.00. Therefore, the beneficiary is responsible for the entire $2.00 that falls in the Catastrophic Phase.

Amount of Drug Cost in Catastrophic Phase equals $2.00.

5% of Amount of Drug in Catastrophic ($0.10) is less than the Copay ($6.60).

When comparing 5% of the drug cost in the Catastrophic Phase to the $6.60 copay, the copay is the greater amount. However, because the copay is greater than the amount of the drug costs in the Catastrophic Phase, the beneficiary is only responsible for total costs of the drug in this phase and not the entire copay amount.

4.9 Step 5: Calculate Covered Plan Paid (CPP) Cost-Sharing

In Step 5, determine the Covered Plan Paid Amount beginning with the calculation to determine the plan cost-sharing for the Discount Eligible Cost.

Remember, because the beneficiary paid for 100 percent of the amount falling in the Catastrophic Phase, we will only have to calculate the CPP amount for the amount of the drug cost that falls in the Coverage Gap Phase.

Plan Cost-Sharing Percentage in Coverage Gap (5%) multiplied by the Discount Eligible Cost ($198.00) equals the Plan Cost-Sharing of Drug Cost ($9.90).

Plan Cost-Sharing Percentage for Dispensing Fee (55%) multiplied by the Dispensing Fee in CGP ($2.00) equals the Plan Cost-Sharing of Dispensing Fee ($1.10).

Plan Cost-Sharing of Drug Cost ($9.90) plus the Plan Cost-Sharing of Dispensing Fee ($1.10) equals the Total Covered Plan paid Amount ($11.00).

The plan pays 5% of the Discount Eligible Cost.

The Discount Eligible Cost is $198.00. The plan pays 5% of $198.00 for the Discount Eligible Cost, which is $9.90.

The Plan Cost-Sharing Percentage for the Dispensing Fee is 55%.

The Dispensing Fee is $2.00. The plan pays 55% of the $2.00 Dispensing Fee, which comes to $1.10. This brings CPP in the Coverage Gap to $11.00. There is no CPP in the Catastrophic Phase in this situation, as Step 4 noted all the costs are paid by the beneficiary.

4.10 Step 6: Update Accumulators

In Step 6, determine what the updates to the TGCDC and TrOOP Accumulators will be for the next claim. The Beginning and Ending Benefit Phases, and the TGCDC and TrOOP accumulator values validate that

the claim straddles the Coverage Gap and the Catastrophic Coverage Phases.

After the claim is processed, the TGCDC Accumulator increases by $202.00, from $6,255.00 to $6,457.00, and the TrOOP Accumulator increases by $189.00, from $4,511.00 to $4,700.00.

The next PDE will increase the TGCDC Accumulator by $202.00, the total cost of the drug, to a total of $6,457.00.

The TrOOP Accumulator stops at the Out of Pocket Threshold. Therefore, the TrOOP Accumulator only updates to $4,700.00.

The next PDE will increase the TrOOP Accumulator by $189.00, which is the Beneficiary's Total Cost-Sharing and the Reported Gap Discount. This increases the TrOOP Accumulator for the next claim to a total of $4,700.00.

4.11 Populate the PDE Record for Reporting

This table illustrates the amounts calculated in each phase and the sum in the total column that is used to populate the PDE Record. Each row has been auto populated from the calculations performed in the previous steps.

Please note that the TGCDC and TrOOP Accumulator values on this record reflect each value at the beginning of this claim. Each accumulator will update prior to the next claim processed by the plan.

Table 6 – PDE Record for Example 3

PDE Fields	Coverage Gap	Catastrophic Coverage	Total
Drug Coverage Status Code			C
Ingredient Cost Paid	$187.90	$0.00	$187.90
Dispensing Fee Paid	$2.00	$2.00	$4.00
Total Amount Attributed to Sales Tax	$10.10	$0.00	$10.10
Gross Drug Cost Below Out-of-Pocket Threshold (GDCB)	$200.00	$0.00	$200.00
Gross Drug Cost Above Out-of-Pocket Threshold (GDCA)	$0.00	$2.00	$2.00
Patient Pay Amount	$90.00	$2.00	$92.00
Other TrOOP Amount	$0.00	$0.00	$0.00
Low Income Cost Sharing Subsidy Amount (LICS)	$0.00	$0.00	$0.00
Patient Liability Reduction Due to Other Payer Amount (PLRO)	$0.00	$0.00	$0.00
Reported Gap Discount	$99.00	$0.00	$99.00
Covered Plan Paid Amount (CPP)	$11.00	$0.00	$11.00
Non Covered Plan Paid Amount (NPP)	$0.00	$0.00	$0.00
Estimated Rebate at POS	$0.00	$0.00	$0.00
Vaccine Administration Fee	$0.00	$0.00	$0.00
Total Gross Covered Drug Cost Accumulator			$6,255.00
True Out-of-Pocket Accumulator			$4,511.00
Beginning Benefit Phase			G
Ending Benefit Phase			C

5. Example 4

5.1 Example #4 - Straddle of Deductible Through Catastrophic Benefit Phase

In this example, we will calculate and populate the PDE record for a claim that straddles four benefit phases: the Deductible Phase, the Initial Coverage Phase, the Coverage Gap Phase, and the Catastrophic Phase.

In 2015, ABC Health PDP, a Defined Standard plan processed a claim for an applicable beneficiary for a brand drug that has an Ingredient Cost of $7,000.00. Before the claim is received, the YTD gross covered drug cost is $245.00, and the TrOOP Accumulator is $245.00. There are no Dispensing Fees or Vaccine Administration Fees.

Using the scenario provided, let's gather information to populate the PDE record.

5.2 Calculating the PDE Record for Coverage Gap Claims

As we discussed at the beginning of the module, there are six steps as shown on the screen used to populate the record for a claim that falls in the Coverage Gap. However, because this claim straddles all four of the benefit phases, several, but not all, of the steps will also apply to the other phases.

For example, instead of just determining the costs that fall in the Coverage Gap Phase, we will be determining the costs that fall in each benefit phase.

Deductible Phase

Determine costs that fall in the Benefit Phase, and then determine the Beneficiary Cost-Sharing.

Initial Coverage Phase

Determine costs that fall in the Benefit Phase, determine Beneficiary Cost-Sharing, and then calculate Covered Plan Paid Cost-Sharing.

Coverage Gap Phase

Determine costs that fall in the Benefit Phase, determine Discount Eligible Cost, calculate Coverage Gap Discount, determine Beneficiary Cost-Sharing, and then calculate the Covered Plan Paid Cost-Sharing.

Catastrophic Phase

Determine costs that fall in the Benefit Phase, determine Beneficiary Cost-Sharing, calculate Covered Plan Paid Cost-Sharing, and then update the Accumulators.

5.3 Step 1: Determine Costs that Fall in the Deductible Phase

Let's begin with the Deductible Phase. Using the Defined Standard Benefit Parameters and scenario information provided, fill in the amounts to determine the portion of the claim, which falls in the

Deducible Phase.

At any time, you may press the icons in the upper right-hand corner to access the scenario and 2015 Benefit Parameters information.

Deductible Phase

TGCDC ($245.00) is less than the Deductible Limit ($320.00).

Deductible Limit ($320.00) minus the TGCDC Accumulator ($245.00) equals the Costs in the Deductible Phase ($75.00).

The TGCDC Accumulator is $245.00.

The Deductible Limit is $320.00. The Initial Coverage Phase begins after the Deductible is met. The amount of the drug claim that falls in the Deductible Phase is the difference between the Deductible Limit and the TGCDC Amount, which is equal to $75.00.

5.4 Step 2: Determine Beneficiary Cost-Sharing

Next, we need to calculate the Beneficiary's Cost-Sharing Amount in the Deductible Phase.

Beneficiary Cost-Sharing Percentage in Deductible Phase equals 100%.

Costs Falling the Deductible Phase equals $75.00.

Beneficiary Cost-Sharing in Deducible Phase equals $75.00.

Since the beneficiary is responsible for 100 percent of the deductible in the Defined Standard benefit, the Beneficiary Cost-Sharing will be the $75.00 that falls in the Deductible Phase.

5.5 Step 1: Determine Costs that Fall in the Initial Coverage Phase

Now that we've calculated the cost-sharing in the Deductible Phase, we next calculate the cost-sharing in the Initial Coverage Phase.

Before we can determine cost-sharing amounts, we need to determine the amount of the claim that falls in the Initial Coverage Phase.

Initial Coverage Phase

Total Cost of Drug ($7,000.00) minus the Amount of Claim in Deductible Phase ($75.00) equals the Remaining Drug Costs ($6,925.00).

ICL ($2,960.00) minus the Deductible Phase Limit ($320.00) equals the Drug Costs Falling in ICP ($2,640.00).

Total Cost of the drug is $7,000.00.

Amount of claim that falls in Deductible Phase is $75.00. Remaining Drug Cost is $6,925.00.

The ICL is $2,960.00.

Deductible Phase Limit is $320.00. Drug Costs Falling in the ICP is $2,640.00.

5.6 Step 2: Determine Beneficiary Cost-Sharing

Now that we've calculated the amount of the claim that falls in the Initial Coverage Phase, we can determine the Beneficiary's Cost-Sharing and Plan's Cost-Sharing amounts in the Initial Coverage Phase.

Initial Coverage Phase

Beneficiary Cost-Sharing Percentage in ICP (25%) multiplied by the Drug Costs Falling in ICP ($2,640.00) equals the Beneficiary Cost-Sharing Amount in ICP ($660.00).

The Beneficiary Cost-Sharing Percentage is 25%.

The Drug Cost in the ICP is $2,640.00. The Beneficiary Cost-Sharing Amount in ICP is $660.00.

5.7 Step 3: Calculate Covered Plan Paid (CPP) Cost-Sharing

The next step is to calculate the Plan's Cost-Sharing Amount in the ICP.

Initial Coverage Phase

Plan Cost-Sharing Percentage in ICP (75%) multiplied by the Drug Cost Falling in ICP ($2,640.00) equals the Plan Cost-Sharing Amount in ICP ($1,980.00).

The Plan's Cost-Sharing Percentage in the ICP is 75%.

The Drug Cost Falling in the ICP is $2,640.00. The Plan's Cost-Sharing of the drug cost in ICP is $1,980.00.

5.8 Step 1: Determine Costs that Fall in the Coverage Gap

Now that we've calculated the Beneficiary's and Plan's Cost-Sharing in the Initial Coverage phase, we need to determine the drug costs that fall in the Coverage Gap, and calculate the cost-sharing in the Coverage Gap Phase.

Coverage Gap Phase

Total Cost of the Drug ($7,000.00) minus the Beneficiary Cost-Sharing in Deductible Phase ($75.00) plus the Beneficiary Cost-Sharing in ICP ($660.00) plus the Plan Cost-Sharing in ICP ($1,980.00) equals the Remaining Drug Cost ($4,285.00).

The Total Cost of the Drug is $7,000.00.

The Beneficiary's Cost-Sharing in the Deductible Phase is $75.00.

As calculated, the Beneficiary's Cost-Sharing in the Initial Coverage Phase is $660.00.

As calculated in earlier steps, the Plan Cost-Sharing in the ICP is $1,980.00. After adding the drug costs accounted for in the first two phases, the remaining drug cost is $4,285.00. Because the drug does not include dispensing and/or vaccine fees, the total cost of the drug is eligible to use when determining the costs that fall into the Coverage Gap.

5.9 Step 1: Determine Costs that Fall in the Coverage Gap (Continued)

Next, we need to calculate the amount of TrOOP that remains below the Out-Of-Pocket Threshold after the first two benefit phases. After determining the Remaining TrOOP Amount, we will calculate the amount of the Remaining Drug Costs that are TrOOP eligible. Get started by entering the Out-Of-Pocket Threshold for 2015.

Coverage Gap Phase

Out-Of-Pocket Threshold ($4,700.00) minus the (TrOOP Accumulator ($245.00) plus the Beneficiary Cost-Sharing in Deductible ($75.00) plus the Beneficiary Cost-Sharing in ICP ($660.00)) equals the Remaining TrOOP ($3,720.00).

For 2015, the Out-of-Pocket Threshold is $4,700.00.

The beginning value of the TrOOP Accumulator is $245.00

The Beneficiary's Cost-Sharing in the Deductible Phase is $75.00, as calculated in previous steps.

The Beneficiary's Cost-Sharing in the Initial Coverage Phase is $660.00, as calculated in previous steps. Therefore, $3,720.00 of TrOOP remains after subtracting the TrOOP eligible costs of the claim in the first two phases from the Out-Of-Pocket Threshold.

5.10 Step 1: Determine Costs that Fall in the Coverage Gap (Continued)

Lastly, determine the Drug Costs in the Coverage Gap.

Remaining TrOOP ($3,720.00) divided by [1 - Plan Cost-Sharing Percentage in Coverage Gap (5%)] equals the Drug Costs in the Coverage Gap ($3,915.79).

Next, we will determine the amount of the drug costs that fall in the Coverage Gap.

To determine the Drug Costs in the Coverage Gap Phase, the Remaining TrOOP Amount is divided by the product of the Plan's Cost-Sharing Percentage in the Coverage Gap subtracted from 1. In the Coverage Gap Phase in 2015, the plan is responsible for 5% of the Discount Eligible Cost. Therefore, the Drug Costs in the Coverage Gap is the sum of the Remaining TrOOP Amount divided by 95%. $3,915.79 of this claim falls in the Coverage Gap Phase.

5.11 Step 2: Calculate Coverage Gap Discount

For Step 2, calculate the Coverage Gap Discount. To calculate the Coverage Gap Discount, multiply the Manufacturer Discount Percentage by the Discount Eligible Cost determined in Step 1 for the Coverage Gap Phase.

Manufacturer Discount Percentage (50%) multiplied by the Discount Eligible Cost ($3,915.79) equals the Coverage Gap Discount ($1,957.90).

According to the 2015 parameters, the Manufacturer Discount Percentage is 50%.

The Discount Eligible Cost, which is the entire amount of the claim that falls in the Coverage Gap because there are no Dispensing and Vaccine Administration Fees, is $3,915.79. The Coverage Gap Discount totals to $1,957.90.

5.12 Step 3: Determine Beneficiary Cost-Sharing

For Step 3, the total amount of the Beneficiary's Cost-Sharing in the Coverage Gap is generally calculated in two parts: the Beneficiary's Cost-Sharing of the Discount Eligible Cost, and the Beneficiary's Cost-Sharing of the Dispensing Fee.

Since there is no Dispensing Fee for this drug, the Beneficiary Cost-Sharing in the Coverage Gap Phase can be determined in one step.

Beneficiary Cost-Sharing Percentage (45%) multiplied by the Discount Eligible Cost ($3,915.79) equals the Beneficiary Cost-Sharing in CGP ($1,762.10).

The Beneficiary Cost-Sharing Percentage is 45%.

The Discount Eligible Cost is $3,915.79. The Beneficiary Cost-Sharing of Drugs is $1,762.10. Normal rounding rules apply except in situations where rounding for each category of liability does not add up to the total liability. In these cases, the beneficiary amount should be rounded down and the plan and/or manufacturer rounded up.

5.13 Step 4: Calculate Covered Paid (CCP) Cost-Sharing

The next step is to determine the CPP in the Coverage Gap Phase.

Plan Cost-Sharing Percentage in Coverage Gap (5%) multiplied by the Drug Costs in Coverage Gap ($3,915.79) equals the CP in Coverage Gap ($195.79).

The Plan Cost-Sharing Percentage in the Coverage Gap is 5% of the Discount Eligible Cost.

The Drug Costs in the Coverage Gap is $3,915.79. The CPP in the Coverage Gap is $195.79. This amount is reported in the Covered Plan Paid Amount field.

5.14 Step 1: Determine Costs that Fall in the Catastrophic Phase

Now that we've calculated the Beneficiary's and Plan's Cost-Sharing in the Deductible Phase, Initial Coverage Phase, and Coverage Gap Phase, we need to calculate the Patient Pay and Covered Plan Paid amounts in the Catastrophic Phase.

Before we can determine cost-sharing amounts, we need to determine the amount of the claim that falls in the Catastrophic Phase.

Total Cost of the Drug ($7,000.00) minus the (Beneficiary Cost-Sharing in Deductible Phase ($75.00) plus the Beneficiary Cost-Sharing in ICP ($660.00) plus the Plan Cost-Sharing in ICP ($1,980.00) plus the Beneficiary Cost-Sharing CGP ($1,762.10) plus the Plan Cost-Sharing in CGP ($195.79) plus the Coverage Gap Discount ($1,957.90)) equals the Remaining Drug Cost in the CP ($369.21).

The Total Cost of the Drug is $7,000.00.

The Beneficiary's Cost-Sharing in the Deductible Phase is $75.00.

The Beneficiary's Cost-Sharing in the Initial Coverage Phase is $660.00.

The Plan Cost-Sharing in the Initial Coverage Phase is $1,980.00.

The Beneficiary's Cost-Sharing in Coverage Gap Phase is $1,762.10.

The Plan's Cost-Sharing in Coverage Gap phase is $195.79.

The Coverage Gap Discount is $1,957.90. After subtracting the sum of the claim that falls in the first three benefit phases from the total drug cost, we can determine that the Remaining Drug Cost in the Catastrophic Phase is $369.21.

5.15 Step 2: Determine Beneficiary Cost-Sharing

Now that we know how much of the claim falls in the Catastrophic Phase, we need to determine the Beneficiary Cost-Sharing and Plan Cost-Sharing in the Catastrophic Phase.

Beneficiary Cost-Sharing Percentage (5%) multiplied by the Drug Cost in CP ($369.21) equals the Coinsurance Amount ($18.46).

Coinsurance Amount ($18.46) is greater than the Brand Drug Copayment ($6.60).

The Beneficiary's Cost-Sharing Percentage in the Catastrophic Phase is the greater of 5% Coinsurance or $6.60 for a brand drug copayment.

The Drug Cost in the Catastrophic Phase is $369.21. The Coinsurance Amount is $18.46.

The Coinsurance Amount, $18.46, is greater than the Brand Drug Copayment, $6.60. Therefore, the beneficiary pays the $18.46 Coinsurance.

5.16 Step 3: Calculate Covered Plan Paid (CPP) Cost-Sharing

In Step 13, calculate the CPP in the Catastrophic Phase.

Plan Cost-Sharing Percentage (95%) multiplied by the Drug Cost in CP ($369.21) equals the CPP in CP ($350.75).

The Plan's Cost-Sharing Percentage in the CP is the lesser of 95% or the Gross Covered Drug Cost minus the beneficiary's copayment. At the point of sale, the plan pays the other 95% of the drug cost that falls in the Catastrophic Phase.

The Drug Cost in the CP is $369.21. The plan's cost-sharing of the drug cost is $350.75, which is reflected in the Covered Plan Paid (CPP) amount.

5.17 Step 4: Update Accumulators

In the last step, to determine what the updates to the TGCDC and TrOOP Accumulators will be for the next claim.

After the claim is processed, the TGCDC Accumulator will increase by the total cost of the drug, $7,000.00, from $245.00 to $7,245.00. The next PDE will increase the TGCDC Accumulator by $7,000.00, the total cost of the drug, to a total of $7,245.00.

The TrOOP Accumulator will increase by the TrOOP eligible fields in the first three phases of the claim. The beneficiary does not accumulate TrOOP in the Catastrophic Phase. Therefore, the TrOOP Accumulator will only update to the Out-Of-Pocket Threshold, which is $4,700.00 for 2015.

5.18 Populate the PDE Record for Reporting

This table illustrates the amounts calculated in each phase and the sum in the total column that is used to populate the PDE Record. Each row has been auto populated from the calculations performed in the previous steps.

Please note that the TGCDC and TrOOP Accumulator values on this record reflect each value at the beginning of this claim. Each accumulator will update prior to the next claim processed by the plan.

Table 7 – PDE Record for Example 4

PDE Fields	Deductible Phase	Initial Coverage Phase	Coverage Gap Phase	Catastrophic Phase	Total
Drug Coverage Status Code					C
Ingredient Cost Paid					$7,000.00
Dispensing Fee Paid					$0.00
Total Amount Attributed to Sales Tax					$0.00
Gross Drug Cost Below Out-of-Pocket Threshold (GDCB)	$75.00	$2,640.00	$3,915.79	$0.00	$6,630.79
Gross Drug Cost Above Out-of-Pocket Threshold (GDCA)	$0.00	$0.00	$0.00	$369.21	$369.21
Patient Pay Amount	$75.00	$660.00	$1,762.10	$18.46	$2,515.56
Other TrOOP Amount	$0.00	$0.00	$0.00	$0.00	$0.00
Low Income Cost Sharing Subsidy Amount (LICS)	$0.00	$0.00	$0.00	$0.00	$0.00
Patient Liability Reduction Due to Other Payer Amount (PLRO)	$0.00	$0.00	$0.00	$0.00	$0.00
Reported Gap Discount	$0.00	$0.00	$1,957.90	$0.00	$1,957.90
Covered Plan Paid Amount (CPP)	$0.00	$1,980.00	$195.79	$350.75	$2,526.54
Non Covered Plan Paid Amount (NPP)	$0.00	$0.00	$0.00	$0.00	$0.00
Estimated Rebate at POS	$0.00	$0.00	$0.00	$0.00	$0.00
Vaccine Administration Fee	$0.00	$0.00	$0.00	$0.00	$0.00
Total Gross Covered Drug Cost Accumulator					$245.00
True Out-of-Pocket Accumulator					$245.00
Beginning Benefit Phase					D
Ending Benefit Phase					C

6. Example 5

6.1 Example #5 - Straddle Claim with Copay in ICP

Now, we will look at some examples of populating Basic Alternative Plan (BA) PDEs. In this example, in 2015 Sun Health PBP offers a basic alternative plan with a $5.00/$15.00/$30.00 copay structure in the ICP. The claim straddles the ICP and the Coverage Gap.

The discount eligible brand drug in this example falls in the $30.00 copay tier. The drug cost is $202.00, of which $195.00 is Ingredient Cost, $5.00 is Sales Tax, and $2.00 is Dispensing Fee. When claim adjudication begins, the TGCDC Accumulator is $2,920.00, and the TrOOP Accumulator is $895.00.

Using the information provided, let's begin to gather information to populate the PDE record later.

6.2 Step 1: Determine Cost that Fall in the Coverage Gap

In the first step, determine the costs that fall in the Coverage Gap. Since the claim straddles the ICP and Coverage Gap, we must first determine the costs that fall in the ICP before we can determine the costs that fall in the CGP.

ICL ($2,960.00) minus the TGCDC Accumulator ($2,920.00) equals the Costs Falling in the ICP ($40.00).

Total Drug Costs ($202.00) minus the Costs Falling the ICP ($40.00) equals the Cost Falling in the CGP ($162.00).

The beginning benefit phase is the ICP. The initial Coverage Limit is $2,960.00.

When claim adjudication begins, the TGCDC Accumulator is $2,920.00. The costs falling in the ICP are $40.00.

The Total Drug Costs are $202.00. Because, the beneficiary has not met the Out-Of-Pocket Threshold the remaining $162.00 of the claim falls in the Coverage Gap. The ending benefit phase of this claim is the Coverage Gap.

6.3 Step 2: Determine Discount Eligible Cost

For Step 2, determine the Discount Eligible Cost.

The Discount Eligible Cost is equal to the $162.00 of the drug cost that falls in the Coverage Gap. The Dispensing Fee is accounted for in the drug costs falling in the ICP.

6.4 Step 3: Calculate Coverage Gap Discount

In Step 3, calculate the Coverage Gap Discount. To calculate the Coverage Gap Discount, multiply the Manufacturer Discount Percentage by the Discount Eligible Cost.

Manufacturer Discount Percentage (50%) multiplied by the Discount Eligible Cost ($162.00) equals the Coverage Gap Discount ($81.00).

The Manufacturer Discount Percentage is 50%.

The Discount Eligible Cost is $162.00. The Coverage Gap Discount is 50% of the $162.00 Discount Eligible

Cost or $81.00.

6.5 Step 4: Determine Beneficiary Cost-Sharing

In Step 4, determining the Beneficiary Cost-Sharing requires two calculations. The beneficiary is responsible for cost-sharing in each benefit phase the claim straddles. Calculate the Beneficiary Cost-Sharing in the Initial Coverage Phase and the Coverage Gap Phase.

Initial Coverage

Tiered Copay equals the Beneficiary Cost-Sharing in ICP ($30.00).

Coverage Gap

Beneficiary Cost-Sharing Percentage (45%) multiplied by the Discount Eligible Cost ($162.00) equals the Beneficiary Cost-Sharing in Coverage Gap ($72.90).

Beneficiary Cost-Sharing in ICP ($30.00) plus the Beneficiary Cost-Sharing in Coverage Gap ($72.90) equals the Total Beneficiary Cost-Sharing ($102.90).

In the ICP for this BA plan, the Beneficiary Cost-Sharing is a $30.00 copay because of the tiered 3 cost-sharing. The $30.00 includes $27.79 Ingredient Cost, $1.50 Dispensing Fee, and $0.71 Sales Tax. The plan pays the remaining $10.00 of the total claim amount falling in the ICP, which includes $9.26 ingredient cost, $0.50 dispensing fee, and $0.24 sales tax. This amount will be reported as CPP.

In the Coverage Gap, the beneficiary is responsible for 45% of the Discount Eligible Cost in the Gap.

Coverage Gap Cost-Sharing for the beneficiary is $72.90. The Beneficiary's Total Cost-Sharing for the two phases is $102.90, which will be reported as Patient Pay Amount.

6.6 Step 5: Calculate Covered Plan Paid (CPP) Cost-Sharing

In Step 5, calculate the total Covered Plan Paid Cost-Sharing, which involves two steps. First, the CPP in the ICP is calculated and then added to the CPP in the Coverage Gap.

Initial Coverage

Costs falling in the ICP ($40.00) minus the Beneficiary Copay ($30.00) equals the CPP in ICP ($10.00)

Coverage Gap

Plan Cost-Sharing Percentage in the CGP (5%) multiplied by the Discount Eligible Cost ($162.00) equals the CPP in CGP ($8.10).

CPP in ICP ($10.00) plus the CPP in CGP ($8.10) equals the Covered Plan Paid Amount ($18.10).

The drug costs falling in the ICP are $40.00.

The amount of the Beneficiary Copay is $30.00. As noted in Step 4, the plan pays the remaining $10.00 of the drug cost falling in the ICP beyond the $30.00 Beneficiary Copay.

The plan is responsible for 5% of the Discount Eligible Cost in the Coverage Gap.

The Discount Eligible Cost is $162.00. Therefore, the CPP amount is $8.10. The total CPP for the two phases is $18.10. This amount is reported in the CPP field.

6.7 Step 6: Update Accumulators

In the last step, we determine what the updates to the TGCDC and TrOOP Accumulators will be for the next claim.

After the claim is processed, the TGCDC Accumulator increases by $202.00, from $2,920.00 to $3,122.00.

The next PDE will increase the TGCDC Accumulator by $202.00, the total cost of the drug, to a total of $3,122.00.

The TrOOP Accumulator increases by $183.90, from $895.00 to $1,078.90.

The next PDE will increase the TrOOP Accumulator by $183.90, which is the sum of the Beneficiary's Total Cost-Sharing and the Reported Gap Discount. This increases the TrOOP Accumulator for the next claim to a total of $1,078.90.

6.8 Populate the PDE Record for Reporting

When populating the PDE Record for straddle claims, only the totals from the calculation across the phases are populated. This table illustrates the amounts calculated in each phase and the sum in the total column that is used to populate the PDE Record. Each row has been auto populated from the calculations performed in the previous six steps.

Please note that the TGCDC and TrOOP Accumulator values on this record reflect each value at the beginning of this claim. Each accumulator will update prior to the next claim processed by the plan.

Table 8 – PDE Record for Example 5

PDE Fields	ICP	Coverage Gap	Total
Drug Coverage Status Code			C
Ingredient Cost Paid	$37.05	$157.95	$195.00
Dispensing Fee Paid	$2.00	$0.00	$2.00
Total Amount Attributed to Sales Tax	$0.95	$4.05	$5.00
Gross Drug Cost Below Out-of-Pocket Threshold (GDCB)	$40.00	$162.00	$202.00
Gross Drug Cost Above Out-of-Pocket Threshold (GDCA)	$0.00	$0.00	$0.00
Patient Pay Amount	$30.00	$72.90	$102.90
Other TrOOP Amount	$0.00	$0.00	$0.00
Low Income Cost Sharing Subsidy Amount (LICS)	$0.00	$0.00	$0.00
Patient Liability Reduction Due to Other Payer Amount (PLRO)	$0.00	$0.00	$0.00
Reported Gap Discount	$0.00	$81.00	$81.00

PDE Fields	ICP	Coverage Gap	Total
Covered Plan Paid Amount (CPP)	$10.00	$8.10	$18.10
Non Covered Plan Paid Amount (NPP)	$0.00	$0.00	$0.00
Estimated Rebate at POS	$0.00	$0.00	$0.00
Vaccine Administration Fee	$0.00	$0.00	$0.00
Total Gross Covered Drug Cost Accumulator			$2,920.00
True Out-of-Pocket Accumulator			$895.00
Beginning Benefit Phase			N
Ending Benefit Phase			G

7. Example 6

7.1 Example #6 - Straddle Claim Copay/Co-Insurance with Lesser Of Logic

In this example, we will show a Basic Alternative plan with a $30.00 copay for brand drugs in the ICP. The logic illustrated in this scenario applies to any claim with co-insurance in the Coverage Gap and a copay in the adjacent benefit phase, either the ICP or the Catastrophic Phase, regardless of plan type.

When claim adjudication begins, the TGCDC Accumulator is $2,959.00, and the TrOOP Accumulator is $955.00. The Beginning Benefit phase is the ICP, and the Ending Benefit phase is the Coverage Gap. The negotiated price of the drug without the Dispensing Fee totals to $200.00, with an Ingredient Cost of $195.00 and Sales Tax of $5.00. The Dispensing Fee is $2.00, adding to a Total Drug Cost of $202.00.

Let's begin to gather information to populate the PDE record.

7.2 Step 1: Determine Costs that Fall in the Coverage Gap

In the first step, determine the costs that fall in the Coverage Gap, using the Defined Standard benefit parameters and scenario information provided.

TGCDC ($2,959.00) is less than ICL ($2,960.00).

TrOOP ($955.00) is less than the TrOOP Threshold ($4,700.00).

The TGCDC Accumulator is $2,959.00.

The ICL is $2,960.00.

The Beginning and Ending Benefit Phase values and the TGCDC Accumulator and TrOOP Accumulator values validate that only a portion of the claim falls in the Coverage Gap. The TGCDC Accumulator Amount ($2,959.00) is $1.00 less than the ICL. This means that $1.00 of the Dispensing Fee falls in the ICP. The rest of the claim, the Ingredient Cost, Sales Tax, and the remaining portion of the Dispensing Fee falls in the Coverage Gap.

7.3 Step 1: Determine Costs that Fall in the Coverage Gap (Continued)

Because the beneficiary's plan has a copay amount in the Initial Coverage Phase, we need to apply the

"lesser of" test to determine the Beneficiary's Total Cost-Sharing. Begin calculating the beneficiary's cost-sharing in the Initial Coverage Phase by first determining the drug costs, which fall in the Initial Coverage Phase. Enter the 2015 Initial Coverage Limit in the space provided.

ICL ($2,960.00) minus the TGCDC ($2,959.00) equals the Drug Costs in the ICP ($1.00).

Drug Costs in ICP ($1.00) is less than the Beneficiary ICP Copay ($30.00).

The ICL is $2,960.00.

The TGCDC is $2959.00. The Drug Costs in the ICP is $1.00.

The Beneficiary ICP copay is $30.00, which is greater than the Drug Costs in the Initial Coverage Phase.

7.4 Step 1: Determine Costs that Fall in the Coverage Gap (Continued)

To calculate the drug costs in the Coverage Gap Phase, subtract the total drug costs in the Initial Coverage Phase from the total drug costs. The beneficiary is responsible for $1.00 that falls in the Initial Coverage Phase. It is assumed that the $1.00 in the Initial Coverage Phase is a portion of the Dispensing Fee. Therefore, the beneficiary does not pay the entire copay amount of $30.00.

Total Drug Costs ($202.00) minus the Drug Costs in the ICP ($1.00) equals the Drug Cost in Coverage Gap Phase ($201.00).

The beneficiary is responsible for the $1.00 that falls in the Initial Coverage Phase and not the entire copay amount of $30.00.

After subtracting the Drug Costs in the ICP from the Total Drug Cost, $201.00 falls in the Coverage Gap Phase. The $201.00 includes the Ingredient Cost and Sales Tax, and $1.00 of the Dispensing Fee.

7.5 Step 2: Determine Discount Eligible Cost

Now that we've determined the Drug Costs Falling Within the Coverage Gap Phase, we can calculate the Discount Eligible Cost, which includes the Ingredient Cost and Sales Tax of the drug. Begin by populating the Drug Costs falling within the CGP.

Drug Cost falling within the CGP ($201.00) minus the Portion of Dispensing Fee Falling Within CGP ($1.00) equals the Total Discount Eligible Cost ($200.00).

$1.00 falls into the ICP. The amount falling into the CGP is $201.00.

The portion of the Dispensing Fee falling within the CGP is $1.00. The Total Discount Eligible Cost is $200.00.

7.6 Step 3: Calculate Coverage Gap Discount

For Step 3, calculate the Coverage Gap Discount. To calculate the Coverage Gap Discount, multiply the Manufacturer Discount Percentage by the Discount Eligible Cost.

Manufacturer Discount Percentage (50%) multiplied by the Discount Eligible Cost ($200.00) equals the Coverage Gap Discount ($100.00).

The Manufacturer Discount Percentage is 50%.

As we determined in the previous slide, the Discount Eligible Cost is $200.00. The Coverage Gap

Discount is 50% of the $200.00 Discount Eligible Cost or $100.00.

7.7 Step 4: Determine Beneficiary Cost-Sharing

Determining the Beneficiary Cost-Sharing requires two calculations. The beneficiary is responsible for cost-sharing in each benefit phase the claim straddles. We must calculate the Beneficiary Cost-Sharing in the Initial Coverage Phase and the Coverage Gap Phase.

Beneficiary Costs in ICP equals $1.00.

Beneficiary Cost-Sharing Percentage in CGP (45%) multiplied by the Discount Eligible Cost ($200.00) equals the Beneficiary Cost-Sharing in the CGP ($90.00).

Beneficiary Cost-Sharing Percentage in CGP (45%) multiplied by the Dispensing Fee in CGP ($1.00) equals the Beneficiary Cost-Sharing of Dispensing Fee ($0.45).

Beneficiary Costs in ICP ($1.00) plus the Total Beneficiary Cost-Sharing in CGP ($90.45) equals the $91.45.

Because "lesser of logic" applies, the beneficiary pays $1.00 in the ICP.

In the Coverage Gap, the beneficiary is responsible for 45% of the Discount Eligible Cost and Dispensing Fee in the gap.

The Discount Eligible Cost is $200.00. Coverage Gap Cost-Sharing is $90.00.

Beneficiary's Cost-Sharing for the Dispensing Fee in the Coverage Gap is $0.45. The Beneficiary's Total Cost-Sharing for the two phases is $91.45, which will be reported as Patient Pay Amount.

7.8 Step 5: Calculate Covered Plan Paid (CPP) Cost-Sharing

For Step 5, calculating the Covered Portion of the Plan Paid Cost-Sharing involves two steps. First, the CPP is calculated for the Dispensing Fee within the Coverage Gap and then added to the CPP for the Discount Eligible Cost within the Coverage Gap.

Plan Cost-Sharing Percentage for Dispensing Fee in CGP (55%) multiplied by the Dispensing Fee ($1.00) equals the CPP in CGP ($0.55).

Plan Cost-Sharing Percentage for Discount Eligible Cost in CGP (5%) multiplied by the Discount Eligible Cost ($200.00) equals the CPP in CGP ($10.00).

CPP in CGP ($0.55) plus the CPP in CGP ($10.00) equals the Total Covered Plan Paid Amount ($10.55).

The plan is responsible for 55% of the Dispensing Fee in the Coverage Gap.

The amount of the Dispensing Fee that falls in the Coverage Gap is $1.00. The CPP for the Dispensing Fee is $0.55.

The plan is also responsible for 5% of the Discount Eligible Cost in the Coverage Gap.

The Discount Eligible Cost is $200.00. Therefore, the CPP amount is $10.00. The total CPP is $10.55.

7.9 Step 6: Update Accumulators

In Step 6, determine what the updates to the TGCDC and TrOOP Accumulators will be for the next claim.

After the claim is processed, the TGCDC Accumulator increases by $202.00, from $2,959.00 to $3,161.00.

The next PDE will increase the TGCDC Accumulator by $202.00, the total cost of the drug, to a total of $3,161.00.

The TrOOP Accumulator increases by $191.45, from $955.00 to $1,146.45.

The next PDE will increase the TrOOP Accumulator by $191.45, which is the sum of the Beneficiary's Total Cost-Sharing and the Reported Gap Discount. This increases the TrOOP Accumulator for the next claim to a total of $1,146.45.

*7.*10 *Populate the PDE Record for Reporting*

When populating the PDE Record for straddle claims, only the totals from the calculation across the phases are populated. This table illustrates the amounts calculated in each phase and the sum in the total column that is used to populate the PDE Record. Each row has been auto populated from the calculations performed in the previous six steps.

Please note that the TGCDC and TrOOP Accumulator values on this record reflect each value at the beginning of this claim. Each accumulator will update prior to the next claim processed by the plan.

Table 9 – PDE Record for Example 6

PDE Fields	ICP	Coverage Gap	Total
Drug Coverage Status Code			C
Ingredient Cost Paid	$0.00	$195.00	$195.00
Dispensing Fee Paid	$1.00	$1.00	$2.00
Total Amount Attributed to Sales Tax	$0.00	$5.00	$5.00
Gross Drug Cost Below Out-of-Pocket Threshold (GDCB)			$202.00
Gross Drug Cost Above Out-of-Pocket Threshold (GDCA)	$0.00	$0.00	$0.00
Patient Pay Amount	$1.00	$90.45	$91.45
Other TrOOP Amount	$0.00	$0.00	$0.00
Low Income Cost Sharing Subsidy Amount (LICS)	$0.00	$0.00	$0.00
Patient Liability Reduction Due to Other Payer Amount (PLRO)	$0.00	$0.00	$0.00
Reported Gap Discount	$0.00	$100.00	$100.00
Covered Plan Paid Amount (CPP)	$0.00	$10.55	$10.55
Non Covered Plan Paid Amount (NPP)	$0.00	$0.00	$0.00
Estimated Rebate at POS	$0.00	$0.00	$0.00
Vaccine Administration Fee	$0.00	$0.00	$0.00
Total Gross Covered Drug Cost Accumulator			$2,959.00
True Out-of-Pocket Accumulator			$955.00
Beginning Benefit Phase			N
Ending Benefit Phase			G

8. Example 7

8.1 Example #7 - Coverage Gap - Brand Drug for AE Plan

In this example, we will calculate and record the PDE record for an Actuarially Equivalent claim that straddles the Initial Coverage Phase and the Coverage Gap Phase.

In 2015, a beneficiary is enrolled in an Actuarially Equivalent, or AE, plan with cost-sharing that reduces the beneficiary share to 20 percent instead of 25 percent in the Initial Coverage Phase. The beneficiary has a YTD TrOOP balance of $990.00 and YTD Gross Covered Drug Cost of $2,920.00, which places the beneficiary in the Initial Coverage phase at the start of the claim and will straddle into the Coverage Gap. In this example, the beneficiary purchases an applicable $102.00 drug, of which $95.00 is Ingredient Cost, $5.00 is Sales Tax, and $2.00 is Dispensing Fee. There is no Vaccine Administration Fee.

8.2 Step 1: Determine Costs that Fall in the Coverage Gap

In the first step, using the 2015 Benefit Parameters and information provided in the scenario, determine the costs that fall in the Coverage Gap.

TGCDC ($2,920.00) is less than ICL ($2,960.00).

TrOOP ($990.00) is less than TrOOP Threshold ($4,700.00).

The TGCDC Accumulator is $2,920.00.

The Initial Coverage Limit is $2,960.00.

The TrOOP is $990.00.

The TGCDC Accumulator and TrOOP Accumulator values validate that the claim straddles the Initial Coverage Phase and the Coverage Gap.

8.3 Step 1: Determine Costs that Fall in the Coverage Gap (Continued)

In the first step, we determine the costs that fall in the Coverage Gap. Since the claim straddles the ICP and Coverage Gap, we must first determine the costs that fall in the ICP before we can determine the costs that fall in the CGP.

Initial Coverage Limit ($2,960.00) minus the TGCDC Accumulator ($2,920.00) equals the Costs Falling in the ICP ($40.00).

Total Drug Costs ($102.00) minus the Costs Falling in the ICP ($40.00) equals the Costs Falling in the CGP ($62.00).

The beginning benefit phase is the ICP. The Initial Coverage Limit is $2,960.00.

When claim adjudication begins the TGCDC Accumulator $2,920.00. Therefore, the amount of the Drug Costs Falling in the ICP is $40.00.

The Total Drug Costs is $102.00.

The first $40.00 of the claim falls in the ICP, which is determined by subtracting the TGCDC Accumulator of $2,920.00 from the Initial Coverage Limit. Because the beneficiary has not met the TrOOP threshold,

the remaining $62.00 of the claim falls in the Coverage Gap. The ending benefit phase is the Coverage Gap.

8.4 Step 2: Determine Discount Eligible Cost

For Step 2, determine the Discount Eligible Cost. Populate the amount of the total cost of the drug that is eligible for the Coverage Gap Discount.

This Discount Eligible Cost is $62.00, which is the sum of the Total Cost of the Drug that falls in the Coverage Gap. The Dispensing Fee is accounted for in the Initial Coverage Phase. The first $40.00 of the claim falls in the ICP, which is illustrated by ICL minus TGCDC Accumulator or $2,960.00 minus $2,920.00 equals $40.00. Because the TrOOP threshold has not been met, the remaining $62.00 will fall in the Coverage Gap.

8.5 Step 3: Calculate Coverage Gap Discount

In Step 3, calculate the Coverage Gap Discount by multiplying the Manufacturer Discount Percentage by the Discount Eligible Cost.

Manufacturer Discount Percentage (50%) multiplied by the Discount Eligible Cost ($62.00) equals the Coverage Gap Discount ($31.00).

The Manufacturer Discount Percentage is 50%.

As we determined in the previous step, the Discount Eligible Cost is $62.00. By multiplying the Manufacturer Discount Percentage by the Discount Eligible Cost, we can determine that the Coverage Gap Discount for this example is $31.00.

8.6 Step 4: Determine Beneficiary Cost-Sharing

For Step 4, the total amount of the Beneficiary Cost-Sharing is in two parts: the Beneficiary's Cost-Sharing in the Initial Coverage Phase, and the Beneficiary Cost-Sharing in the Coverage Gap Phase.

Note that the Dispensing Fee is paid in full in the Initial Coverage Phase.

Initial Coverage Phase

Beneficiary Cost-Sharing Percentage in ICP (20%) multiplied by the Amount of Drug Costs Falling in ICP ($40.00) equals the Beneficiary Cost-Sharing of Drug Costs in ICP ($8.00).

Coverage Gap Phase

Beneficiary Cost-Sharing Percentage in CGP (45%) multiplied by the Amount of Drug Costs Falling in CGP ($62.00) equals the Beneficiary Cost-Sharing of Drug Costs in CGP ($27.90).

Beneficiary Cost-Sharing of Drug Costs in ICP ($8.00) plus the Beneficiary Cost-Sharing of Drug Costs in CGP ($27.90) equals the Total Beneficiary Cost-Sharing ($35.90).

The beneficiary is responsible for cost-sharing in each benefit phase the claim straddles. The beneficiary has a cost-sharing percentage of 20% in the ICP for the AE plan.

As calculated earlier, $40.00 of the claim falls in the ICP. The Beneficiary's ICP Cost-Sharing is 20% of $40.00, which equals $8.00. The $8.00 includes the Ingredient Costs, Dispensing Fee, and Sales Tax. The full cost of the Dispensing Fee is paid in the ICP.

The Beneficiary Cost-Sharing Percentage in the CGP is 45%.

As calculated in previous steps, $62.00 of the claim falls in the Coverage Gap. The Beneficiary Cost-Sharing in the Coverage Gap is $27.90. The Total Beneficiary Cost-Sharing, which includes the Beneficiary Cost-Sharing in the ICP and the CGP totals to $35.90.

8.7 Step 5: Calculate Covered Plan Paid (CPP) Cost-Sharing

In Step 5, calculate the Covered Plan Paid Amount, also known as the CPP. Let's determine the plan's cost-sharing in the Initial Coverage Phase and Coverage Gap Phase.

Initial Coverage Phase

Drug Costs falling within the ICP ($40.00) minus the Beneficiary Cost-Sharing in ICP ($8.00) equals the CPP in ICP ($32.00).

As calculated earlier, $40.00 of the drug cost falls in the Initial Coverage Phase.

The Beneficiary's Cost-Sharing in the ICP is $8.00, as calculated in Step 4. The plan is responsible for the remaining drug costs in the Initial Coverage Phase, which totals to $32.00.

8.8 Step 5: Calculate Covered Plan Paid (CPP) Cost-Sharing

In Step 6, determine CPP amount in the Coverage Gap Phase.

Total Drug Costs in CGP ($62.00) multiplied by the Plan Cost-Sharing Percentage (5%) equals the CPP in the CGP ($3.10).

As a part of Step 2, we determined that $62.00 of the drug costs fall in the Coverage Gap.

The Plan's Cost-Sharing Percentage in the Coverage Gap, according to the 2015 Benefit Parameters, is 5%. CPP in the Gap equals the cost of the drug falling in the Coverage Gap multiplied by the Plan's Cost-Sharing Percentage, which totals to $3.10.

8.9 Step 6: Update Accumulators

In the last step, we determine what the updates to the TGCDC and TrOOP Accumulators will be for the next claim.

After the claim is processed, the TGCDC Accumulator increases by $102.00, from $2,920.00 to $3,022.00.

The next PDE will increase the TGCDC Accumulator by $102.00, the total cost of the drug, to a total of $3,022.00.

The TrOOP Accumulator increases by $66.90, from $990.00 to $1,056.90.

The next PDE will increase the TrOOP Accumulator by $66.90, which is the sum of the Beneficiary's Total Cost-Sharing and Reported Gap Discount. This increases the TrOOP Accumulator for the next claim to a total of $1,056.90.

8.10 Populate the PDE Record for Reporting

Now that all the calculations are complete, the PDE Record is ready for population. Each row has been auto populated from the calculations performed in the previous six steps.

Please note that the TGCDC and TrOOP Accumulator values on this record reflect each value at the beginning of this claim. Each accumulator will update prior to the next claim processed by the plan.

Table 10 – PDE Record for Example 7

PDE Fields	Initials Coverage Phase	Coverage Gap Phase	Total
Drug Coverage Status Code			C
Ingredient Cost Paid			$95.00
Dispensing Fee Paid			$2.00
Total Amount Attributed to Sales Tax			$5.00
Gross Drug Cost Below Out-of-Pocket Threshold (GDCB)	$40.00	$62.00	$102.00
Gross Drug Cost Above Out-of-Pocket Threshold (GDCA)	$0.00	$0.00	$0.00
Patient Pay Amount	$8.00	$27.90	$35.90
Other TrOOP Amount	$0.00	$0.00	$0.00
Low Income Cost Sharing Subsidy Amount (LICS)	$0.00	$0.00	$0.00
Patient Liability Reduction Due to Other Payer Amount (PLRO)	$0.00	$0.00	$0.00
Reported Gap Discount	$0.00	$31.00	$31.00
Covered Plan Paid Amount (CPP)	$32.00	$3.10	$35.10
Non Covered Plan Paid Amount (NPP)	$0.00	$0.00	$0.00
Estimated Rebate at POS	$0.00	$0.00	$0.00
Vaccine Administration Fee	$0.00	$0.00	$0.00
Total Gross Covered Drug Cost Accumulator			$2,920.00
True Out-of-Pocket Accumulator			$990.00
Beginning Benefit Phase			N
Ending Benefit Phase			G

9. Assessment

9.1 Assessment

Welcome to the assessment for the Basic Benefit Prescription Drug Plans module. In this assessment, you will be given several questions.

9.2 Question #1

When determining the Discount Eligible Cost for claims for Applicable, brand, drugs that fall in the Coverage Gap with the Dispensing Fee falling outside of the Coverage Gap, what should you do first?

You should first calculate the costs remaining in the Coverage Gap. Calculating costs remaining in the Coverage Gap occurs before determining the Discount Eligible Cost and the Coverage Gap Discount.

9.3 Question #2

What correctly represents the 2015 manufacturer, beneficiary, and plan cost-sharing percentages for Applicable, brand, drugs and Non-Applicable, generic, drugs in the Coverage Gap?

The correct answer is that the cost-sharing percentages in the 2015 coverage year are Applicable is 50% Manufacturer, 45% Beneficiary, and 5% plan. Non-Applicable is 0% Manufacturer, 65% Beneficiary, and 35% plan.

9.4 Question #3

A beneficiary purchases a $50.00 brand drug in 2015. The TGCDC Accumulator is $3,570.00, and the TrOOP Accumulator is $1,520.00. How much of the Ingredient Cost and Sales Tax of the Discount Eligible Cost is the plan responsible for in the Coverage Gap?

The plan is responsible for five percent. The plan cost-sharing for the 2015 coverage year in the Coverage Gap for Ingredient Cost and Sales Tax is 5%.

Prescription Drug Event Computer Based Training
Module 2 - Enhanced Alternative (EA) Plans

1. Introduction

1.1 Introduction – Enhanced Alternative (EA) Plans

Welcome to the Part D Prescription Drug Event Calculation and Reporting Computer Based Training course. Module 2 covers calculating and reporting Part D Prescription Drug Events records, or PDEs, for Enhanced Alternative plans, also known as EA plans.

The purpose of this module is to equip plans with the tools to accurately submit PDE records for EA benefits related to EA cost-sharing, using the 2015 reporting rules and parameters.

1.2 Learning Objectives

By the end of this module, the learner will be able to identify the three data elements central to reporting the EA Benefit, discuss mapping to the Defined Standard Benefit, and demonstrate the steps to accurately calculate and populate a Prescription Drug Event (PDE) record for Enhanced Alternative (EA) Plans in the Coverage Gap.

1.3 Types of Benefit Plans

There are four benefit plan types, three (3) basic and one enhanced. The benefit plan types are Defined Standard (DS), Actuarially Equivalent (AE), Basic Alternative (BA), and Enhanced Alternative (EA) Plans.

All Part D plans are required to provide a minimum prescription drug benefit referred to as the “basic" benefit; the design can either be the Defined Standard benefit or an actuarially equivalent design such as Basic Alternative and Actuarially Equivalent plans. These plans provide a minimum set of prescription drug benefits required under Part D.

However, plans can provide additional or supplemental benefits that exceed the actuarial value of the basic benefit. Such benefits are called Enhanced Alternative, or EA benefits, and plans that offer EA benefits are referred to as EA plans. Let’s take a closer look at the EA Benefit.

1.4 Types of Enhanced Alternative Benefits

There are two types of Enhanced Alternative (EA) plans. The first type provides coverage of non-Part D Drugs. This benefit allows for the payment of drugs that are not Part D drugs, but are on the plan’s formulary. These drugs can only be reported by EA plans and are indicated on the PDE Record with a value of “E” in the drug coverage status code field.

The second type provides reduced cost-sharing, known as Enhanced Alternative Cost-Sharing, or EACS. EACS includes additional plan payments that reduce Beneficiary Cost-Sharing below the basic benefit. On average, EACS reduces cost-sharing across the entire benefit; however, Beneficiary Cost-Sharing for any specific event may be higher or lower in comparison to the Defined Standard benefit.

This module focuses on the EACS benefit and will next discuss the types of drugs and beneficiaries covered.

1.5 Basic Benefit Plan Types

Before we go any further, let's make clear what CMS means when referring to Applicable and Non-Applicable drugs. An Applicable drug is a brand drug and a Non-Applicable drug is considered a generic drug. Throughout the rest of the module, we will be referring to Applicable and Non-Applicable drugs as brand and generic.

According to 42 CFR §423.100, an Applicable (or brand) drug means a Part D drug that is Approved under a new drug application under §505(b) of the Federal Food, Drug, and Cosmetic Act (FDCA); or (ii) In the case of a biological product, licensed under §351 of the Public Health Service Act (other than a product licensed under subsection (k) of such §351); and If the PDP sponsor of the prescription drug plan or the MA organization offering the MA-PD plan uses a formulary, which is on the formulary of the prescription drug plan or MA-PD plan that the Applicable beneficiary is enrolled in; (ii) If the PDP sponsor of the prescription drug plan or the MA organization offering the MA-PD plan does not use a formulary, for which benefits are available under the prescription drug plan or MA-PD plan that the Applicable beneficiary is enrolled in; or (iii) Is provided to a particular Applicable beneficiary through an exception or appeal for that particular Applicable beneficiary. Generic Layer

Non-applicable (or generic) drugs are covered Part D drugs that do not meet the definition of an applicable drug, also known as generic drugs. Non-applicable drugs are subject to “generic” Coverage Gap cost-sharing.

1.6 Coverage Gap Discount Program - Applicable Beneficiary

An Applicable Beneficiary is an individual who, on the date of dispensing a covered Part D is enrolled in a prescription drug plan or an MA-PD plan, is not enrolled in a qualified retiree prescription drug plan, is not entitled to an income-related subsidy under section 1860D-14(a) of the Act, has reached or exceeded the initial coverage limit under section 1860D-2(b)(3) of the Act during the year, and has not incurred costs for covered part D drugs in the year equal to the annual out-of-pocket threshold specified in section 1860D-2(b)(4)(B) of the Act. This individual also has a claim that is within the coverage gap, straddles the initial coverage period and the coverage gap, and straddles the coverage gap and the annual out-of-pocket threshold; or Spans the coverage gap from the initial coverage period and exceeds the annual out-of-pocket threshold.

Next, let’s discuss Applicable beneficiaries. As defined in 42 CFR §423.100, Applicable beneficiaries are beneficiaries that are eligible for the Coverage Gap Discount Program. A Non-Applicable beneficiary is a Low-Income beneficiary and therefore not eligible for cost-sharing under the Coverage Gap Discount Program.

1.7 Coverage Gap Discount Program

Before reviewing the cost-sharing amounts for different types of drugs, let’s review the Coverage Gap Discount Program, which began in 2011.

The Affordable Care Act, as enacted in section §3301, and amended by section §1101 of the Health Care and Education Reconciliation Act of 2010 (H.R. 4872) (HCERA), phases in a reduction in Beneficiary Cost-Sharing for applicable beneficiaries when they purchase drugs in the Coverage Gap Phase of the Medicare Part D benefit through the Coverage Gap Discount Program and coverage for generic drugs in the Coverage Gap. The Coverage Gap Discount Program went into effect in January 1, 2011.

Section §1860D-14A(c)(1)(A)(ii) requires the gap discounts to be provided at POS. Part D sponsors pay the Gap Discount at point-of-sale on behalf of manufacturers so the beneficiary can immediately receive

the out-of-pocket cost reduction. The plan reports the actual amount of gap discount paid for the dispensing event in the Reported Gap Discount field on the PDE Record.

Cost-sharing reductions began in CY 2011 for both generic and brand drugs. The Coverage Gap Discount Program, also known as, CGDP, provides Manufacturer discounts applied to brand drugs in the coverage gap phase of the Part D benefit. In addition to the CGDP, Part D sponsors cover a portion of generic and brand drugs in the coverage gap phase. The objective is to reduce beneficiary cost-sharing to 25% after satisfying the deductible until the Out-of-Pocket threshold is reached. The reduction in beneficiary cost-sharing results in a seamless defined standard benefit by 2020.

As described earlier, EACS provides additional supplemental cost-sharing for beneficiaries including in the Coverage Gap.

1.8 Cost-Sharing for Applicable Part D Drugs

The Affordable Care Act phases in a reduction in beneficiary cost-sharing for applicable beneficiaries when they purchase brand drugs in the Coverage Gap Phase of the Medicare Part D benefit through the Coverage Gap Discount Program and for generic drugs in the Coverage Gap. The objective is to reduce beneficiary cost-sharing to 25 percent by 2020 to provide a seamless defined standard benefit with 25 percent beneficiary coinsurance after satisfying the deductible until the out-of-pocket threshold is reached.

This table highlights the changes in beneficiary and plan cost-sharing for Applicable, or brand, drugs in the Coverage Gap through 2020 for basic benefit plans.

Table 1: Changes in Beneficiary and Plan Cost-Sharing for Applicable Drugs in the Coverage Gap

Year	Manufacturer Cost-Sharing	Beneficiary Cost-Sharing	Plan Cost-Sharing
2011	50%	50%	0%
2012	50%	50%	0%
2013	50%	47.5%	2.5%
2014	50%	47.5%	2.5%
2015	50%	45%	5%
2016	50%	45%	5%
2017	50%	40%	10%
2018	50%	35%	15%
2019	50%	30%	20%
2020	50%	25%	25%

The manufacturer cost-sharing remains at 50 percent through 2020, while the beneficiary and plan cost-sharing changes over time. For 2015, the beneficiary cost-sharing is 45 percent and the plan cost-sharing is 5 percent. Note that for Enhanced Alternative plans, the supplemental benefit is applied before determining the gap discount amount.

This table is a reference for all examples in this module.

1.9 Cost-Sharing for Non-Applicable Part D Drugs

There are also cost-sharing reductions of Non-Applicable, or generic, drugs under the Affordable Care Act.

These types of drugs are not eligible for the Coverage Gap Discount, but are eligible for generic cost-sharing in the Coverage Gap Phase.

This table highlights the changes in beneficiary and plan cost-sharing for generic covered Part D drugs through 2020 for the Basic Benefit. There is no manufacturer cost-sharing for generic drugs.

Table 2: Changes in Beneficiary and Plan Cost-Sharing for Generic Covered Part D Drugs for Basic Benefit

Year	Beneficiary Cost-Sharing	Plan Cost-Sharing
2011	93%	7%
2012	86%	14%
2013	79%	21%
2014	72%	28%
2015	65%	35%
2016	58%	42%
2017	51%	49%
2018	44%	56%
2019	37%	63%
2020	25%	75%

You will see that for the 2015 benefit year the Beneficiary Cost-Sharing amount is 65 percent, while the plan assumes 35 percent of the cost-sharing.

This table is a reference for all examples in this module.

Next, you will review the PDE fields that are central to reporting claims for EACS.

1.10 Data Elements Central to the EA Benefit

Medicare does not cover benefits beyond the basic benefit. Any benefits not covered under the basic benefit are excluded from payment. CMS uses three data fields in the PDE record to identify EA benefits in order to make correct payments. These three data elements are the Drug Coverage Status Code, Covered D Plan Paid Amount, known as CPP, and Non-Covered Plan Paid Amount, known as NPP.

Drug Coverage Status Code

Plans administering a basic plan benefit package cannot offer supplemental benefits; therefore, those plans will not have EA Cost-Sharing (EACS) on a PDE for a covered drug. The value of "E" in the drug coverage status code indicates when payments are for a non-covered drug under an EA plan. Only EA plans can report a value of "E" in the drug coverage status code field. Payments for covered drugs under an EA plan will report a value of "C" on the PDE record when using Enhanced Alternative Cost-Sharing.

Covered Plan Paid Amount (CPP)

Only EA plans can offer EACS on covered drugs, which is cost-sharing assistance that exceeds the basic benefit amount. When an EA plan with enhanced cost-sharing reports a covered drug, the plan-paid amount is partly a basic benefit and partly an enhanced benefit. Therefore, on the PDE, the plan-paid amount is split into the amount the plan would have paid under the Defined Standard benefit, which is

CPP, and the amount the plan pays in EACS, which is reported in NPP. CMS refers to this process as "mapping to the Defined Standard benefit," and utilizes a set of business rules for this mapping.

Non-Covered Plan Paid Amount (NPP)

The NPP field is used for reporting non-covered plan paid amounts for EACS. Only EA plans populate the NPP field with nonzero amounts, with one exception: When the drug is over-the-counter, both EA and basic plans use the NPP field to report the cost of the drug. In all other cases, basic plans populate NPP with a value of $0.00. It is to be noted that the dollar amount in NPP is mutually exclusive of the dollar amounts reported in the other payment fields: CPP, Patient Pay Amount, Low Income Cost-Sharing called LICS, Other TrOOP Amount, Patient Liability Reduction due to Other Payer Amount called PLRO, and Reported Gap Discount. These seven payment fields record seven mutually exclusive types of payment. When the PDE reports a covered drug, the sum of these seven payment fields is the gross covered drug cost. If a plan reports a value of "C" in the Drug Coverage Status field and a positive dollar amount in the NPP field, DDPS automatically excludes the dollar amount in NPP from risk corridor and TrOOP calculations because the dollar amount in the NPP field is EACS.

1.11 General Steps for Calculating and Reporting EACS Outside the Coverage Gap Phase

As mentioned, EACS involves several steps for calculating and reporting for a PDE record. These aren't global, as there are also specific steps for calculating and reporting in the Coverage Gap Phase.

There are three general steps for calculating and reporting PDE Records for EA Cost-Sharing, known as EACS, outside the Coverage Gap Phase.

The first step is to report the amount paid at Point of Sale (POS) in the Patient Pay Amount field.

The second step is to calculate the plan paid amount to report in the CPP field. It is important to note that CPP may not be the same amount paid by the plan at POS since CPP is determined by mapping to the Defined Standard benefit. CPP equals Gross Covered Drug Cost, the GCDC, multiplied by the Applicable percentage for calculating the Defined Standard.

The third step is to determine EACS and report that amount in the NPP field. NPP equals the GCDC minus the sum of Patient Pay Amount, CPP, PLRO, Other TrOOP, LICS, and Reported Gap Discount. EACS is reported in the NPP field. There are several possibilities that occur when mapping costs to the Defined Standard benefit with regard to populating the NPP field.

When a plan pays more than what is covered in a given Benefit Phase under the Defined Standard benefit, the result is a positive NPP amount. When a plan and the Defined Standard benefit payment amounts are the same, the result is a zero NPP amount. When a plan pays less than what is covered in a given Phase under the Defined Standard benefit, the result is a negative NPP amount.

1.12 Mapping to the Defined Standard (DS) Benefit for Non-Low Income (Non-LI) Subsidy Beneficiaries, 2015

While working through the examples in this module, you will have to map to the Defined Standard Benefit using appropriate mapping rules.

There are also specific Mapping Rules for Low Income Beneficiaries with EA plans. These are discussed in further detail in Module 3, Low Income Cost-Sharing.

This table represents the parameters associated with mapping EACS to the Defined Standard Benefit using the EACS mapping rules to determine the CPP amount for an EA PDE record, as just discussed.

Table 3: Parameters Associated with Mapping EACS to the Defined Standard Benefit

Rule #	Year To Date (YTD) Gross Covered Drug Costs	TrOOP Amount	Percentage to Calculate Defined Standard Benefit
1	less than or equal to $320.00	N/A	0%
2	greater than $320.00 and less than or equal to $2,960.00	N/A	75%
3	greater than $2,960.00	less than or equal to $4,700.00	5% of ingredient cost and sales tax for applicable drugs and 55% of dispensing and vaccine administration fees 35% for Generic drugs
4	N/A	N/A	N/A
5	N/A	greater than $4,700.00	Lesser of 95% coinsurance [or Gross Covered Drug Cost = $2.65/$6.60 (generic/brand) copayment] If the beneficiary cost-sharing amount is less than the statutory copay amount, the formula changes to Gross Covered Drug Cost minus the beneficiary liability.

The table shows the Gross Covered Drug Costs and True Out-Of-Pocket (TrOOP) costs parameters used to define each rule as well as the percentage needed to calculate or map to the Defined Standard Benefit. This table applies to all non-LI beneficiaries with EACS. The dollar amounts provided in the table are taken from the PDE reporting parameters for Benefit Year 2015. The 2015 Parameters are available in the 2015 rate Announcement on the CMS website.

This table is a reference for all examples in this module.

PDE reporting must be consistent with bid information. EA plans' bids have a basic component and a supplemental component. To align PDE reporting with the basic component of the bid, CMS maps payments that include EACS to the Defined Standard benefit using special rules for reporting CPP and NPP Amounts.

Beginning in 2014, Rule 3 mapping occurs when the beneficiary reaches the Coverage Gap Phase until the beneficiary exceeds the out-of-pocket (OOP) threshold. This change impacts all beneficiaries, both non-LI and LI. This policy change means that Rule 4 has been eliminated beginning with benefit year 2014. Rule 5 begins when the beneficiary exceeds the OOP threshold.

In 2015, Part D sponsors will map 5 percent of the Discount Eligible Cost to CPP and 55 percent of the Dispensing and Vaccine Administration Fees to CPP for Applicable beneficiaries, meaning those that are eligible for Coverage Gap Discount, when in the Coverage Gap Phase, Rule 3.

If the beneficiary cost-sharing amount is less than the statutory copay amount, the formula changes to Gross Covered Drug Cost-beneficiary liability.

1.13 Mapping to the Defined Standard Benefit for Low Income (LI) Subsidy Beneficiaries, 2015

There are specific Mapping Rules for Low Income Beneficiaries. This particular table and mapping rules are discussed in further detail in Module 3, Low Income Cost-Sharing.

Table 4: Mapping Rules for Low Income Beneficiaries

Rule #	Year To Date (YTD) Gross Covered Drug Costs	TrOOP Amount	Percentage to Calculate Defined Standard Benefit
1	less than or equal to $320.00	N/A	0%
2	greater than $320.00 and less than or equal to $2,960.00	N/A	75%
3	greater than $2,960.00	less than or equal to $4,700.00	0%
4	N/A	N/A	N/A
5	N/A	greater than $4,700.00	Lesser of 95% coinsurance [or Gross Covered Drug Cost = $2.65/$6.60 (generic/brand) copayment] If the beneficiary cost-sharing amount is less than the statutory copay amount, the formula changes to Gross Covered Drug Cost - beneficiary liability.

If the beneficiary cost-sharing amount is less than the statutory copay amount, the formula changes to Gross Covered Drug Cost-beneficiary liability.

1.14 Straddle Claims

Now you understand the Benefit Phases and you have reviewed the parameters for each. However, there are times when the claim will not fit squarely in a particular Phase. In these cases, the claim will "straddle" Phases; a portion of the claim falls into one Phase and the remaining values "spill over" into the next Phase.

Straddle claims can occur when claims cross from the Deductible Phase to the Initial Coverage Phase, from the Initial Coverage Phase to the Coverage Gap Phase, and from the Coverage Gap Phase to the Catastrophic Coverage Phase.

Straddle claims can also occur across multiple phases such as from the Deductible Phase to the Coverage Gap Phase or Initial Coverage Phase to the Catastrophic Phase.

Next, we will review the steps to calculating PDE records for EA Plans.

1.15 Calculating and Reporting EACS in the Coverage Gap

The last item to discuss before reviewing the scenarios includes the steps for calculating and reporting EACS in the Coverage Gap. When calculating the PDE record for an EA benefit, there are several calculations that must be performed in order to populate the PDE record in the Coverage Gap.

The calculations can be performed using a nine step process.

The first step is to determine costs that fall in the Coverage Gap.

Claims that begin and end in the Coverage Gap fall squarely in the Coverage Gap.

Straddle claims are claims that fall in two or more benefit phases.

In the case of straddle claims, apply Dispensing Fee and Vaccine Administration Fee, to the greatest extent possible, outside the Coverage Gap.

The second step is to determine the plan's total liability for the claim.

The third step is determine the Discount Eligible Cost, which is the cost falling in the Coverage Gap, excluding supplemental benefits, Dispensing Fee, and Vaccine Administration Fee.

The supplemental benefit is calculated first if the plan provides such a benefit.

The Dispensing Fee and Vaccine Administration Fee are included in the supplemental benefit to the extent that the supplemental benefit equals or exceeds the Dispensing Fee and the Vaccine Administration Fee.

The fourth step is to calculate the Gap Discount. Plans should multiply the Discount Eligible Cost by the Manufacturer Cost-Sharing Percentage of 50% to obtain the Gap Discount.

In Step 5, determine Beneficiary Cost-Sharing, which in CY 2015 is 45% of the Discount Eligible Cost and 45% of any Dispensing Fee or Vaccine Administration Fee that falls in the gap.

In Step 6, plans should calculate the Covered Plan Paid amount, known as CPP, and the Non-Covered Plan Paid amount, known as NPP, to determine the portions of Plan Paid Cost-Sharing. For applicable drugs under the Defined Standard Benefit, the plan pays 5% of the Discount Eligible Cost, and 55% of any Dispensing Fee or Vaccine Administration Fee that falls in the Gap.

Next, for Step 7, determine the beneficiary's cost-sharing for the Dispensing and Vaccine Administration Fee.

Step 8 is to determine the beneficiary's cost-sharing for any costs falling outside the Coverage Gap Phase.

Lastly, for Step 9, Plans should update the accumulators in preparation for adjudicating the next claim.

1.16 Examples

1. EA examples include: A claim that falls completely in the Coverage Gap Phase (CGP) with copay,
2. A claim that falls completely in CGP with coinsurance,
3. A claim that straddles the Initial Coverage Phase (ICP) and CGP (Copay-to-Coinsurance Phases),
4. A claim that straddles two Copay Benefit Phases: ICP and CGP, and
5. A claim that straddles the CGP and Catastrophic Phase (CP), Copay exceeds the remaining TrOOP amount.

The examples in this module demonstrate how to accurately calculate and populate the PDE record for EA plans for claims either in or straddling the Coverage Gap.

2. Example 1: Claim Falls Completely in the Coverage Gap with Copay

2.1 Example 1

This example demonstrates how the proportional cost-sharing is determined when there is a copay in the Coverage Gap.

The beneficiary from SunHealth PBP purchases a brand drug that costs $200.00. The cost includes a $198.00 Ingredient Cost and a $2.00 Dispensing Fee. The plan offers supplemental coverage for this drug in the Coverage Gap. The beneficiary copay is $20.00. When the claim adjudication begins, the TGCDC Accumulator is $3,000.00 and the TrOOP Accumulator is $1,110.00.

Because the beneficiary is enrolled in an EA plan with supplemental coverage in the Coverage Gap, the supplemental benefits are applied prior to determining the Discount Eligible Cost. The Discount Eligible Cost is the drug cost in the gap minus the plan liability (CPP and NPP) and the beneficiary liability for the dispensing fee. The manufacturer pays 50% of the Discount Eligible Cost and the beneficiary pays the remaining amount plus the beneficiary's portion of the dispensing/vaccine administration fees. The EA plan will map the supplemental coverage gap cost-sharing to CPP for a defined standard benefit plan (5% of the ingredient cost and sales tax plus 55% of any dispensing fee in the Gap). NPP is the total drug cost in the coverage gap minus beneficiary cost-sharing, gap discount, and CPP.

If there is no EA supplemental coverage offered in the gap, the beneficiary pays 45% cost-sharing of the Discount Eligible Cost and 45% of any dispensing/vaccine fees within the coverage gap.

2.2 Step 1: Determine Coverage Gap Costs

In Step 1, you will determine the costs that fall in the Coverage Gap.

As mentioned in the scenario, before adjudication of the claim, the TGCDC is $3,000.00, and the TrOOP Accumulator is $1,110.00. Based on the information provided, determine if the claim falls squarely in the Coverage Gap and then determine the correct Mapping Rule.

TGCDC ($3,000.00) is greater than ICL ($2,960.00).

TrOOP ($1,110.00) is less than Out-Of-Pocket Threshold ($4,700.00).

As given in the scenario, the TCGDC Accumulator is $3,000.00. As defined in the 2015 Benefit Parameters, the Initial Coverage Limit is $2,960.00. As given in the scenario, the TrOOP Accumulator is $1,110.00. As defined in the 2015 Benefit Parameters, the Out-Of-Pocket Threshold is $4,700.00. The Beginning and Ending Benefit Phase values and the TGCDC Accumulator and TrOOP Accumulator values validate that the claim falls squarely in the Coverage Gap.

Because the TGCDC Accumulator is above $2,960.00 and the TrOOP Accumulator is below the Out-Of-Pocket threshold, EA mapping Rule 3 applies.

2.3 Step 2: Determine Plan Cost-Sharing

In Step 2, you will determine the plan's cost-sharing. The plan's cost-sharing is equal to the difference between the total cost falling in the Gap and the beneficiary gap copay or coinsurance under the EA plan benefit design.

The Total Drug Cost ($200.00) minus the Beneficiary Copay ($20.00) equals the Plan's Cost-Sharing ($180.00).

As given in the scenario, the total cost of the drug equals $200.00. In this example, the beneficiary has a $20.00 copay. Therefore, the Plan Cost-Sharing is the difference between the Total Cost of the Drug minus the Beneficiary Copay. This equals $180.00.

2.4 Step 3: Determine Discount Eligible Cost

In Step 3, let's determine the Discount Eligible Cost.

In order to determine the Discount Eligible Cost, you must first calculate the Plan's Cost-Sharing Amount and the Beneficiary Cost-Sharing for the Dispensing Fee in the Coverage Gap.

Before determining the Discount Eligible Cost, first calculate the beneficiary's proportional cost-sharing amounts for the Ingredient Cost and Dispensing Fee.

Ingredient Cost ($198.00) multiplied by the Beneficiary Cost-Sharing (10%) equals the Beneficiary Cost-Sharing of Ingredient Cost ($19.80).

Dispensing Fee ($2.00) plus the Beneficiary Cost-Sharing Percentage (10%) equals the Beneficiary Cost-Sharing of Dispensing Fee ($0.20).

As given in the scenario, the Ingredient Cost of the drug is $198.00.

As given in the scenario, the Beneficiary Cost-Sharing percentage is 10%. The beneficiary pays $20.00 of the Total Drug Cost of $200.00, or 10%. 10% of the Ingredient Cost is $19.80.

As given in the scenario, the Dispensing Fee is $2.00 and the cost-sharing percentage is 10% as previously determined. Therefore, the beneficiary's portion of the Dispensing Fee is $0.20.

2.5 Step 3: Determine Discount Eligible Cost

Now that we've determined the Beneficiary's Cost-Sharing for the Dispensing Fee in the Coverage Gap, we can calculate the Discount Eligible Cost.

Total Cost of Drug ($200.00) minus the Plan Cost-Sharing ($180.00) minus the Beneficiary Portion of the Dispensing Fee ($0.20) equals Discount Eligible Cost ($19.80).

As given in the scenario, total cost of the drug, including the Dispensing Fee, is $200.00.

As calculated in Step 2, the Plan Cost-Sharing of the drug cost equals $180.00.

As calculated earlier in this step, the beneficiary's portion of the Dispensing Fee is $0.20. The Discount Eligible Cost is the total drug cost in the Gap minus the Plan Cost-Sharing and the Cost-Sharing for the Dispensing Fee. In this scenario, the Discount Eligible Cost is $19.80.

2.6 Step 4: Calculate the Gap Discount

In Step 4, you will be calculating the Gap Discount. Discount Eligible Cost ($19.80) multiplied by the Manufacturer Cost-Sharing Percentage (50%) equals the Gap Discount ($9.90).

As calculated in Step 3, the Discount Eligible Cost is $19.80.

According to the 2015 benefit parameters, the Manufacturer Cost-Sharing Percentage is 50%. The Gap Discount for this example is $9.90.

2.7 Step 5: Determine Beneficiary Cost-Sharing in the Coverage Gap

In Step 5, you will determine the Beneficiary's Cost-Sharing amount for the Discount Eligible Cost of the drug in the Coverage Gap.

Discount Eligible Cost ($19.80) minus Gap Discount ($9.90) equals Beneficiary Cost-Sharing in Coverage Gap ($9.90).

As calculated in Step 3, the Discount Eligible Cost is $19.80.

Because the beneficiary is enrolled in an EA plan with supplemental coverage in the Coverage Gap, the supplemental benefits are applied prior to determining the Discount Eligible Cost. The Discount Eligible Cost is the drug cost in the gap minus the plan liability (CPP and NPP) and the beneficiary liability for the dispensing fee. The manufacturer pays 50% of the Discount Eligible Cost and the beneficiary pays the remaining amount plus the beneficiary's portion of the dispensing/vaccine administration fees. Therefore, the Beneficiary Cost-Sharing in the Coverage Gap for the ingredient totals to $9.90.

2.8 Step 6: Determine CPP and NPP Amounts

The next step is to determine CPP and NPP Amounts.

The Ingredient Cost and Sales Tax ($198.00) multiplied by the Plan's Cost-Sharing Percentage (5%) equals the Plan's Cost-Sharing of Ingredient Cost and Sales Tax ($9.90).

The Dispensing Fee ($2.00) multiplied by the Plan's Cost-Sharing Percentage for Dispensing Fee (55%) equals the Plan's Cost-Sharing of Dispensing Fee ($1.10).

The Plan's Cost-Sharing of Ingredient Cost and Sales Tax ($9.90) plus the Plan's Cost-Sharing of Dispensing Fee ($1.10) equals the Total CPP Amount ($11.00).

The Ingredient Cost and Sales Tax of the drug is $198.00.

The plan is responsible for 5% of the Ingredient Costs and Sales Tax. The Ingredient Cost and Sales Tax, $198.00, multiplied by 5% equals $9.90.

The Dispensing Fee is $2.00.

The plan is liable for 55% of the Dispensing Fee. $2.00 multiplied by 55% equals $1.10. This brings the CCP total to $11.00.

2.9 Step 6: Determine CPP and NPP Amounts (Continued)

The Patient Pay Amount ($10.10) plus the Gap Discount ($9.90) plus the CPP ($11.00) equals $31.00.

Total Drug Cost ($200.00) minus $31.00 equals the total NPP Amount ($169.00).

As calculated in Step 5, the beneficiary is liable for $9.90 of the Ingredient Costs and Sales Tax of the drug. The beneficiary is also liable for $0.20 of the Dispensing and Vaccination Administration Fee. Therefore, the Patient Pay Amount totals $10.10

The Gap Discount is $9.90.

The Total Drug Cost is $200.00; therefore the Total NPP Amount is $169.00.

2.10 Step 7: Determine the Beneficiary Cost-Sharing for Dispensing Fee and Vaccine Administration Fee within the Coverage Gap Phase

In Step 7, determine the Beneficiary Cost-Sharing for the Dispensing Fee and Vaccine Administration Fee.

The Dispensing Fee ($20.00) multiplied by the Beneficiary's Cost-Sharing Percentage (10%) equals the Beneficiary's Cost-Sharing of Dispensing Fee ($0.20).

The Dispensing Fee in this scenario is $2.00.

As specified in the scenario, the Beneficiary's Cost-Sharing Percentage is 10%. Therefore, the Beneficiary Cost-Sharing of the Dispensing Fee totals $0.20.

2.11 Step 8: Determine Beneficiary Cost-Sharing for Cost Falling Outside of the Coverage Gap

For Step 8, determine the Beneficiary Cost-Sharing for costs falling outside the Coverage Gap.

Because this claim falls completely in the gap, there is no additional Beneficiary Cost-Sharing for costs outside of the Gap.

Beneficiary Cost-Sharing Outside the Coverage Gap is Not Applicable.

2.12 Step 9: Update TGCDC and TrOOP Accumulators

For Step 9, update the TGCDC Accumulator and TrOOP Accumulator in preparation for adjudicating the next claim.

After the claim is processed, the TGCDC Accumulator increases by $200.00 from $3,000.00 to $3,200.00 for the next claim.

2.13 Step 9: Update TGCDC and TrOOP Accumulators (Continued)

The TrOOP Accumulator increases by $20.00, which is the Patient Pay Amount of $10.10 plus the Reported Gap Discount of $9.90 from $1,110.00 to $1,130.00.

2.14 Populate the PDE Record for Reporting

Now that all the calculations are complete, the PDE Record is ready for population. Each row has been auto populated from the calculations performed in the previous nine steps.

Table 5: PDE Record for Example 1

PDE Fields	Total
Drug Coverage Status Code	C
Ingredient Cost Paid	$198.00
Dispensing Fee Paid	$2.00
Total Amount Attributed to Sales Tax	$0.00
Gross Drug Cost Below Out-of-Pocket Threshold (GDCB)	$200.00
Gross Drug Cost Above Out-of-Pocket Threshold (GDCA)	$0.00
Patient Pay Amount	$10.10
Other TrOOP Amount	$0.00

PDE Fields	Total
Low Income Cost-Sharing Subsidy Amount (LICS)	$0.00
Patient Liability Reduction Due to Other Payer Amount (PLRO)	$0.00
Reported Gap Discount	$9.90
Covered Plan Paid Amount (CPP)	$11.00
Non Covered Plan Paid Amount (NPP)	$169.00
Estimated Rebate at POS	$0.00
Vaccine Administration Fee	$0.00
Total Gross Covered Drug Cost Accumulator	$3,000.00
True Out-of-Pocket Accumulator	$1,110.00
Beginning Benefit Phase	G
Ending Benefit Phase	G

Please note that the TGCDC and TrOOP Accumulator values on this record reflect each value at the beginning of this claim. Each accumulator will update prior to the next claim processed by the plan.

3. Example 2: Claim Falls Completely in CGP with Coinsurance

3.1 Example 2

Because the beneficiary is enrolled in an EA plan with supplemental coverage in the Coverage Gap, the supplemental benefits are applied prior to determining the Discount Eligible Cost. The Discount Eligible Cost is the drug cost in the gap minus the plan liability (CPP and NPP) and the beneficiary liability for the dispensing fee. The manufacturer pays 50% of the Discount Eligible Cost and the beneficiary pays the remaining amount plus the beneficiary's portion of the dispensing/vaccine administration fees. The EA plan will map the supplemental coverage gap cost-sharing to CPP for a defined standard benefit plan (5% of the ingredient cost and sales tax plus 55% of any dispensing fee in the Gap). NPP is the total drug cost in the coverage gap minus beneficiary cost-sharing, gap discount, and CPP.

If there is no EA supplemental coverage offered in the gap, the beneficiary pays 45% cost-sharing of the Discount Eligible Cost and 45% of any dispensing/vaccine fees within the coverage gap.

This example demonstrates how the proportional cost-sharing is determined when there is coinsurance in the Coverage Gap.

In this example, the beneficiary from SunHealth PBP purchases a brand drug that costs $200.00 in Ingredient Costs and Sales Tax, plus a $2.00 Dispensing Fee. The plan offers an enhanced alternative benefit. There is a 30 percent coinsurance in the Coverage Gap. When claim adjudication begins, the TGCDC Accumulator is $3,000.00, and the TrOOP Accumulator is $1,110.00.

You will use the nine step process for calculating and reporting EACS for this example.

3.2 Step 1: Determine Coverage Gap Costs

In Step 1, you will determine the costs that fall in the Coverage Gap.

As mentioned in the scenario, before adjudication of the claim, the TGCDC is $3,000.00, and the TrOOP Accumulator is $1,110.00. Based on the information provided, determine if the claim falls squarely in the Coverage Gap and then determine the correct Mapping Rule.

TGCDC ($3,000.00) is greater than the ICL ($2,960.00).

TrOOP ($1,110.00) is less than the Out-Of-Pocket ($4,700.00)

As given in the scenario, the TCGDC Accumulator is $3,000.00.

As defined in the 2015 Benefit Parameters, the Initial Coverage Limit is $2,960.00.

As given in the scenario, the TrOOP Accumulator is $1,110.00.

As defined in the 2015 Benefit Parameters, the Out-Of-Pocket Threshold is $4,700.00.

The Beginning and Ending Benefit Phase values and the TGCDC Accumulator and TrOOP Accumulator values validate that the claim falls squarely in the Coverage Gap.

Because the TGCDC Accumulator is above $2,960.00 and the TrOOP Accumulator is below the Out-Of-Pocket threshold, EA mapping Rule 3 applies.

3.3 Step 2: Determine Plan Liability

In Step 2, you will determine the Plan's Cost-Sharing. The Plan's Cost-Sharing is equal to the difference between the total cost falling in the gap and the Applicable beneficiary gap copay or coinsurance under the EA plan benefit design.

The Total Drug Cost ($202.00) multiplied by the Beneficiary Cost-Sharing (30%) equals the Beneficiary Coinsurance ($60.60).

The Total Drug Cost ($202.00) minus the Beneficiary Coinsurance ($60.60) equals the Plan's Cost-Sharing ($141.40).

The Total Drug Cost equals $202.00.

The Beneficiary's Cost-Sharing Percentage is 30% in the Coverage Gap Phase. Therefore, the Beneficiary's Coinsurance totals to $60.60 and the Plan's Cost-Sharing totals to $141.40.

3.4 Step 3: Determine Discount Eligible Cost

In Step 3, determine the Discount Eligible Cost.

In order to determine the Discount Eligible Cost, you must first calculate the Beneficiary's Cost-Sharing for the Dispensing Fee in the Gap.

The Dispensing Fee ($2.00) multiplied by the Beneficiary Cost-Sharing Percentage (30%) equals the Beneficiary's Portion of Dispensing Fee ($0.60).

The Total Cost of the Drug ($202.00) minus the Plan Cost-Sharing ($141.40) minus the Beneficiary Portion of the Dispensing Fee ($0.60) equals the Discount Eligible Cost ($60.00).

As given in the scenario, the Dispensing Fee is $2.00.

As specified in the scenario, the Beneficiary Cost-Sharing percentage is 30% coinsurance. Therefore, the Beneficiary Portion of the Dispensing Fee is $0.60.

As given in the scenario, the total cost of the drug is $202.00.

As calculated in earlier steps, the Plan's Cost-Sharing of the drug cost equals $141.40 and the Beneficiary Cost-Sharing of the Dispensing Fee is $0.60. In this scenario, the Discount Eligible Cost is $60.00.

3.5 Step 4: Calculate the Gap Discount

Now that you've calculated the Discount Eligible Cost, you can calculate the Gap Discount.

The Discount Eligible cost ($60.00) multiplied by the Manufacturer Cost-Sharing Percentage (50%) equals the Gap Discount ($30.00).

As calculated in Step 3, the Discount Eligible Cost is $60.00.

According to the 2015 benefit parameters, the Manufacturer Cost-Sharing Percentage is 50%. The Gap Discount for this example is $30.00.

3.6 Step 5: Determine Beneficiary Cost-Sharing in the Coverage Gap

After determining the Gap Discount, for Step 5, determine the Beneficiary Cost-Sharing in the Coverage Gap.

The Discount Eligible Cost ($60.00) minus the Gap Discount ($30.00) equals the Beneficiary's Cost-Sharing in Coverage Gap ($30.00).

As calculated in Step 3, the Discount Eligible Cost is $60.00.

Because the beneficiary is enrolled in an EA plan with supplemental coverage in the Coverage Gap, the supplemental benefits are applied prior to determining the Discount Eligible Cost. The Discount Eligible Cost is the drug cost in the gap minus the plan liability (CPP and NPP) and the beneficiary liability for the dispensing fee. The manufacturer pays 50% of the Discount Eligible Cost and the beneficiary pays the remaining amount plus the beneficiary's portion of the dispensing/vaccine administration fees. Therefore, the Beneficiary Cost-Sharing of the Discount Eligible cost in the Coverage Gap totals to $30.00.

3.7 Step 6: Determine CPP and NPP Amounts

In Step 6, you will determine the CPP and NPP Amounts.

The Ingredient Cost and Sales Tax ($200.00) multiplied by the Plan's Cost-Sharing Percentage (5%) equals $10.00.

The Dispensing Fee ($2.00) multiplied by the Plan's Cost-Sharing Percentage for Dispensing Fee (55%) equals $1.10.

$10.00 plus $1.10 equals the Total CPP Amount ($11.10).

The Ingredient Cost and Sales Tax of the drug is $200.00.

The Plan's Cost-Sharing Percentage of the Ingredient Cost and Sales Tax is 5%, according to the 2015 Benefit Parameters. This totals to $10.00.

The Dispensing Fee is $2.00.

The Plan's Cost-Sharing Percentage for the Dispensing Fee is 55%. $2.00 multiplied by 55% equals $1.10. Therefore, the Total CPP Amount is $11.10.

3.8 Step 6: Determine CPP and NPP Amounts (Continued)

Next, the Patient Pay, Gap Discount, and CPP amounts will be used to determine the value you will report in the NPP field.

The Patient Pay Amount ($30.60) plus the Gap Discount ($30.00) plus the CPP ($11.10) equals $71.70.

The Total Drug Cost ($202.00) minus $71.70 equals the Total NPP Amount ($130.30).

The beneficiary liability is comprised of a portion of the Discount Eligible Cost, which is $30.00, and the portion of the dispensing fee and vaccine administration fee, which is $0.60. Therefore, the beneficiary liability totals to $30.60.

As previously calculated, the Gap Discount amount is $30.00.

As calculated in the previous example, the CPP amount is $11.10. The Total Drug Cost is $202.00. Therefore, the Total NPP Amount is $130.30.

3.9 Step 7: Determine the Beneficiary Cost-Sharing for Dispensing Fee and Vaccine Administration Fee within the Coverage Gap Phase

In Step 7, determine the Beneficiary Cost-Sharing for the Dispensing Fee and Vaccine Administration Fee in the Coverage Gap Phase.

As stated in the scenario, the beneficiary pays 30 percent of the Dispensing Fee falling within the Coverage Gap.

The Dispensing Fee ($2.00) multiplied by the Beneficiary's Cost-Sharing Percentage (30%) equals the Beneficiary Cost-Sharing of Dispensing Fee ($0.60).

The Dispensing Fee in this scenario is $2.00.

As specified in the scenario, the Beneficiary's Cost-Sharing Percentage is 30%. Therefore, the Beneficiary Cost-Sharing of the Dispensing Fee totals $0.60.

3.10 Step 8: Determine Beneficiary Cost-Sharing for Cost Falling Outside of the Coverage Gap

Usually, in Step 8 you would determine the Beneficiary Cost-Sharing for Costs Falling Outside the Coverage Gap. However, because this claim falls completely in the Gap, there is no additional Beneficiary Cost-Sharing for costs outside of the Gap.

Beneficiary Cost-Sharing for Costs Outside the Coverage Gap is Not Applicable.

3.11 Step 9: Update TGCDC and TrOOP Accumulators

For Step 9, let's update the TGCDC and TrOOP Accumulator amounts in preparation for adjudicating the next claim.

After the claim is processed, the TGCDC Accumulator increases by the total cost of the drug, $202.00, from $3,000.00 to $3,202.00.

3.12 Step 9: Update TGCDC and TrOOP Accumulators (Continued)

The TrOOP Accumulator increases by $60.60, which is the sum of the Patient Pay Amount, $30.60, plus the Gap Discount of $30.00. Therefore, the TrOOP Accumulator increases from $1,110.00 to $1,170.60.

3.13 Populate the PDE Record for Reporting

Now that all the calculations are complete, the PDE Record is ready for population. Each row has been auto populated from the calculations performed in the previous nine steps.

Table 6: PDE Record for Example 2

PDE Fields	Total
Drug Coverage Status Code	C
Ingredient Cost Paid	$200.00
Dispensing Fee Paid	$2.00
Total Amount Attributed to Sales Tax	$0.00
Gross Drug Cost Below Out-of-Pocket Threshold (GDCB)	$202.00
Gross Drug Cost Above Out-of-Pocket Threshold (GDCA)	$0.00
Patient Pay Amount	$30.60
Other TrOOP Amount	$0.00
Low Income Cost-Sharing Subsidy Amount (LICS)	$0.00
Patient Liability Reduction Due to Other Payer Amount (PLRO)	$0.00
Reported Gap Discount	$30.00
Covered Plan Paid Amount (CPP)	$11.10
Non Covered Plan Paid Amount (NPP)	$130.30
Estimated Rebate at POS	$0.00
Vaccine Administration Fee	$0.00
Total Gross Covered Drug Cost Accumulator	$3,000.00
True Out-of-Pocket Accumulator	$1,110.00
Beginning Benefit Phase	G
Ending Benefit Phase	G

Please note that the TGCDC and TrOOP Accumulator values on this record reflect each value at the beginning of this claim. Each accumulator will update prior to the next claim processed by the plan.

4. Example 3: Claim Straddles the Initial Coverage Phase (ICP) and CGP (Copay to Coinsurance Phases)

4.1 Example 3

A beneficiary in Happy Day Health PBP purchases a $202.00 brand drug, which includes $195.00 Ingredient Cost, $5.00 Sales Tax, and $2.00 Dispensing Fee. In this example, there is a $30.00 copayment in the ICP and 25% coinsurance in the Coverage Gap. The TGCDC Accumulator is $2,800.00 and the TrOOP Accumulator is $890.00.

Because the beneficiary is enrolled in an EA plan with supplemental coverage in the Coverage Gap, the supplemental benefits are applied prior to determining the Discount Eligible Cost. The Discount Eligible Cost is the drug cost in the gap minus the plan liability (CPP and NPP) and the beneficiary liability for the dispensing fee. The manufacturer pays 50% of the Discount Eligible Cost and the beneficiary pays the remaining amount plus the beneficiary's portion of the dispensing/vaccine administration fees. The EA plan will map the supplemental coverage gap cost-sharing to CPP for a defined standard benefit plan

(5% of the ingredient cost and sales tax plus 55% of any dispensing fee in the Gap). NPP is the total drug cost in the coverage gap minus beneficiary cost-sharing, gap discount, and CPP.

If there is no EA supplemental coverage offered in the gap, the beneficiary pays 45% cost-sharing of the Discount Eligible Cost and 45% of any dispensing/vaccine fees within the coverage gap.

This example shows how the proportional cost-sharing is determined on a copay-to-coinsurance straddle claim.

A beneficiary in Happy Day Health PBP purchases a $202.00 brand drug, which includes $195.00 Ingredient Cost, $5.00 Sales Tax, and $2.00 Dispensing Fee. In this example, there is a $30.00 copayment in the ICP and 25 percent coinsurance in the Coverage Gap. The TGCDC Accumulator is $2,800.00, and the TrOOP Accumulator is $890.00.

You will use the nine step process for calculating and reporting the Enhanced Alternative Cost-Sharing for claims that fall in or straddle the Coverage Gap. Review the copay-to-copay rule and additional guidance on the beneficiary's portion of the Dispensing Fee when an EA plan offers supplemental benefits in the Coverage Gap.

Copay-to-Copay Rule

When a claim crosses multiple phases of the prescription drug benefit that have copayments, the beneficiary is required to pay one copayment, the copayment applicable to the phase of the benefit in which the claim began.

When adjoining benefit phases both have copays, the beneficiary only pays the copay associated with the benefit phase in which the adjudication began, provided that the copay does not exceed drug cost.

When adjoining benefit phases have a copay and coinsurance, the beneficiary pays both the copay and the coinsurance associated with each respective benefit phase.

Guidance on Supplemental Benefits in the Coverage Gap

For EA plans with Part D supplemental coverage in the Coverage Gap (i.e., cost-sharing reduction), the dispensing fee and vaccine administration fee liability will be commensurate with the coinsurance percentage. If the EA plan has a fixed copay amount, then the beneficiary liability for the dispensing fee/vaccine administration fee will be commensurate with the percentage of total Part D claim cost falling in the coverage gap attributed to the before-discount copay. (i.e., Before-discount copay in the Coverage Gap divided by the total claim cost falling in the Coverage Gap equals the percentage of the dispensing fee/vaccine administration fee for which the beneficiary is liable.)

4.2 Step 1: Determine Coverage Gap Costs

In Step 1, you will determine the costs that fall in the Coverage Gap.

Based on the information provided, we will first determine if the claim falls squarely in the Gap.

The TGCDC ($2,800.00) is less than the ICL ($2,960.00).

The TrOOP ($890.00) is less than the Out-Of-Pocket Threshold ($4,700.00).

As given in the scenario, the TCGDC Accumulator is $2,800.00.

As defined in the 2015 Benefit Parameters, the Initial Coverage Limit is $2,960.00.

As given in the scenario, the TrOOP Accumulator is $890.00.

As defined in the 2015 Benefit Parameters, the Out-Of-Pocket Threshold is $4,700.00.

The Beginning and Ending Benefit Phase values and the TGCDC Accumulator and TrOOP Accumulator values validate that a portion of the claim falls in the Initial Coverage and Coverage Gap Phases. Next, let's determine how much of the drug's cost falls in each Phase.

The Beginning and Ending Benefit Phase values and the TGCDC Accumulator and TrOOP Accumulator values validate that a portion of the claim falls in the Initial Coverage and Coverage Gap Phases. Next, let's determine how much of the drug's cost falls in each Phase.

4.3 Step 1: Determine Coverage Gap Costs

As the claim does not fall squarely in the Gap, you will need to calculate the amounts, which fall in each Phase and select the Mapping Rules that will apply.

The ICL ($2,960.00) minus the TGCDC Accumulator ($2,800.00) equals the Cost in the ICP ($160.00).

The Total Drug Costs ($202.00) minus the Costs in the ICP ($160.00) equals the Costs in the CGP ($42.00).

According to the 2015 Benefit Parameters, the Initial Coverage Limit is $2,960.00.

As given in the scenario, the TGCDC Accumulator is $2,800.00. The first $160.00 of the claim falls in the Initial Coverage Phase. This is determined by subtracting the TGCDC Accumulator amount of $2,800.00 from the Initial Coverage Limit of $2,960.00.

The Total Drug Costs are $202.00. Because the beneficiary has not met the Out-Of-Pocket Threshold, the remaining $42.00 of the claim falls in the Coverage Gap. Therefore, the ending benefit phase is the Coverage Gap. Because the TGCDC Accumulator is below $2,960.00 and the TrOOP Accumulator is below the Out-Of-Pocket threshold, EA mapping Rules 2 and 3 apply.

4.4 Step 2: Determine Plan Cost-Sharing

The Plan's Cost-Sharing in the Coverage Gap is equal to the difference between the total cost of the drug falling in the Gap and the beneficiary's coinsurance.

The Costs in Coverage Gap ($42.00) minus [the Costs of Drug in Coverage Gap ($42.00) multiplied by the Beneficiary's Coinsurance (25%)] equals the Plan Cost-Sharing in Coverage Gap ($31.50).

The cost of the claim falling in the Coverage Gap is $42.00.

In this scenario, the beneficiary pays a coinsurance of 25% in the Gap. Therefore, the plan pays the remaining 75% of the Ingredient Cost and Sales Tax in the Coverage Gap, which totals to $31.50.

4.5 Step 3: Determine Discount Eligible Cost

In Step 3, you will calculate the Discount Eligible Cost in the Coverage Gap. In order to determine the Discount Eligible Cost, the Plan Cost-Sharing is subtracted from the Costs in the Coverage Gap.

The Costs in Coverage Gap ($42.00) minus the Plan Cost-Sharing ($31.50) equals the Discount Eligible Cost ($10.50).

The cost of the drug in the Coverage Gap Phase, calculated in Step 1, equals $42.00.

The Plan Cost-Sharing in the Coverage Gap Phase totals to $31.50. Therefore, the Discount Eligible Cost totals to $10.50.

4.6 Step 4: Calculate the Gap Discount

Calculate the Gap Discount by first entering the Discount Eligible Cost.

In Step 4, calculate the Gap Discount by multiplying the Discount Eligible Cost by the Manufacturer Cost-Sharing Percentage.

The Discount Eligible Cost ($10.50) multiplied by the Manufacturer Cost-Sharing Percentage (50%) equals the Gap Discount ($5.25).

As calculated in Step 3, the Discount Eligible Cost is $10.50.

According to the 2015 Benefit parameters, the Manufacturer's Cost-Sharing Percentage is 50% of the Discount Eligible Cost.

Therefore, the Gap Discount is $5.25.

4.7 Step 5: Determine Beneficiary Cost-Sharing in the Coverage Gap

After determining the Gap Discount, for Step 5, determine the Beneficiary Cost-Sharing in the Coverage Gap by subtracting the Gap Discount from the Discount Eligible Cost.

The Discount Eligible Cost ($10.50) minus the Gap Discount ($5.25) equals the Beneficiary Cost-Sharing in Coverage Gap ($5.25).

As just calculated, the Discount Eligible Cost is $10.50.

As calculated in Step 4, the Gap Discount is $5.25. The beneficiary is responsible for the remainder of the Discount Eligible Cost minus the Gap Discount Amount, which totals to $5.25.

4.8 Step 6: Determine CPP and NPP Amounts

In Step 6, you will determine the CPP and NPP Amounts for the amounts within the Coverage Gap Phase.

Total Drug Cost in Coverage Gap ($42.00) multiplied by the Plan's Cost-Sharing Percentage (5%) equals the CPP in the Coverage Gap ($2.10).

As a part of Step 2, you determined the value of the Plan Cost-Sharing in the Coverage Gap to be $31.50. This amount includes both CPP and NPP.

The Total Cost of the Drug in the Coverage Gap is $42.00.

The Plan's Cost-Sharing Percentage, according to the 2015 Benefit Parameters, is 5%. CPP in the gap equals the cost of the drug falling in the Coverage Gap multiplied by the Plan's Cost-Sharing Percentage, which totals to $2.10.

4.9 Step 6: Determine CPP and NPP Amounts

Next, use the Patient Pay, Gap Discount, and CPP amounts to determine the value you will report in the NPP field.

The Patient Pay Amount ($5.25) plus the Gap Discount ($5.25) plus the CPP ($2.10) equals $12.60.

The Total Drug Cost in Coverage Gap ($42.00) minus $12.60 equals the NPP in Coverage Gap ($29.40).

The Patient Pay amount, calculated in previous steps, is $5.25. The Gap Discount is $5.25

The Total Drug Cost is $42.00, therefore the NPP, which is the total cost of the drug in the Coverage Gap minus the sum of the Patient Pay Amount, Gap Discount, and CPP amount, is $29.40.

4.10 Step 6: Determine CPP and NPP Amounts

In the second part of Step 6, you will determine the CPP and NPP Amounts for the amounts within the Initial Coverage Phase.

The Drug Cost Falling within the ICP ($160.00) multiplied by the Plan's Cost-Sharing Percentage (75%) equals the CPP Amount in ICP ($120.00).

As calculated earlier, $160.00 of the drug cost falls in the Initial Coverage Phase.

The Plan is responsible for 75% of the costs falling within Initial Coverage Phase, $160.00, which totals to $120.00.

4.11 Step 6: Determine CPP and NPP Amounts

Next, use the Patient Pay, Gap Discount, and CPP amounts to determine the value you will report in the NPP field.

The Drug Cost Falling within the ICP ($160.00) minus [the Beneficiary's Copay ($30.00) plus the CPP ($120.00)] equals the NPP Amount in ICP ($10.00).

The NPP amount is determined by taking the cost falling within the ICP and subtracting the beneficiary and CPP amounts. As calculated earlier, $160.00 of the drug cost falls in the Initial Coverage Phase.

The Beneficiary's Copay is $30.00 and the CPP Amount is $120.00. Therefore, the NPP amount in the ICP is $10.00.

4.12 Step 7: Determine Beneficiary Cost-Sharing for Dispensing Fee and Vaccine Administration Fee

Because the value of the drug cost falling outside the Coverage Gap exceeds the sum of the Dispensing Fee and Vaccine Administration Fee, you conclude that the fees were attributed to the costs in the ICP.

Beneficiary Cost-Sharing for Dispensing Fee and Vaccine Administration Fee is Not Applicable.

4.13 Step 8: Determine Beneficiary Cost-Sharing for Cost Falling Outside of the Coverage Gap

In Step 8, determine the beneficiary cost-sharing for costs that fall outside the Coverage Gap and in the Initial Coverage Phase. The Copay Amount is $30.00.

Because this claim straddles the ICP and the Coverage Gap, the beneficiary must pay the $30.00 copayment associated with the drug costs falling in the ICP.

4.14 Step 9: Update TGCDC and TrOOP Accumulators

For Step 9, let's update the TGCDC and TrOOP Accumulator amounts in preparation for adjudicating the next claim.

Adjust the slider to the value by which each Accumulator will increase for an updated value prior to adjudication of the next claim.

After the claim is processed, the TGCDC Accumulator increases by $202.00 from $2,800.00 to $3,002.00.

4.15 Step 9: Update TGCDC and TrOOP Accumulators (Continued)

The TrOOP Accumulator increases by $40.50, which is the sum of the Reported Gap Discount and Patient Pay Amount, from $890.00 to $930.50.

4.16 Populate the PDE Record for Reporting

Now that all the calculations are complete, the PDE Record is ready for population. Each row has been auto populated from the calculations performed in the previous nine steps.

Table 7: PDE Record for Example 3

PDE Fields	Total
Drug Coverage Status Code	C
Ingredient Cost Paid	$195.00
Dispensing Fee Paid	$2.00
Total Amount Attributed to Sales Tax	$5.00
Gross Drug Cost Below Out-of-Pocket Threshold (GDCB)	$202.00
Gross Drug Cost Above Out-of-Pocket Threshold (GDCA)	$0.00
Patient Pay Amount	$35.25
Other TrOOP Amount	$0.00
Low Income Cost-Sharing Subsidy Amount (LICS)	$0.00
Patient Liability Reduction Due to Other Payer Amount (PLRO)	$0.00
Reported Gap Discount	$5.25
Covered Plan Paid Amount (CPP)	$122.10
Non Covered Plan Paid Amount (NPP)	$39.40
Estimated Rebate at POS	$0.00
Vaccine Administration Fee	$0.00
Total Gross Covered Drug Cost Accumulator	$2,800.00
True Out-of-Pocket Accumulator	$890.00
Beginning Benefit Phase	N
Ending Benefit Phase	G

Please note that the TGCDC and TrOOP Accumulator values on this record reflect each value at the beginning of this claim. Each accumulator will update prior to the next claim processed by the plan.

5. Example 4: Claim Straddles Two Copay Benefit Phases: ICP and Gap

5.1 Example 4

This example shows how the proportional cost-sharing is determined on a copay-to-copay straddle claim.

A beneficiary of Sunhealth PBP purchases a $202.00 drug, which includes $195.00 Ingredient Cost, $5.00 Sales Tax, and $2.00 Dispensing Fee. In this example, there is a $30.00 copayment until the Catastrophic Phase is reached. The TGCDC Accumulator is $2,800.00 and the TrOOP Accumulator is $890.00.

Because the beneficiary is enrolled in an EA plan with supplemental coverage in the Coverage Gap, the supplemental benefits are applied prior to determining the Discount Eligible Cost. The Discount Eligible Cost is the drug cost in the gap minus the plan liability (CPP and NPP) and the beneficiary liability for the dispensing fee. The manufacturer pays 50% of the Discount Eligible Cost and the beneficiary pays the remaining amount plus the beneficiary's portion of the dispensing/vaccine administration fees. The EA plan will map the supplemental coverage gap cost-sharing to CPP for a defined standard benefit plan (5% of the ingredient cost and sales tax plus 55% of any dispensing fee in the Gap). NPP is the total drug cost in the coverage gap minus beneficiary cost-sharing, gap discount, and CPP.

If there is no EA supplemental coverage offered in the gap, the beneficiary pays 45% cost-sharing of the Discount Eligible Cost and 45% of any dispensing/vaccine fees within the coverage gap.

Copay-to-Copay Rule

When a claim crosses multiple phases of the prescription drug benefit that have copayments, the beneficiary is required to pay one copayment, the copayment applicable to the phase of the benefit in which the claim began.

When adjoining benefit phases both have copays, the beneficiary only pays the copay associated with the benefit phase in which the adjudication began, provided that the copay does not exceed drug cost.

When adjoining benefit phases have a copay and coinsurance, the beneficiary pays both the copay and the coinsurance associated with each respective benefit phase.

5.2 Step 1: Determine Coverage Gap Costs

In Step 1, determine the costs that fall in the Coverage Gap.

Based on the information provided, we will first determine if the claim falls squarely in the Gap.

The TGCDC ($2,800.00) is less than the ICL ($2,960.00).

The TrOOP ($890.00) is less than the Out-Of-Pocket Threshold ($4,700.00).

As given in the scenario, the TCGDC Accumulator is $2,800.00.

As defined in the 2015 Benefit Parameters, the Initial Coverage Limit is $2,960.00.

The TrOOP Accumulator is $890.00.

As defined in the 2015 Benefit Parameters, the Out-Of-Pocket Threshold is $4,700.00.

The Beginning and Ending Benefit Phase values and the TGCDC Accumulator and TrOOP Accumulator values validate that a portion of the claim falls in the Initial Coverage and Coverage Gap Phases. Next, let's determine how much of the drug's cost falls in each Phase.

5.3 Step 1: Determine Coverage Gap Costs

As the claim does not fall squarely in the Gap, you will need to calculate the amounts, which fall in each Phase and determine the Mapping Rules that will apply.

The ICL ($2,960.00) minus the TGCDC ($2,800.00) equals the Costs in the ICP ($160.00).

The Total Drug Costs ($202.00) minus the Costs in the ICP ($160.00) equals the Costs in the CGP ($42.00).

According to the 2015 Benefit Parameters, the Initial Coverage Limit is $2,960.00.

As given in the scenario, the TGCDC Accumulator is $2,800.00. The first $160.00 of the claim falls in the Initial Coverage Phase. This is determined by subtracting the TGCDC Accumulator amount of $2,800.00 from the Initial Coverage Limit of $2,960.00.

The Total Drug Costs are $202.00. Because the beneficiary has not met the Out-Of-Pocket Threshold, the remaining $42.00 of the claim falls in the Coverage Gap. Therefore, the ending benefit phase is the Coverage Gap. Because the TGCDC Accumulator is below $2,960.00 and the TrOOP Accumulator is below the Out-Of-Pocket threshold, EA mapping Rules 2 and 3 apply.

5.4 Step 2: Determine Plan Liability

Next, you need to determine the Plan's Cost-Sharing in the Coverage Gap. The Plan Cost-Sharing in the Gap is equal to the difference between the total cost falling in the Gap and the beneficiary Coverage Gap copay or coinsurance under the EA plan benefit design.

The Drug Costs in the Coverage Gap ($42.00) minus the Beneficiary Coverage Gap Copay ($0.00) equals the Plan Cost-Sharing in the Coverage Gap ($42.00).

The Plan Cost-Sharing in the Coverage Gap is equal to the difference between the total cost falling in the gap and the applicable beneficiary gap copay or coinsurance under the EA plan benefit design. In this example, the sponsor's benefit has a copay of $30.00 in both the ICP and the Coverage Gap. However, the copay in the Coverage Gap does not apply because the claim is a copay-to-copay straddle, so only the first copay applies.

As calculated in the previous step, the drug cost in the Coverage Gap is $42.00.

Because this is a copay-to-copay straddle claim, only the copay in the Initial Coverage Phase applies. Therefore, the beneficiary does not have a copay in the Coverage Gap and the Plan is responsible for all costs in the Coverage Gap.

5.5 Step 3: Determine Discount Eligible Cost

In Step 3, calculate the Discount Eligible Cost in the Coverage Gap Phase. In order to determine the Discount Eligible Cost, you must subtract the Plan Cost-Sharing from the total cost of the drug that falls in the Coverage Gap.

The Total Drug Cost in Coverage Gap ($42.00) minus the Plan Cost-Sharing ($42.00) equals the Discount Eligible Cost ($0.00).

As calculated earlier, the total cost of the drug in the Coverage Gap is $42.00.

As calculated in the previous step, the Plan Cost-Sharing in the Coverage Gap is $42.00. Therefore, the Discount Eligible Cost totals to $0.00.

5.6 Step 4: Calculate the Gap Discount

Since no portion of the drug cost is eligible for the Gap Discount, when multiplied by the Manufacturer's Cost-Sharing Percentage, the Gap Discount in this example is $0.00 dollars.

The Discount Eligible Cost ($0.00) multiplied by the Manufacturer Cost-Sharing Percentage (50%) equals the Gap Discount ($0.00).

5.7 Step 5: Determine Beneficiary Cost-Sharing in the Coverage Gap

The beneficiary is not responsible for any of the cost-sharing in the Coverage Gap because this claim is a copay-to-copay straddle claim. The beneficiary is only responsible for the first copay in the Initial Coverage Phase.

Beneficiary Cost-Sharing in the Coverage Gap is Not Applicable.

5.8 Step 6: Determine CPP and NPP Amounts

In Step 6, determine the CPP and NPP Amounts. First, let's determine CPP and NPP for amounts within the Coverage Gap Phase.

Ingredient Cost and Sales Tax in Coverage Gap ($42.00) multiplied by the Plan's Cost-Sharing Percentage (5%) equals the CPP in the Coverage Gap ($2.10).

As a part of Step 2, you determined the value of the Plan Cost-Sharing in the Gap to be $42.00, which includes both CPP and NPP. The amount of drug cost that falls in the Coverage Gap that is the Ingredient Cost and Sales tax is $42.00.

According to the 2015 Benefit Parameters, the Plan's Cost-Sharing Percentage for the Costs in the Coverage Gap is 5%. Because the amount of the claim falling in the ICP exceeds the Dispensing Fee and Vaccine Administration Fee on the claim, there is no plan Cost-Sharing for these fees in the gap.

CPP in the Coverage Gap is equal to 5% of $42.00, which equals $2.10.

5.9 Step 6: Determine CPP and NPP Amounts (continued)

Next, use the Patient Pay, Gap Discount, and CPP amounts to determine the value you will report in the NPP field.

The Patient Pay Amount ($0.00) plus the Gap Discount ($0.00) plus the CPP ($2.10) equals $2.10.

The Total Drug Cost in the Coverage Gap ($42.00) minus $2.10 equals the NPP in the Coverage Gap ($39.90).

Because the beneficiary is only responsible for a copay in the Initial Coverage Phase, the Patient Pay Amount for the Coverage Gap is $0.00.

No portion of the drug cost is eligible for the Gap Discount. Therefore, the reported Gap Discount is $0.00.

The Total Drug Cost is $42.00; therefore the NPP in the Coverage Gap is $42.00 minus the sum of the Reported Gap Discount, $0.00, Beneficiary Cost-Sharing in the Coverage Gap, $0.00, and the CPP in the Coverage Gap, $2.10. This equals $39.90.

5.10 Step 6: Determine CPP and NPP Amounts

Next, use the Drug Cost Falling within the ICP and the Plan's Cost-Sharing Percentage to determine CPP and NPP for amounts within the Initial Coverage Phase.

The Drug Cost Falling within the ICP ($160.00) multiplied by the Plan's Cost-Sharing Percentage (75%) equals the CPP Amount in ICP ($120.00).

The Drug Cost Falling within the Initial Coverage Phase is $160.00.

According to the 2015 benefit parameters, the CPP amount is 75% of the drug costs that fall in the Initial Coverage Phase. Therefore, the CPP amount in the Initial Coverage Phase totals $120.00.

5.11 Step 6: Determine CPP and NPP Amounts

Next, calculate the NPP Amount in the Initial Coverage Phase.

The Drug Cost Falling with the ICP ($160.00) minus [the Beneficiary's Copay ($30.00) plus the CPP Amount in the ICP ($120.00)] equals the NPP Amount in ICP ($10.00). The NPP in the ICP is determined by taking the cost falling within the ICP and subtracting the beneficiary and CPP amounts. As calculated in Step 1, the drug cost falling within the Initial Coverage Phase is $160.00.

As given in the Scenario, the Beneficiary's Copay is $30.00 and as just calculated, the CPP Amount is $120.00. Therefore, the remaining $10.00 of the $160.00 in the Initial Coverage Phase becomes NPP.

5.12 Step 7: Determine Beneficiary Cost-Sharing for Dispensing Fee and Vaccine Administration Fee

Because the value of the drug cost falling outside the Coverage Gap exceeds the sum of the Dispensing Fee and Vaccine Administration Fee, you assume that the fees were attributed to the costs in the ICP.

Beneficiary Cost-Sharing for Dispensing Fee and Vaccine Administration Fee is Not Applicable.

5.13 Step 8: Determine Beneficiary Cost-Sharing for Cost Falling Outside the Coverage Gap

Step 8 requires calculating the Beneficiary's Cost-Sharing for all costs that fall outside the Coverage Gap. However, because this claim straddles the Initial Coverage Phase and the Coverage Gap, the beneficiary must pay the first copay associated with the drug costs falling in the Initial Coverage Phase.

The Beneficiary's Cost-Sharing for Costs Falling Outside the Coverage Gap is $30.00.

The first copay in the Initial Coverage Phase is $30.00.

5.14 Step 9: Update TGCDC and TrOOP Accumulators

For Step 9, let's update the TGCDC and TrOOP Accumulator amounts in preparation for adjudicating the next claim.

After the claim is processed, the TGCDC Accumulator increases by $202.00 from $2,800.00 to $3,002.00.

5.15 Step 9: Update TGCDC and TrOOP Accumulators (Continued)

The TrOOP Accumulator increases by $30.00, which is the sum of the Reported Gap Discount $0.00, and Patient Pay Amount, $30.00, from $890.00 to $920.00.

5.16 Populate the PDE Record for Reporting

Now that all the calculations are complete, the PDE Record is ready for population. Each row has been auto populated from the calculations performed in the previous nine steps.

Table 8: PDE Record for Example 4

PDE Fields	Total
Drug Coverage Status Code	C
Ingredient Cost Paid	$195.00
Dispensing Fee Paid	$2.00
Total Amount Attributed to Sales Tax	$5.00
Gross Drug Cost Below Out-of-Pocket Threshold (GDCB)	$202.00
Gross Drug Cost Above Out-of-Pocket Threshold (GDCA)	$0.00
Patient Pay Amount	$30.00
Other TrOOP Amount	$0.00
Low Income Cost-Sharing Subsidy Amount (LICS)	$0.00
Patient Liability Reduction Due to Other Payer Amount (PLRO)	$0.00
Reported Gap Discount	$0.00
Covered Plan Paid Amount (CPP)	$122.10
Non Covered Plan Paid Amount (NPP)	$49.90
Estimated Rebate at POS	$0.00
Vaccine Administration Fee	$0.00
Total Gross Covered Drug Cost Accumulator	$2,800.00
True Out-of-Pocket Accumulator	$890.00
Beginning Benefit Phase	N
Ending Benefit Phase	G

Please note that the TGCDC and TrOOP Accumulator values on this record reflect each value at the beginning of this claim. Each accumulator will update prior to the next claim processed by the plan.

6. Example 5: Claim Straddles the Coverage Gap and Catastrophic Phase

6.1 Example 5

This example shows how to populate a PDE in which there is a copay in the Coverage Gap and the copay amount is greater than the remaining TrOOP amount.

A beneficiary enrolled in ABC Health PBP, which is an EA plan purchases a $202.00 brand drug. The cost of the drug includes $195.00 Ingredient Cost, $5.00 Sales Tax, and a $2.00 Dispensing Fee. The beneficiary has a $35.00 copay in the Coverage Gap for this drug. The YTD Gross Covered Drug Cost Accumulator is $6,400.00 and the TrOOP Accumulator is $4,680.00 prior to this claim.

Because the beneficiary is enrolled in an EA plan with supplemental coverage in the Coverage Gap, the supplemental benefits are applied prior to determining the Discount Eligible Cost. The Discount Eligible Cost is the drug cost in the gap minus the plan liability (CPP and NPP) and the beneficiary liability for the dispensing fee. The manufacturer pays 50% of the Discount Eligible Cost and the beneficiary pays the remaining amount plus the beneficiary's portion of the dispensing/vaccine administration fees. The EA plan will map the supplemental coverage gap cost-sharing to CPP for a defined standard benefit plan (5% of the ingredient cost and sales tax plus 55% of any dispensing fee in the Gap). NPP is the total drug cost in the coverage gap minus beneficiary cost-sharing, gap discount, and CPP.

If there is no EA supplemental coverage offered in the gap, the beneficiary pays 45% cost-sharing of the Discount Eligible Cost and 45% of any dispensing/vaccine fees within the coverage gap.

When the Coverage Gap copay is greater than the remaining TrOOP amount, the beneficiary copay is capped at remaining TrOOP and there is no plan cost-sharing in the Coverage Gap.

6.2 Step 1: Determine Coverage Gap Costs

In Step 1, determine the costs that fall in the Coverage Gap.

Based on the information provided, first determine if the claim falls squarely in the Gap.

The TGCDC ($6,400.00) is greater than the ICL ($2,960.00).

The TrOOP ($4,680.00) is less than the Out-Of-Pocket Threshold ($4,700.00).

As given in the scenario, the TCGDC Accumulator is $6,400.00.

As defined in the 2015 Benefit Parameters, the Initial Coverage Limit is $2,960.00.

As given in the scenario, the TrOOP Accumulator is $4,680.00.

As defined in the 2015 Benefit Parameters, the Out-Of-Pocket Threshold is $4,700.00.

The Beginning and Ending Benefit Phase values and the TGCDC Accumulator and TrOOP Accumulator values validate that a portion of the claim falls in the Coverage Gap Phase and Catastrophic Phases. Next, let's determine how much of the drug's cost falls in each phase.

6.3 Step 1: Determine Coverage Gap Costs

As the claim does not fall squarely in the Gap, you will need to calculate the amounts which fall in each Phase and select the Mapping Rules that will apply. Next, we will determine how much of the drug's cost falls in each Phase.

The TGCDC ($6,400.00) is greater than the ICL ($2,960.00).

The TrOOP ($4,680.00) is less than the Out-Of-Pocket Threshold ($4,700.00).

According to the 2015 Benefit Parameters, the Out-Of-Pocket Threshold is $4,700.00.

As given in the scenario, the TrOOP Accumulator is $4,680.00

The beginning phase is the Coverage Gap since the Out-Of-Pocket Threshold has not been met. The beneficiary copay is $35.00, but there is only $20.00 in remaining TrOOP. The beneficiary copay is capped at $20.00, which is TrOOP eligible, and the remaining portion of the claim is within the Catastrophic Coverage Phase.

The OOP Threshold ($4,700.00) minus the TrOOP Accumulator ($4,680.00) equals the Costs Remaining in the Coverage Gap ($20.00).

The Total Drug Cost for this claim is $202.00. Because the costs that fall in the Coverage Gap phase are TrOOP eligible, the difference between the Total Drug Cost and the Costs in the Coverage Gap equals the Costs in the Catastrophic Phase. In this claim, $182.00 of the drug costs fall in the Catastrophic Phase. Because the TGCDC Accumulator is above $2,960.00 and the TrOOP Accumulator is met during this claim, EA Mapping Rules 3 and 5 apply.

6.4 Step 2: Determine Plan Cost-Sharing

Next, you need to determine the Plan's Cost-Sharing in the Coverage Gap. The Plan Cost-Sharing in the Coverage Gap is equal to the difference between the total cost falling in the Coverage Gap and the beneficiary Coverage Gap copay or coinsurance under the EA plan benefit design.

The Beneficiary Copay is $20.00.

The Plan Cost-Sharing is $0.00.

The beneficiary is only responsible for $20.00 of the $35.00 copay as the copay is greater than the remaining TrOOP amount of $20.00.

Because the beneficiary's $20.00 copay puts the Beneficiary in the Catastrophic Phase, the Plan has no cost-sharing in the Coverage Gap Phase.

6.5 Step 3: Determine Discount Eligible Cost

Next, you will determine the Discount Eligible Cost. This is accomplished by subtracting the plan's Cost-Sharing in the Coverage Gap Phase from the drug costs that fall in the Coverage Gap Phase.

The Total Drug Cost in Coverage Gap ($20.00) minus the Plan Cost-Sharing ($0.00) equals the Discount Eligible Cost ($20.00).

In this scenario, the Discount Eligible Cost is the total cost in the Coverage Gap minus the Plan Cost-Sharing. As determined in Step 1, the amount of the drug falling in the Coverage Gap is $20.00.

As determined in Step 2, the plan has no cost-sharing in the Coverage Gap Phase. Therefore, the Discount Eligible Cost is the total amount of the drug that falls in the Coverage Gap, $20.00.

6.6 Step 4: Calculate the Gap Discount

Step 4 requires you to calculate the Gap Discount. To calculate this amount, multiply the Discount Eligible Cost by the Manufacturer's Cost-Sharing Percentage.

The Discount Eligible Cost ($20.00) multiplied by the Manufacturer Cost-Sharing Percentage (50%) equals the Gap Discount ($10.00).

The Discount Eligible Cost is $20.00.

According to the 2015 benefit parameters, the Manufacturer Cost-Sharing Percentage is 50%. The Gap Discount for this example is $10.00.

6.7 Step 5: Determine Beneficiary Cost-Sharing in the Coverage Gap

The beneficiary is responsible for the remainder of the Discount Eligible Cost less the Gap Discount Amount.

The Discount Eligible Cost ($20.00) minus the Gap Discount ($10.00) equals the Beneficiary's Cost-Sharing in Coverage Gap ($10.00).

As calculated in Step 3, the Discount Eligible Cost is $20.00.

The beneficiary is responsible for the remainder of the Discount Eligible Cost less the Gap Discount amount. In Step 4, you determined that the Gap Discount is $10.00. Therefore, the Beneficiary's Cost-Sharing amount in the Coverage Gap equals $10.00.

6.8 Step 6: Determine CPP and NPP Amounts

The next step is to determine CPP and NPP in the Coverage Gap Phase.

The Drug Cost in the Coverage Gap ($20.00) multiplied by the Plan's Cost-Sharing Percentage (5%) equals the CPP in the Coverage Gap ($1.00).

Although there is no plan Cost-Sharing in the Coverage Gap, CPP will be mapped to the defined standard benefit. As determined in earlier steps, $20.00 of the Ingredient Costs and Sales Tax fall in the Coverage Gap Phase.

To determine CPP, according to the 2015 benefit parameters, you map 5% of the Ingredient Cost and Sales Tax to CPP. Therefore, CPP in the Coverage Gap is 5% of $20.00 or $1.00. The Dispensing Fee is outside of the Coverage Gap, so total CPP in the Coverage Gap is $1.00.

6.9 Step 6: Determine CPP and NPP Amounts (continued)

Use the Patient Pay, Gap Discount, and CPP amounts to calculate the NPP in the Coverage Gap.

Note that negative NPP amounts are permitted values.

The Patient Pay Amount ($10.00) plus the Gap Discount ($10.00) plus the CPP ($1.00) equals $21.00.

The Total Drug Cost in the Coverage Gap ($20.00) minus $21.00 equals the NPP in the Coverage Gap (-$1.00).

As calculated in earlier steps, the Patient Pay Amount is $10.00.

As calculated in earlier steps, the Gap Discount is $10.00.

The Total Drug Cost is $20.00; therefore the NPP in the Coverage Gap is calculated as the drug cost in the Coverage Gap minus the sum of the Reported Gap Discount, Patient Pay Amount, and CPP. The NPP amount totals -$1.00. Note that this is a negative NPP, which is a permitted value. The sum of CPP and NPP is zero, which equals the plan Cost-Sharing determined in Step 1.

6.10 Step 6: Determine the CPP and NPP Amounts (continued)

In Step 6, you will determine the CPP and NPP Amounts in the Catastrophic Phase. The Drug Costs Falling within the Catastrophic Phase ($182.00) multiplied by the Plan Percentage under Defined Standard Benefit (95%) equals the Total CPP Amount in Catastrophic Phase ($172.90).

The remaining $182.00 of the claim, which includes $180.00 remaining drug costs plus $2.00 Dispensing Fee, falls within the Catastrophic Phase.

CPP is the lesser of 95% or the drug cost in Catastrophic Phase minus the $6.60 copay. In this case, 95% of $182.00 is the lesser. Therefore, CPP in Catastrophic Phase is $172.90.

6.11 Step 7: Determine Beneficiary Cost-Sharing for Dispensing Fee and Vaccine Administration Fee

Because the value of the drug cost falling outside of the Coverage Gap exceeds the sum of the Dispensing Fee, you conclude that the fee falls within the Catastrophic Phase.

The Beneficiary Cost-Sharing for Dispensing Fee and Vaccine Administration Fee is Not Applicable.

6.12 Step 8: Determine Beneficiary Cost-Sharing for Cost Falling Outside of the Coverage Gap

Now that you've calculated the CPP Amount for the Catastrophic Phase, you need to determine how much of the drug cost in the Catastrophic Phase the beneficiary is responsible for.

Because the claim straddles the Coverage Gap and Catastrophic Phase in a copay-to-coinsurance situation, the beneficiary is responsible for the greater of 5 percent of the drug cost in the Catastrophic Phase or a copay of $6.60.

The Drug Cost in Catastrophic Phase ($182.00) multiplied by the Beneficiary Cost-Sharing Percentage (5%) equals the Beneficiary's Coinsurance Amount in the Catastrophic Phase ($9.10).

The Beneficiary's Coinsurance Amount in the Catastrophic Phase ($9.10) is greater than the Beneficiary's Copay in Catastrophic Phase ($6.60).

The remaining $182.00 of the claim, which includes $180.00 remaining drug cost plus $2.00 Dispensing Fee, falls within the Catastrophic Phase.

The Beneficiary's Cost-Sharing Percentage in the Catastrophic Phase is 5%, according to the 2015 Benefit Parameters; therefore, the Beneficiary's Coinsurance Amount in the Catastrophic Phase would be $9.10.

The Beneficiary's Copay Amount in the Catastrophic Phase, according to the 2015 Benefit Parameters, is $6.60. Because the beneficiary pays the greater of the coinsurance and copayment amounts, the beneficiary pays the $9.10 coinsurance amount instead of the $6.60 copay. The $9.10 includes $8.78 Ingredient Cost, $0.10 Dispensing Fee, and $0.22 Sales Tax.

6.13 Step 9: Update TGCDC and TrOOP Accumulators

For Step 9, update the TGCDC and TrOOP Accumulator amounts in preparation for adjudicating the next claim.

After the claim is processed the TGCDC Accumulator will increase by the total cost of the drug, $202.00, from $6,400.00 to $6,602.00.

6.14 Step 9: Update TGCDC and TrOOP Accumulators (Continued)

The TrOOP Accumulator will increase by the sum of the beneficiary's Cost-Sharing in the Coverage Gap Phase, $20.00, from $4,680.00 to $4,700.00 for the next claim.

6.15 Populate the PDE Record for Reporting

Now that all the calculations are complete, the PDE Record is ready for population. Each row has been auto populated from the calculations performed in the previous nine steps.

Table 9: PDE Record for Example 5

PDE Fields	Total
Drug Coverage Status Code	C
Ingredient Cost Paid	$195.00
Dispensing Fee Paid	$2.00
Total Amount Attributed to Sales Tax	$5.00
Gross Drug Cost Below Out-of-Pocket Threshold (GDCB)	$20.00
Gross Drug Cost Above Out-of-Pocket Threshold (GDCA)	$182.00
Patient Pay Amount	$19.10
Other TrOOP Amount	$0.00
Low Income Cost-Sharing Subsidy Amount (LICS)	$0.00
Patient Liability Reduction Due to Other Payer Amount (PLRO)	$0.00
Reported Gap Discount	$10.00
Covered Plan Paid Amount (CPP)	$173.90
Non Covered Plan Paid Amount (NPP)	-$1.00
Estimated Rebate at POS	$0.00
Vaccine Administration Fee	$0.00
Total Gross Covered Drug Cost Accumulator	$6,400.00
True Out-of-Pocket Accumulator	$4,680.00
Beginning Benefit Phase	G
Ending Benefit Phase	C

Please note that the TGCDC and TrOOP Accumulator values on this record reflect each value at the beginning of this claim. Each accumulator will update prior to the next claim processed by the plan.

7. Resources

Table 10: 2015 Defined Standard Benefit Parameters

BENEFIT PHASE	PARAMETERS TO DEFINE BENEFIT PHASE YEAR-TO-DATE (YTD) GROSS COVERED DRUG COSTS	PARAMETERS TO DEFINE BENEFIT PHASE YTD TROOP COSTS	BENEFICIARY COST-SHARING	PLAN LIABILITY
Deductible	less than or equal to $310.00	N/A	100% coinsurance	0%
Initial Coverage Phase	greater than $310.00 and less than or equal to $2,850.00	N/A	25% coinsurance	75%
Coverage Gap	greater than $2,850.00	less than or equal to $4,550.00	65% coinsurance for generic drugs 95% of Total Drug Cost – Gap Discount for brand drugs (includes 50% manufacturer discount and 45% beneficiary cost-sharing)	35% for generic drugs 5% of ingredient cost and sales tax and 55% of dispensing fee and vaccine administration fee for brand drugs
Catastrophic Coverage Phase	N/A	greater than $4,550.00 (OOP threshold)	Greater of 5% coinsurance or $2.65/$6.60 (generic/brand) co-payment	Lesser of 95% or (Gross Covered Drug Cost - $2.65/$6.60)

This table is available as a reference for all examples in this module.

8. Assessment

8.1 Assessment

Welcome to the assessment for the Enhanced Alternative (EA) module.

In this assessment, you will be given several questions.

8.2 Question #1

In 2014, the mapping rules for Enhanced Alternative Plans were modified to eliminate Rule 4.

Does Rule 5 now begin when a beneficiary enters the Coverage Gap until the beneficiary exceeds the Out-Of Pocket Threshold?

No. Rule 3 is when a beneficiary enters the Coverage Gap until the beneficiary exceeds the Out-of Pocket Threshold. Rule 5 is when a beneficiary exceeds the Out-Of-Pocket Threshold.

8.3 Question #2

What is the rule for determining Beneficiary Cost-Sharing in a straddle claim from the Initial Coverage Phase to the Coverage Gap for a plan benefit that offers a copay in all Phases of the benefit beyond the Deductible?

The answer is that when there is a claim with a copay-to-copay straddle, only the first copay applies.

8.4 Question #3

The beneficiary and plan cost-sharing for each cost component of the negotiated price must be calculated proportional to plan and Beneficiary Cost-Sharing for the entire negotiated price in all Phases of the benefit. If a claim straddles benefit Phases, then the Dispensing and Vaccine Administration Fees are placed outside of the Coverage Gap, to the greatest extent possible. Are any Dispensing and Vaccine Administration Fees that remain in the Coverage Gap part of the negotiated price?

No. In accordance with 42 CFR § 423.2305, if any Dispensing and Vaccine Administration Fees remain in the Coverage Gap, they are not part of the negotiated price.

Prescription Drug Event Computer Based Training
Module 3 - Low Income Cost-Sharing (LICS)

1. Introduction – Low Income Cost-Sharing (LICS)

1.1 Introduction

Welcome to the Part D Prescription Drug Event Calculation and Reporting Computer Based Training (CBT) course. In module three, we will cover the Part D Prescription Drug Event Calculating and Reporting of Low Income Cost-Sharing.

The purpose of this module is to equip plans with the tools to accurately calculate and submit PDE records for their Low Income Subsidy, or LIS, eligible beneficiaries.

1.2 Learning Objectives

By the end of this module, participants should be able to review the 2015 Defined Standard Benefit Parameters for Low Income (LI) beneficiaries, identify the steps to accurately calculate a PDE record for LI beneficiaries using 2015 parameters, and populate a PDE record for LI beneficiary claims.

This module focuses exclusively on examples applicable to LI beneficiaries. The examples in this module require you to reference what a Non-LI beneficiary would pay for the same event.

1.3 Benefit Plan Types

According to the rules for calculating and reporting Low Income Cost-Sharing (LICS), LI beneficiaries can enroll in any of the four plan types: Defined Standard, Basic Alternative, Actuarially Equivalent, and Enhanced Alternative. Regardless of the plan type, the following rules for calculating and reporting Low Income Cost-Sharing, known as LICS, remain constant. LICS only applies to covered Part D drugs. The LI-beneficiary pays the same cost-sharing for non-covered drugs as any other beneficiary under their benefit package. LICS always counts towards True Out-of-Pocket (TrOOP) costs. When the cost-sharing for a non-low income subsidy beneficiary under the plan is less than the statutory maximum low income cost-sharing, the low income beneficiary pays the lesser amount. This is known as the “lesser of” test. This policy applies to co-pays, coinsurance, and deductibles. Supplemental benefits provided under the plan benefit package (PBP) are always applied before LICS is calculated. LICS rules apply to low income subsidy beneficiaries in both basic and enhanced plans.

1.4 Type of Drugs Covered

Covered Part D drug means a Part D drug that is included in a Part D plan's formulary, or is treated as being included in a Part D plan's formulary as a result of a coverage determination or appeal under 42 CFR §§423.566, 423.580, and 423.600, 423.610, 423,620, and 423.630, and obtained at a network pharmacy or an out-of-network pharmacy in accordance with 42 CFR §423.124.

Now let’s take a look at the cost-sharing for LI beneficiaries in 2015 as well as the 2015 parameters for the Defined Standard.

1.5 Eligible LI Beneficiaries: 2015 Beneficiary Cost-Sharing Amounts

Now let's take a look at the 2015 Low Income Cost-Sharing Amounts or LICS, and the LI Categories, which are essential to calculating and reporting PDE records for LI beneficiaries. The categories apply to all low income subsidy eligible individuals except for beneficiaries residing in the U.S. territories. Beneficiaries residing in U.S. Territories have different subsidy provisions for LI beneficiaries, which will not be discussed in this module. The categories represent the level of low income assistance for which the beneficiary is eligible.

Note that the cost-sharing amounts vary between each LI Category. The amounts shown in this table are beneficiary cost-sharing amounts and not the amounts for which the plan is responsible.

Table 1: Eligible LI Beneficiaries: 2015 Beneficiary Cost-Sharing Amounts

Category	Income Category	Deductible	Initial Coverage Phase	Coverage Gap	Catastrophic
2	less than or equal to 100% FPL and FBDE	$0.00	$1.20 generic $3.60 brand	$1.20 generic $3.60 brand	$0.00
1	less than 135% or greater than 100% FPL and FBDE	$0.00	$2.65 generic $6.60 brand	$2.65 generic $6.60 brand	$0.00
4	less than 150% FPL	$66.00	15%	15%	$2.65 generic $6.65 brand
3	Inst FBDE	$0.00	$0.00	$0.00	$0.00

This table is available for each example in this module.

This table sets up the calculations that are different based on the category of the beneficiary. For example, if the LI Beneficiary is a Category 4, they have a $66.00 deductible while a LI Beneficiary Category 2 has a $0.00 deductible.

FPL is defined as Federal Poverty Level.

A full-benefit dual eligible beneficiary (FBDE) is an individual who has prescription drug coverage for the month under a Prescription Drug Plan (PDP) or Medicare Advantage Prescription Drug (MA-PD) plan and is determined eligible by the state for medical assistance under Title XIX of the Act.

An institutionalized (Inst) beneficiary is a full-benefit dual eligible individual who is an inpatient in a medical institution or nursing facility for whom payment is made under Medicaid for a month. When an individual enters such institution, community co-pay levels apply until the beneficiary has spent a continuous, full calendar month in the institution. The zero cost-sharing provision only applies after a continuous stay of one calendar month.

1.6 2015 Defined Standard Benefit Parameters (Excluding LI Eligible Beneficiaries)

While LI beneficiaries have their own cost-sharing under the LIS benefit, the plan must look at the non-LI beneficiary cost-sharing under the Defined Standard in order to populate the PDE appropriately.

Table 2: 2015 Defined Standard Benefit Parameters (Excluding LI Eligible Beneficiaries)

BENEFIT PHASE	PARAMETERS TO DEFINE BENEFIT PHASE Year-to-Date (YTD) Gross Covered Drug Costs	PARAMETERS TO DEFINE BENEFIT PHASE YTD TrOOP Costs	BENEFICIARY COST-SHARING	PLAN COST-SHARING
Deductible	less than or equal to $320.00	Less than or equal to $4,700.00	100% coinsurance	0%
Initial Coverage Phase	greater than $320.00 and less than or equal to $2,960.00	less than or equal to $4,700.00	25% coinsurance	75%
Coverage Gap	greater than $2,960.00	less than or equal to $4,700.00	65% coinsurance for generic drugs 95% of Total Drug Cost – Gap Discount for brand drugs (includes 50% manufacturer discount and 45% beneficiary cost-sharing)	35% for generic drugs 5% of ingredient cost and sales tax and 55% of dispensing fee and vaccine administration fee for brand drugs
Catastrophic Coverage Phase		greater than $4,700.00 (OOP threshold)	Greater of 5% coinsurance or $2.65/$6.60 (generic/brand) copayment	Lesser of 95% or (Gross Covered Drug Cost $2.65/$6.60)

Benefit Phase represents the different phases of the benefit. The beneficiary will move through the phases based the TGCDC and TrOOP Accumulators. It is important to know what phase of the benefit the claim falls in because it determines the plan and beneficiary cost-sharing responsibilities.

YTD Gross Covered Drug Cost is the sum of the beneficiary's covered drug costs for the benefit year.

YTD TrOOP is the sum of the beneficiary's incurred costs for the benefit year. This value is the sum of the Patient Pay Amount, Low-Income Cost- Sharing, Other TrOOP Amount, and Reported Gap Discount.

YTD TrOOP determines when the beneficiary reaches the Catastrophic Coverage Phase, regardless of YTD Gross Covered Drug Costs.

In the 2015 Defined Standard Benefit Parameters in the Deductible Phase the Year-to-Date (YTD) Gross Covered Drug cost is equal to or less than $320.00. The beneficiary assumes all cost-sharing during this phase. The beneficiary accumulates TrOOP during this phase.

In the Initial Coverage Phase, the beneficiary's Year-to-Date Gross Covered Drug cost is greater than $320.00 and less than or equal to $2,960.00. During this phase, the beneficiary pays 25% coinsurance and the plan assumes 75% of the cost-sharing. The beneficiary continues to accumulate TrOOP to advance toward the Out-Of-Pocket Threshold.

In the Coverage Gap Phase, the beneficiary's Year-to-Date Gross Covered Drug Cost is greater than $2,960.00. Year-to-Date TrOOP costs are less than $4700.00. For a Brand drug, the beneficiary pays 45% of the drug cost and the manufacturer pays 50% of the drug cost as the coverage gap discount. The plan is liable for 5% of the drug cost. If any Dispensing Fee or Vaccine Administration Fee falls within the Coverage Gap, the beneficiary pays 45% and the plan pays 55% of these fees. For a generic drug, the beneficiary pays 65% for the cost-sharing and the plan pays 35%.

In the Catastrophic Coverage Phase, the Year to Date TrOOP costs are $4,700.00. It is important to note that it is the TrOOP amount that determines when a beneficiary enters the Catastrophic Phase, not Gross Covered Drug Costs. In this phase, the beneficiary cost-sharing is the greater of 5% coinsurance or $2.65 for a generic drug co-payment or $6.60 for a brand drug co-payment. The plan liability is the lesser of 95% or Gross Covered Drug Cost minus $2.65 for a generic drug or $6.60 for a brand drug.

1.7 Mapping to the Defined Standard Benefit for Low Income Subsidy (LI) Beneficiaries, 2015

When an LI beneficiary is in an Enhanced Alternative plan, the calculation not only involves looking at non-LI beneficiaries, but also mapping to the Defined Standard to calculate Covered and Non-Covered Plan Paid Amounts, or CPP and NPP.

Table 3:
Mapping to the Defined Standard Benefit for Low Income Subsidy (LI) Beneficiaries, 2015

Rule #	Year To Date (YTD) Gross Covered Drug Costs	TrOOP Amount	Percentage to Calculate Defined Standard Benefit
1	less than or equal to $320.00	less than or equal to $4,700.00	0%
2	greater than $320.00 and less than or equal to $2,960.00	less than or equal to $4,700.00	75%
3	greater than $2,960.00	less than or equal to $4,700.00	0%
4	N/A	N/A	N/A
5	N/A	greater than $4,700.00	Lesser of 95% coinsurance [or Gross Covered Drug Cost - $2.65/$6.60 (generic/brand) copayment] If the beneficiary cost-sharing amount is less than the statutory copay amount, the formula changes to Gross Covered Drug Cost - beneficiary liability.

Mapping only applies to LI beneficiaries enrolled in Enhanced Alternative (EA) plans.

1.8 Straddle Claims

Now you understand the benefit phases, and we have reviewed the parameters for each. There are times when the claim will not fit squarely in a particular phase. In these cases, the claim will "straddle" phases; a portion of the claim falls into one phase and the remaining values "spill over" into the next phase.

Straddle claims can occur when claims cross from the Deductible Phase to the Initial Coverage Phase, from the Initial Coverage Phase to the Coverage Gap Phase, and from the Coverage Gap Phase to the Catastrophic Coverage Phase.

Straddle claims can also occur across multiple phases such as from the Deductible Phase to the Coverage Gap Phase, or Initial Coverage Phase to the Catastrophic Phase.

Next, we will review the steps to calculating PDE records for LI beneficiaries.

1.9 Calculating and Reporting LICS

When calculating LICS and populating the PDE record, we will use the six step process.

The first step is to calculate the Non-LI Cost-Sharing Amount. Calculate this amount as though the beneficiary were not eligible for LIS and had no other source of coverage. Cost-sharing and plan payment amounts often vary per benefit phase, so the plan must apply YTD Gross Covered Drug Costs and incurred TrOOP to the plan's benefit structure to determine which benefit phase the beneficiary is in.

The next step is to determine the LI Beneficiary's Maximum Cost-Sharing Amount that corresponds to the category of assistance for which the beneficiary is eligible.

The third step is to perform the "lesser of" test by comparing the amount of non-LI cost-sharing to the amount of LI cost-sharing. The lesser of these two amounts is the beneficiary cost-sharing, reported in the Patient Pay Amount field. Note. In the "lesser of" test for a Category 4 beneficiary, the LI cost-sharing includes either the statutory Category 4 deductible amount or, if less, the deductible under the Plan Benefit Package (PBP).

In Step 4, use the LICS Amount Formula to Calculate the Difference between the Non-LI and LI Beneficiary Cost-Sharing to Determine the LICS Amount. This amount represents the amount of subsidy advanced by the plan at the point of sale (POS) and is reported as the LICS Amount on the PDE record. TrOOP increases by the amounts in the fields Patient Pay Amount and LICS Amount.

Next, plans should calculate the Covered Plan Paid Amount. Note that there is no CPP in the Coverage Gap for LI beneficiaries.

Lastly, plans should update the accumulators in preparation for adjudicating the next claim.

1.10 Low Income Cost-Sharing Subsidy (LICS) Amount Formula

Non-LI Beneficiary Cost-Sharing minus LI Beneficiary Cost-Sharing equals the LICS Amount.

If the Non-LI Cost-Sharing is greater than the LI Beneficiary Cost-Sharing, then for the LICS formula, subtract the LI Beneficiary Cost-Sharing from the Non-LI Beneficiary Cost-Sharing.

If the Non-LI Beneficiary Cost-Sharing is less than or equal to the LI Beneficiary Cost-Sharing, the LICS Amount will equal zero.

Now, in the steps we just reviewed, we noted in Step 4 an LICS Amount Formula to calculate the LICS Amount. As noted earlier, when calculating and reporting PDEs for LI beneficiaries, we also look at what the cost-sharing would be for a non-LI beneficiary. The non-LI cost-sharing is the amount due from a non-LI beneficiary for a given event under the Defined Standard benefit. The LI beneficiary cost-sharing is the maximum allowable amount due under the Medicare Modernization Act, or MMA, from an LIS beneficiary for that same dispensing event.

If the LI beneficiary Cost-Sharing is greater than non-LI Cost-Sharing under the PBP, the LI-Beneficiary pays the non-LI Cost-Sharing amount. In the LICS Amount field, plans report the difference between the non-LI and LI cost -sharing, which is the amount advanced by the plan at the point of sale and ultimately subsidized by CMS. The LICS amount thus represents the amount the cost-sharing was reduced due to the LICS advance payment by the plan.

To determine the LICS amount, you must determine if the non-LI beneficiary cost-sharing is greater than, less than, or equal to the LI beneficiary cost-sharing.

The following examples will demonstrate how to accurately calculate the PDE record for LI beneficiaries in various scenarios.

1. Defined Standard - Generic Drug in Coverage Gap
2. Category 4 LICS Beneficiary, Plan Deductible Greater Than Statutory Category 4 Amount
3. Actuarially Equivalent Straddle Claim/ICP to CG, LI Category 1
4. Basic Alternative, Category 4 LI Beneficiary, Zero Deductible Plan
5. EACS and LICS: Coverage Gap
6. EGWP in Deductible, LI beneficiary, Beneficiary Cost-Sharing in DS is Less Than Cost-Sharing in EGWP
7. EGWP Straddles Deductible and ICP, LI Beneficiary Category 4

2. Example #1 - Defined Standard - Generic Drug in Coverage Gap

2.1 Example #1

In this example, calculate and populate a PDE record for a claim from a Defined Standard plan in the Coverage Gap for a Generic Drug.

In 2015, Sunny Valley Health Plan offers a Defined Standard benefit package. The beneficiary is Category 2 eligible and has YTD gross covered drug costs of $3,000.00. The beneficiary purchases a covered generic drug for $5.00. The TGCDC Accumulator is $3,000.00, and the TrOOP Accumulator is $1,042.50.

In this example, the claim falls squarely in the Coverage Gap Phase.

2.2 Step 1: Calculate the Non-LI Beneficiary Cost-Sharing

Step 1 is to calculate the cost-sharing amount of this drug for a non-LI beneficiary. The Non-LI Cost-Sharing Amount is determined prior to applying generic cost-sharing in the Coverage Gap as this does not apply to LI beneficiaries. Therefore, the Non-LI Cost-Sharing Amount is the total cost of the drug in the Coverage Gap, or $5.00.

The Non-LI Beneficiary Cost-Sharing Amount is $5.00.

2.3 Step 2: Determine LI Beneficiary Cost-Sharing

After determining the cost-sharing amount for a non-LI beneficiary, determine the cost-sharing amount for an LI beneficiary. According to the 2015 Benefit Parameters, a Category 2 beneficiary is responsible for a $1.20 copay for generic drugs in the Coverage Gap Phase.

The LI Beneficiary Cost-Sharing Amount is $1.20.

2.4 Step 3: Compare Non-LI and LI Beneficiary Cost-Sharing

For Step 3, compare the cost-sharing amount for non-LI versus the cost-sharing for Category 2 LI beneficiaries for this claim, using the "lesser of" test. According to the "lesser of" test, the LI beneficiary is responsible for which ever amount is less. The Non-LI Cost-Sharing Amount of $5.00 is greater than the LI Beneficiary Cost-Sharing Amount of $1.20.

LI Beneficiary Cost-Sharing Amount ($1.20) is less than the Non-LI Beneficiary Cost-Sharing Amount ($5.00).

2.5 Step 4: Apply LICS Formula

In Step 4, we apply the LICS formula. Since the Non-LI Cost-Sharing Amount is greater than the LI Beneficiary Cost-Sharing Amount, the LICS Amount totals to $3.80. This amount $3.80 is calculated by subtracting the Non-LI Cost-Sharing Amount from the LI Beneficiary Cost-Sharing Amount of $1.20.

Non-LI Beneficiary Cost-Sharing ($5.00) minus LI Beneficiary Cost-Sharing ($1.20) equals the LICS Amount ($3.80).

2.6 Step 5: Calculate Covered Plan Paid (CPP) Amount

Step 5 is to determine the CPP amount. In the Defined Standard benefit, the plan covers the drug costs for which the beneficiary is not responsible. LI beneficiaries are not eligible for the Coverage Gap Discount and are, therefore, exempt from sponsor cost-sharing in the Coverage Gap Phase. Consequently, the CPP field on the PDE record will be populated as $0.00.

The CPP Amount is $0.00.

2.7 Step 6: Update Accumulators

The sixth step is to update the Total Gross Covered Drug Cost and True Out of Pocket Accumulators, known as the TGCDC and TrOOP Accumulators, respectively. The TGCDC Accumulator will update by the total cost of the drug, which is $5.00 from $3,000.00 to $3,005.00.

2.8 Step 6: Update Accumulators (Continued)

The TrOOP Accumulator will update by the TrOOP eligible fields, which include the Patient Pay Amount for the beneficiary's cost-sharing and the LICS Amount, totaling to $5.00. Therefore, the TrOOP Accumulator updates from $1,042.50 to $1,047.50.

Now that all the calculations are complete, the PDE record is ready for population. Each row has been auto populated from the calculations performed in the previous six steps.

Please note that the TGCDC and TrOOP Accumulator values on this record reflect each value at the beginning of this claim. Each accumulator will update prior to the next claim processed by the plan.

As a reminder, the Beginning Benefit Phase and Ending Benefit Phase of the PDE record must be reported as the phases experienced by a non-LI beneficiary.

2.9 Populate the PDE Record for Reporting

Table 4 – PDE Record

PDE Fields	Total
Drug Coverage Status Code	C
Ingredient Cost Paid	$5.00
Dispensing Fee Paid	$0.00
Total Amount Attributed to Sales Tax	$0.00
Gross Drug Cost Below Out-of-Pocket Threshold (GDCB)	$5.00
Gross Drug Cost Above Out-of-Pocket Threshold (GDCA)	$0.00
Patient Pay Amount	$1.20
Other TrOOP Amount	$0.00
Low Income Cost-Sharing Subsidy Amount (LICS)	$3.80
Patient Liability Reduction Due to Other Payer Amount (PLRO)	$0.00
Reported Gap Discount	$0.00
Covered Plan Paid Amount (CPP)	$0.00
Non Covered Plan Paid Amount (NPP)	$0.00
Estimated Rebate at POS	$0.00
Vaccine Administration Fee	$0.00
Total Gross Covered Drug Cost Accumulator	$3,000.00
True Out-of-Pocket Accumulator	$1,042.50
Beginning Benefit Phase	G
Ending Benefit Phase	G

3. Example 2: Category 4 LICS Beneficiary, Plan Deductible Greater Than Statutory Category 4 Amount

3.1 Example #2

In this example, a Category 4 LICS beneficiary has a plan deductible greater than the statutory Category 4 amount.

In 2015, a Category 4 beneficiary joined a Defined Standard plan, with a $320.00 deductible. The beneficiary's first two claims of the year have a gross drug cost of $100.00 each and both are for covered drugs. In the "lesser of" test, a $66.00 deductible applies to a portion of the first claim. After the $66.00 deductible is met, a 15 percent coinsurance provision is applied to the remaining drug cost in Claim 1 and to the gross drug cost in Claim 2. The TGCDC and TrOOP Accumulators are $100.00 for the Category 4 beneficiary for Claim 2.

3.2 Step 1: Calculate the Non-LI Beneficiary Cost-Sharing (Claim 1)

Step 1 in this example is to determine the amount a non-LI beneficiary would pay in this scenario.

Let's first consider the first claim of $100.00. Since the drug cost of $100.00 is less than the Defined Standard benefit deductible of $320.00, the non-LI beneficiary would pay all $100.00 of the negotiated gross drug cost on the first claim in the Deductible Phase as Non-LI Cost-Sharing.

The Non-LI Beneficiary Cost-Sharing Amount equals $100.00.

3.3 Step 2: Determine LI Beneficiary Cost-Sharing (Claim 1)

To determine the amount of the claim falling above the Category 4 deductible, take the non-LI Beneficiary cost sharing amount and subtract the Category 4 deductible.

In Step 2, calculate the LI Beneficiary Cost-Sharing amount for the first claim. To do this, subtract the LI Beneficiary Reduced Deductible of $66.00 from the Non-LI Cost-Sharing of $100.00. This will give you the Remaining Balance of Claim 1, which is $34.00.

Next, add the Remaining Balance of Claim 1 which is $34.00 multiplied by 15 percent Coinsurance to the Beneficiary Reduced Deductible of $66.00. This means that the LI Beneficiary Cost-Sharing amount is $71.10.

Non-LI Beneficiary Cost-Sharing ($100.00) minus LI Beneficiary Reduced Deductible ($66.00) equals the Remaining Balance of Claim 1 ($34.00).

Beneficiary Reduced Deductible ($66.00) plus the sum of the Remaining Balance of Claim 1 ($34.00) multiplied by the Coinsurance (15%) equals the LI Beneficiary Cost-Sharing Amount ($71.10).

3.4 Step 3: Compare Non-LI and LI Beneficiary Cost-Sharing (Claim 1)

Next, determine the beneficiary's cost-sharing by performing the "lesser of" test. The beneficiary is responsible for the lesser of the LI Beneficiary Cost-Sharing and Non-LI Cost-Sharing amounts.

LI Beneficiary Cost-Sharing Amount ($71.10) is less than Non-LI Beneficiary Cost-Sharing Amount ($100.00).

As we can see, the Non-LI Cost-Sharing of $100.00 is greater than the LI Beneficiary Cost-Sharing amount of $71.10. Therefore, the Patient Pay Amount is $71.10.

3.5 Step 4: Apply LICS Formula (Claim 1)

Step 4 is to apply the LICS Formula. Since the Non-LI Cost-Sharing is greater than the LI Beneficiary Cost-Sharing, the LI Beneficiary Cost-Sharing will need to be subtracted from the Non-LI Cost-Sharing to determine the LICS Amount. After subtracting the LI Cost-Sharing amount of $71.10 from the Non-LI Cost-Sharing amount, we can determine that the LICS Amount is $28.90.

Non-LI Beneficiary Cost Sharing ($100.00) minus the LI Beneficiary Cost-Sharing ($71.10) equals the LICS Amount ($28.90).

3.6 Step 5: Calculate Covered Plan Paid (CPP) Amount (Claim 1)

LI beneficiaries are not eligible for the Coverage Gap Discount and are, therefore, exempt from sponsor cost-sharing in the Coverage Gap Phase.

Step 5 is to determine the CPP amount. In the Defined Standard benefit, the plan covers the drug costs for which the beneficiary is not responsible. Because there is no plan coverage in the Deductible Phase, there is no Covered Plan Paid Amount. The CPP field on the PDE record will be populated with $0.00.

CPP Amount equals $0.00.

3.7 Step 6: Update Accumulators (Claim 1)

For the next step, update the TGCDC and TrOOP Accumulators. The TGCDC Accumulator will update by the total cost of the drug, which is $100.00, from $0.00 to $100.00.

3.8 Step 6: Update Accumulators (Claim 1) (Continued)

The TrOOP Accumulator will update by the TrOOP eligible fields, which include the Patient Pay Amount for the beneficiary's cost-sharing and the LICS Amount, totaling to $100.00. Therefore, the TrOOP Accumulator updates from $0.00 to $100.00 for the second claim.

Now, let's move on to the second claim.

3.9 Step 1: Calculate the Non-LI Beneficiary Cost-Sharing (Claim 2)

According to the scenario, the second drug the beneficiary purchases has a negotiated gross drug cost of $100.00.

Since there is a $320.00 deductible under the Defined Standard benefit, this claim will still fall under the Deductible Phase. The Non-LI Cost-Sharing Amount is $100.00.

The Non-LI Beneficiary Cost-Sharing Amount is $100.00.

3.10 Step 2: Determine LI Beneficiary Cost-Sharing (Claim 2)

Since YTD covered drug costs now equal $100.00, the Category 4 beneficiary has met the $66.00 deductible under the LI benefit. The plan adjudicates the next claim by continuing to apply the LICS Category 4, 15 percent coinsurance. Therefore, the beneficiary pays a total of $15.00 on this particular claim as the LI Beneficiary Cost-Sharing Amount.

Non-LI Beneficiary Cost-Sharing Amount ($100.00) multiplied by the Coinsurance (15%) equals the LI Beneficiary Cost-Sharing Amount ($15.00).

3.11 Step 3: Compare Non-LI and LI Beneficiary Cost-Sharing (Claim 2)

Next, compare the LI Beneficiary Cost-Sharing Amount to the Non-LI Cost-Sharing Amount determined in Steps 1 and 2 for Claim 2. The LI Beneficiary Cost-Sharing amount is $15.00. Because the non-LI beneficiary still has not reached the $320.00 deductible amount in 2015, a non-LI beneficiary would have to pay the total cost of the drug, $100.00. Because the LI Beneficiary Cost-Sharing Amount is less than the Non-LI Cost-Sharing Amount, the beneficiary pays the $15.00 LI Beneficiary Cost-Sharing amount. This will be the Patient Pay Amount on the PDE record.

LI Beneficiary Cost-Sharing Amount ($15.00) is less than the Non-LI Beneficiary Cost-Sharing Amount ($100.00).

3.12 Step 4: Apply LICS Formula (Claim 2)

Since the Non-LI Cost-Sharing Amount is greater than the LI Beneficiary Cost-Sharing Amount, the LI Beneficiary Cost-Sharing Amount will need to be subtracted from the Non-LI Cost-Sharing Amount to determine the LICS Amount. The LICS Amount for Claim 2 is $85.00. This amount $85.00 is calculated by

subtracting the LI Beneficiary Cost-Sharing amount of $15.00 from the Non-LI Beneficiary Cost Sharing amount of $100.00.

Non-LI Beneficiary Cost-Sharing ($100.00) minus LI Beneficiary Cost-Sharing ($15.00) equals the LICS Amount ($85.00).

3.13 Step 5: Calculate Covered Plan Paid (CPP) Amount (Claim 2)

Step 5 is to determine the CPP amount. In the Defined Standard benefit, even though the Category 4 LI Beneficiary has exceeded the LI deductible amount, the Non-LI Beneficiary remains in the Deductible Phase for Claim 2, where there is no plan coverage, meaning no CPP Amount. Therefore, the CPP field on the PDE record will be populated with $0.00.

3.14 Step 6: Update Accumulators (Claim 2)

The next step is to update the TGCDC and TrOOP Accumulators. The TGCDC Accumulator will update by the total cost of the drug, which is $100.00, from $100.00 to $200.00.

3.15 Step 6: Update Accumulators (Claim 2) (Continued)

The TrOOP Accumulator will update by the TrOOP eligible fields, which include the Patient Pay Amount and the LICS Amount, totaling to $100.00. Therefore, the TrOOP Accumulator updates from $100.00 to $200.00.

3.16 Populate the PDE Record for Reporting

Now that all the calculations are complete, the PDE record is ready for population. Each row has been auto populated from the calculations performed in the previous six steps.

Please note that the TGCDC and TrOOP Accumulator values on this record reflect each value at the beginning of this claim. Each accumulator will update prior to the next claim processed by the plan.

As a reminder, the Beginning Benefit Phase and Ending Benefit Phase of the PDE record must be reported as the phases experienced by a non-LI beneficiary.

Table 5 – PDE Record

PDE Fields	Total - Claim 1	Total - Claim 2
Drug Coverage Status Code	C	C
Ingredient Cost Paid	$100.00	$100.00
Dispensing Fee Paid	$0.00	$0.00
Total Amount Attributed to Sales Tax	$0.00	$0.00
Gross Drug Cost Below Out-of-Pocket Threshold (GDCB)	$100.00	$100.00
Gross Drug Cost Above Out-of-Pocket Threshold (GDCA)	$0.00	$0.00
Patient Pay Amount	$71.10	$15.00
Other TrOOP Amount	$0.00	$0.00
Low Income Cost-Sharing Subsidy Amount (LICS)	$28.90	$85.00

PDE Fields	Total - Claim 1	Total - Claim 2
Patient Liability Reduction Due to Other Payer Amount (PLRO)	$0.00	$0.00
Reported Gap Discount	$0.00	$0.00
Covered Plan Paid Amount (CPP)	$0.00	$0.00
Non Covered Plan Paid Amount (NPP)	$0.00	$0.00
Estimated Rebate at POS	$0.00	$0.00
Vaccine Administration Fee	$0.00	$0.00
Total Gross Covered Drug Cost Accumulator	$0.00	$100.00
True Out-of-Pocket Accumulator	$0.00	$100.00
Beginning Benefit Phase	D	D
Ending Benefit Phase	D	D

4. Example 3: Actuarially Equivalent Straddle Claim/ICP to CG, LI Category 1

4.1 Example #3

This LICS scenario is for an Actuarially Equivalent Straddle Claim.

In 2015, Bonneville Benefits offers an actuarially equivalent plan with a tiered co-pay structure ($5.00 generic; $20.00 preferred brand drugs; and $50.00 brand drugs) that applies only during the Initial Coverage Phase (ICP). The beneficiary is LI Category 1 eligible and purchases a covered brand drug in Tier 2 for $80.00, including the dispensing fee of $5.00. The TGCDC Accumulator is $2,905.00 and the TrOOP Accumulator is $750.00.

4.2 Step 1: Calculate the Non-LI Beneficiary Cost-Sharing

Step 1 is to calculate the Non-LI Cost-Sharing Amount.

In this example, cost-sharing is determined with straddle claim logic. The non-LI beneficiary cost-sharing must be calculated as a straddle claim. With YTD gross covered drug costs of $2,905.00, the beneficiary is in the ICP; however, the $80.00 purchase moves the beneficiary into the Coverage Gap. Before we can calculate the cost-sharing amount for a non-LI beneficiary in the ICP, we need to calculate how much of the drug costs fall in the ICP.

ICL ($2,960.00) minus the TGCDC Accumulator ($2,905.00) equals Drug Costs in the ICP ($55.00).

Total Drug Costs ($80.00) minus Drug Costs in the ICP ($55.00) equals Drug Costs in the CG ($25.00).

The ICL amount for 2015 is $2,960.00.

The TGCDC Accumulator for this claim is $2,905.00. The amount of drug costs falling in the Initial Coverage Phase is determined by subtracting the TGCDC Accumulator amount from the Initial Coverage Limit. Therefore, $55.00 of the total drug costs fall in the Initial Coverage Limit.

The total cost of the drug is $80.00. Therefore, after subtracting the drug costs that fall in the Initial Coverage Phase, a total of $25.00 fall in the Coverage Gap Phase.

4.3 Step 1: Calculate the Non-LI Beneficiary Cost-Sharing (Continued)

Before applying the cost-sharing in the Coverage Gap, the Non-LI Beneficiary's Cost-Sharing Amount, before applying cost-sharing in the Coverage Gap, is calculated by combining the Tier 2 Copay, which includes the Dispensing Fee in the ICP, with 100 percent coinsurance for the purchase that falls in the Coverage Gap, which is $45.00.

Tier 2 Copay in ICP ($20.00) plus Coinsurance Amount for Drug Cost in the Coverage Gap ($25.00) equals the Non-LI Beneficiary Cost-Sharing Amount ($45.00).

The beneficiary pays a $20.00 copay amount in the ICP.

The Tier 2 copay of $20.00 in the ICP (which includes the Dispensing Fee) plus 100% Coinsurance for the Drug Cost in the Coverage Gap is the Non-LI Beneficiary Cost-Sharing Amount. The remaining portion of the claim that falls in the Coverage Gap is $25.00. Therefore, the Non-LI Beneficiary Cost-Sharing Amount before applying the Coverage Gap Discount Program is $45.00.

4.4 Step 2: Determine LI Cost-Sharing

A Category 1 beneficiary cannot be charged more than the specified copay amount for generic or preferred multiple source drugs that are specified in the statute. A Category 1 beneficiary has a copay amount of $6.60 in the Initial Coverage Phase and the Coverage Gap Phase, according to the 2015 Benefit Parameters. The beneficiary is charged the cost-sharing only once (despite crossing two phases of the benefit), so the Patient Pay Amount is $6.60. This amount is reported in the Patient Pay Amount field.

4.5 Step 3: Compare Non-LI and LI Beneficiary Cost-Sharing

Determine the beneficiary's cost-sharing by performing the "lesser of" test. Note that the LI Beneficiary Cost-Sharing Amount is also the Patient Pay Amount.

The LI Beneficiary Cost-Sharing amount for this claim is $6.60.

The Non-LI Beneficiary Cost-Sharing Amount is $45.00.

When comparing the Non-LI and LI Beneficiary Cost-Sharing using the "lesser of" test, we see that the LI Beneficiary Cost-Sharing Amount of $6.60 is less than the Non-LI Beneficiary Cost-Sharing Amount of $45.00.

4.6 Step 4: Apply LICS Formula

Next, determine the LICS Amount using the LICS Formula.

Since the Non-LI Cost-Sharing Amount is greater than the LI Beneficiary Cost-Sharing Amount, the LI beneficiary cost-sharing will need to be subtracted from the Non-LI cost-sharing to determine the LICS Amount.

The Non-LI Beneficiary Cost-Sharing Amount calculated in Step 1 is $45.00.

The LI Beneficiary Cost-Sharing Amount is $6.60 calculated in Step 2.

The LICS Amount, which is the Non-LI Beneficiary Cost-Sharing Amount of $45.00 minus the LI Beneficiary Cost-Sharing Amount of $6.60, equals $38.40.

4.7 Step 5: Calculate Covered Plan Paid (CPP) Amount

In Step 5, we determine the CPP amount. In the Defined Standard benefit, the plan covers the drug costs not covered by the beneficiary or LICS.

The CPP Amount for the ICP is $35.00. Due to the copay-to-copay rule, the LI beneficiary will not pay an additional $6.60 copay in the Coverage Gap Phase. In addition, there will be no CPP Amount calculated for the Coverage Gap Phase since there is no sponsor cost-sharing in this phase for LI beneficiaries. Therefore, the Patient Pay Amount, LICS Amount, and CPP Amount in this calculation are what will appear on the PDE record.

Total Drug Cost ($80.00) minus the sum of the Patient Pay Amount ($6.60) plus LICS Amount ($38.40) equals CPP Amount ($35.00).

The Total Drug Cost in this scenario is $80.00.

The Patient Pay Amount calculated in previous steps is $6.60.

The LICS Amount calculated in previous steps is $38.40. Therefore, the CPP Amount is $35.00 and there is no NPP for this claim.

4.8 Step 6: Update Accumulators

The next step is to update the TGCDC and TrOOP Accumulators. The TGCDC Accumulator will update by the total cost of the drug, which is $80.00, from $2,905.00 to $2,985.00.

4.9 Step 6: Update Accumulators (Continued)

The TrOOP Accumulator will update by the TrOOP eligible fields, which include the beneficiary's cost-sharing and the LICS Amount, totaling to $45.00. Therefore, the TrOOP Accumulator updates from $750.00 to $795.00.

4.10 Populate the PDE Record for Reporting

Now that all the calculations are complete, the PDE record is ready for population. Each row has been auto populated from the calculations performed in the previous six steps.

Please note that the TGCDC and TrOOP Accumulator values on this record reflect each value at the beginning of this claim. Each accumulator will update prior to the next claim processed by the plan.

As a reminder, the Beginning Benefit Phase and Ending Benefit Phase of the PDE record must be reported as the phases experienced by a non-LI beneficiary.

Table 6 – PDE Record

PDE Fields	Value
Drug Coverage Status Code	C
Ingredient Cost Paid	$75.00
Dispensing Fee Paid	$5.00
Total Amount Attributed to Sales Tax	$0.00
Gross Drug Cost Below Out-of-Pocket Threshold (GDCB)	$80.00
Gross Drug Cost Above Out-of-Pocket Threshold (GDCA)	$0.00
Patient Pay Amount	$6.60
Other TrOOP Amount	$0.00
Low Income Cost-Sharing Subsidy Amount (LICS)	$38.40
Patient Liability Reduction Due to Other Payer Amount (PLRO)	$0.00
Reported Gap Discount	$0.00
Covered Plan Paid Amount (CPP)	$35.00
Non Covered Plan Paid Amount (NPP)	$0.00
Estimated Rebate at POS	$0.00
Vaccine Administration Fee	$0.00
Total Gross Covered Drug Cost Accumulator	$2,905.00
True Out-of-Pocket Accumulator	$750.00
Beginning Benefit Phase	N
Ending Benefit Phase	G

5. Example 4: Basic Alternative, Category 4 LI Beneficiary, Zero Deductible Plan

5.1 Example #4

This example addresses a Category 4 LI beneficiary, with a zero deductible plan.

In this scenario, a Category 4 beneficiary joins a basic alternative PBP in 2015 with no deductible and 25 percent cost-sharing in the Initial Coverage Phase. This is the beneficiary's first claim of the year and the negotiated price (gross drug cost) is $100.00 including sales tax. There are no Dispensing or Vaccine Administration Fees. It is a covered drug. In the "lesser of" test, the deductible is excluded from the calculation for Category 4 and only uses 15 percent coinsurance. The Category 4 beneficiary receives the 15 percent coinsurance provision beginning with the first covered drug of the year. The TGCDC and TrOOP Accumulators are $0.00.

5.2 Step 1: Calculate the Non-LI Beneficiary Cost-Sharing

The first step in this example is to calculate the Non-LI Cost-Sharing Amount. Note that the plan is responsible for the cost of the drug that is not covered by the beneficiary and is reported in the CPP field on the PDE record.

Beneficiary Cost-Sharing Percentage in ICP (25%) multiplied by Gross Drug Cost ($100.00) equals Non-LI Beneficiary Cost-Sharing Amount ($25.00).

Since there is no deductible in this example, the claim is calculated under the ICP. The Beneficiary Cost-sharing Percentage is 25% of the drug costs that fall in the ICP, according to the 2015 Benefit Parameters.

The total drug cost is $100.00. Therefore, the Non-LI Beneficiary Cost-Sharing Amount is $25.00. The remaining cost of the drug, $75.00, is covered by the plan and is reported in the CPP amount under the Defined Standard benefit.

5.3 Step 2: Determine LI Beneficiary Cost-Sharing

Next, determine the LI Beneficiary Cost-Sharing Amount. The Gross Drug Cost which is $100.00 and Beneficiary Cost-Sharing Percentage for a Category 4 Beneficiary which is 15% determine the LI Beneficiary Cost-Sharing Amount.

Gross Drug Cost ($100.00) multiplied by Beneficiary Cost-Sharing Percentage (15%) equals LI Beneficiary Cost-Sharing Amount ($15.00).

The Gross Covered Drug Cost in this scenario is $100.00.

In the Initial Coverage Phase under this plan, the Category 4 LI Beneficiary is responsible for 15% of the total drug cost, which equals the LI Beneficiary Cost-Sharing, $15.00.

5.4 Step 3: Compare Non-LI and LI Beneficiary Cost-Sharing

Determine the beneficiary's cost-sharing by performing the "lesser of" test.

The LI Beneficiary Cost-Sharing Amount, calculated in Step 2, is $15.00.

The Non-LI Beneficiary Cost-Sharing Amount calculated in Step 1 is $25.00.

When comparing the Non-LI and LI Beneficiary Cost-Sharing using the "lesser of" test, we see that the LI Beneficiary Cost-Sharing Amount of $15.00 is less than the Non-LI Beneficiary Cost-Sharing Amount of $25.00.

5.5 Step 4: Apply LICS Formula

After calculating the Non-LI Cost-Sharing Amount and LI Beneficiary Cost-Sharing Amount, calculate the LICS Amount using the LICS Formula.

Since the Non-LI Cost-Sharing is greater than the LI Beneficiary Cost-Sharing, the LI Beneficiary Cost-Sharing will need to be subtracted from the Non-LI beneficiary cost-sharing to determine the LICS Amount.

As calculated in previous steps, the Non-LI Beneficiary Cost-Sharing Amount is $25.00.

The LI Beneficiary Cost-Sharing Amount is $15.00. Since the Non-LI Beneficiary Cost-Sharing Amount is greater than the LI Beneficiary Cost-Sharing Amount, LICS is $10.00, which is the difference between the Non-LI and LI Beneficiary Cost-Sharing values.

5.6 Step 5: Calculate Covered Plan Paid (CPP) Amount

Step 5 is to determine the CPP amount. In the Defined Standard benefit, the plan covers the drug costs not covered by the beneficiary or LICS Amount. The total cost of the drug is the Negotiated Price.

Gross Drug Cost ($100.00) minus the sum of the Patient Pay Amount ($15.00) plus LICS Amount ($10.00) equals the CPP Amount ($75.00).

The Gross Drug Cost is $100.00. Consider the value for the Patient Pay Amount.

The Patient Pay Amount, determined in Step 3, is $15.00.

The LICS Amount is $10.00. Therefore, the CPP Amount is $75.00. There is no NPP for this claim.

5.7 Step 6: Update Accumulators

The next step is to update the Total Gross Covered Drug Cost and True Out of Pocket Accumulators, known as the TGCDC and TrOOP Accumulators respectively. The TGCDC Accumulator will update by the total cost of the drug, which is $100.00, from $0.00 to $100.00.

5.8 Step 6: Update Accumulators (Continued)

The TrOOP Accumulator will update by the TrOOP eligible fields, which include the beneficiary's cost-sharing and the LICS Amount, totaling to $25.00. Therefore, the TrOOP Accumulator updates from $0.00 to $25.00.

5.9 Populate the PDE Record for Reporting

Now that all the calculations are complete, the PDE record is ready for population. Each row has been auto populated from the calculations performed in the previous six steps.

Please note that the TGCDC and TrOOP Accumulator values on this record reflect each value at the beginning of this claim. Each accumulator will update prior to the next claim processed by the plan.

As a reminder, the Beginning Benefit Phase and Ending Benefit Phase of the PDE record must be reported as the phases experienced by a non-LI beneficiary.

Table 7 – PDE Record

PDE Fields	Total
Drug Coverage Status Code	C
Ingredient Cost Paid	$100.00
Dispensing Fee Paid	$0.00
Total Amount Attributed to Sales Tax	$0.00
Gross Drug Cost Below Out-of-Pocket Threshold (GDCB)	$100.00
Gross Drug Cost Above Out-of-Pocket Threshold (GDCA)	$0.00
Patient Pay Amount	$15.00
Other TrOOP Amount	$0.00
Low Income Cost-Sharing Subsidy Amount (LICS)	$10.00
Patient Liability Reduction Due to Other Payer Amount (PLRO)	$0.00
Reported Gap Discount	$0.00
Covered Plan Paid Amount (CPP)	$75.00
Non Covered Plan Paid Amount (NPP)	$0.00
Estimated Rebate at POS	$0.00
Vaccine Administration Fee	$0.00
Total Gross Covered Drug Cost Accumulator	$0.00
True Out-of-Pocket Accumulator	$0.00
Beginning Benefit Phase	N
Ending Benefit Phase	N

6. Example 5: EACS and LICS: Coverage Gap

6.1 Example 5

In 2015, the beneficiary is a Category 1 LI beneficiary who has paid a supplemental premium to enroll in Sunhealth's PBP. The plan has tiered cost-sharing of $10.00/$15.00/$30.00. The beneficiary has 2015 YTD gross covered drug costs of $7,062.00 and $3,800.00 in accumulated TrOOP. This plan extended the Initial Coverage Limit, or ICL to $4,500.00. The beneficiary purchases a covered Tier 1 generic drug. The total cost of the drug is $10.00. Therefore, the beneficiary stays in the Coverage Gap during this claim.

This example shows how the EACS and LICS apply to the Coverage Gap. As of January 1, 2014, Rule 4 no longer applies and Rule 3 applies until the beneficiary exceeds the Out of Pocket Threshold.

6.2 Step 1: Calculate the Non-LI Beneficiary Cost-Sharing

Begin by calculating the Non-LI Cost-Sharing Amount for a non-LI beneficiary.

The cost-sharing amount for a non-LI beneficiary is a $10.00 copay according to the tiered cost-sharing amounts.

6.3 Step 2: Determine LI Beneficiary Cost-Sharing

For Step 2, determine the LI beneficiary cost-sharing.

A Category 1 LI beneficiary pays a $2.65 copay in 2015 for a generic drug in the Coverage Gap Phase.

6.4 Step 3: Compare Non-LI and LI Beneficiary Cost-Sharing

Determine the beneficiary's cost-sharing by performing the "lesser of" test. Consider the appropriate amounts for the LI Beneficiary and Non-LI Cost-Sharing Amounts.

The LI Beneficiary Cost-Sharing amount, as calculated in Step 2, is $2.65.

The Non-LI Beneficiary cost-sharing amount, calculated in Step 1, is $10.00.

When comparing the Non-LI and LI Beneficiary Cost-Sharing using the "lesser of" test, we see that the LI Beneficiary Cost-Sharing of $2.65 is less than the Non-LI Beneficiary Cost-Sharing of $10.00.

6.5 Step 4: Apply LICS Formula

Consider the Non-LI Beneficiary Cost-Sharing amount. In Step 4, determine the LICS amount using the LICS Formula.

LICS Amount equals the difference between the Non-LI and LI Beneficiary Cost-Sharing Amounts.

Non-LI Beneficiary Cost-Sharing Amount ($10.00) minus LI Beneficiary Cost-Sharing Amount ($2.65) equals LICS Amount ($7.35).

As determined previously, the Non-LI Beneficiary Cost-Sharing is $10.00.

The maximum LI Beneficiary Cost-Sharing amount in 2015 is $2.65. Therefore the LICS amount equals $7.35.

6.6 Step 5: Calculate Covered Plan Paid (CPP) Amount

Consider the Gross Covered Drug Cost in the CPP calculation. Step 5 is to determine the CPP Amount. Because there is no Covered Plan Paid Cost-Sharing under Rule 3 in 2015, we need to also calculate the Non-Covered Plan Paid (NPP) Amount.

Consider the appropriate percentages for the CPP equation. Consider Patient Pay, LICS, and CPP amounts to determine the value reported in the NPP on the PDE record.

Gross Covered Drug Cost ($100.00) multiplied by the Plan's Cost-Sharing Percentage (0%) equals the CPP Amount ($0.00).

The Gross Covered Drug Cost is $10.00.

This claim falls in the EA plan's Coverage Gap. LI beneficiaries are not eligible for the Coverage Gap Discount and are, therefore, exempt from sponsor cost-sharing in the Coverage Gap Phase. The CPP field on the PDE record will be populated as $0.00.

Gross Covered Drug Cost ($10.00) minus the sum of the Patient pay Amount ($2.65) plus the LICS Amount ($7.35) plus the CPP Amount ($0.00) equals the NPP Amount ($0.00).

The Patient Pay Amount calculated in Step 4 is the LI Beneficiary Cost-Sharing Amount of $2.65.

The LICS Amount equals $7.35 and, as determined in the previous calculation, the total CPP Amount is $0.00. This means that the Total NPP Amount is also $0.00.

6.7 Step 6: Update Accumulators

The next step is to update the TGCDC and TrOOP Accumulators. The next PDE will increase the TGCDC Accumulator by the total cost of the drug, $10.00, to a total of $7,072.00.

6.8 Step 6: Update Accumulators (Continued)

The TrOOP Accumulator will update by the TrOOP eligible fields, which include the beneficiary's cost-sharing and the LICS Amount, totaling to $10.00. Therefore, the TrOOP Accumulator updates from $3,800.00 to $3,810.00.

6.9 Populate the PDE Record for Reporting

Now that all the calculations are complete, the PDE record is ready for population. Each row has been auto populated from the calculations performed in the previous six steps.

Please note that the TGCDC and TrOOP Accumulator values on this record reflect each value at the beginning of this claim. Each accumulator will update prior to the next claim processed by the plan.

As a reminder, the Beginning Benefit Phase and Ending Benefit Phase of the PDE record must be reported as the phases experienced by a non-LI beneficiary.

Table 8 – PDE Record

PDE Field	Total
Drug Coverage Status Code	C
Ingredient Cost Paid	$10.00
Dispensing Fee Paid	$0.00
Total Amount Attributed to Sales Tax	$0.00
Gross Drug Cost Below Out-of-Pocket Threshold (GDCB)	$10.00
Gross Drug Cost Above Out-of-Pocket Threshold (GDCA)	$0.00
Patient Pay Amount	$2.65
Other TrOOP Amount	$0.00
Low Income Cost-Sharing Subsidy Amount (LICS)	$7.35
Patient Liability Reduction Due to Other Payer Amount (PLRO)	$0.00
Reported Gap Discount	$0.00
Covered Plan Paid Amount (CPP)	$0.00
Non Covered Plan Paid Amount (NPP)	$0.00
Estimated Rebate at POS	$0.00
Vaccine Administration Fee	$0.00
Total Gross Covered Drug Cost Accumulator	$7,062.00
True Out-of-Pocket Accumulator	$3,800.00
Beginning Benefit Phase	G
Ending Benefit Phase	G

7. Example 6: EGWP in Deductible, LI Beneficiary, Beneficiary Cost-Sharing in DS is Less Than Cost-Sharing in EGWP

7.1 Example 6

The beneficiary is enrolled in an EGWP with no deductible. The Category 2 LI beneficiary has a $3.60 copay for brand drugs. The beneficiary purchases a $100.00 drug, which includes $95.00 ingredient cost and $5.00 Dispensing Fee. Prior to this claim, the TGCDC Accumulator is $200.00, and the TrOOP Accumulator is $170.00. The claim falls within the Deductible Phase of the Defined Standard benefit. Under the Other Health Insurance, or OHI benefit, the beneficiary does not have a deductible and has a $30.00 copay for this drug.

In this example, there are two options for PDE Reporting. Each step in this example labels which options apply: Option 1, Option 2, or both.

For Option 1, the plan applies the Other Health Insurance (OHI) benefit.

For Option 2, the plan does not apply the Other Health Insurance (OHI) benefit.

7.2 Calculating the LI Cost-Sharing

The steps needed to calculate and report EGWP claims can vary.

This particular claim uses four steps to calculate the necessary values for the PDE record. Note that in this example we will calculate all the appropriate values using both options. We will only use Step 3 in Option 1 when the plan applies the OHI benefit.

The first step in this example is to determine the beneficiary cost-sharing under the defined standard benefit.

Plans will populate the LICS Amount field with the amount they pay the pharmacy at the point of sale for an eligible beneficiary's cost-sharing. In the LICS Amount field, plans report the difference between the non-LI and LI cost-sharing which is the amount advanced by the plan at point of sale and ultimately subsidized by CMS. The LICS Amount is calculated using the LICS Amount Formula.

The third step is to calculate the Patient Liability Reduction due to Other Payer Amount (PLRO). This particular field contains the amount by which the patient's cost-sharing is reduced due to payments by the Other Health Insurance, which are excluded from TrOOP accumulation. The PLRO Amount is calculated by subtracting the Updated Patient Pay Amount, which is determined after applying the OHI benefit, from the Original Patient Pay Amount.

Lastly, plans should update the accumulators in preparation for adjudicating the next claim.

7.3 Step 1: Determine Beneficiary Cost-Sharing

Determine the Beneficiary Cost-Sharing in the Defined Standard Benefit.

For Step 1, determine the cost-sharing value in the Defined Standard Benefit for a non-LI beneficiary.

The value for this step is applicable to Options 1 and 2.

Because the beneficiary is still in the Deductible Phase at the beginning of the claim, if the beneficiary was in the Defined Standard plan, the non-LI beneficiary would pay $100.00.

7.4 Step 2: Determine LICS

Determine the LICS Based Upon the Patient Pay Compared to the LICS Amount. Determine the Non-LI Beneficiary Cost-Sharing Amount.

In Step 2 we determine the LICS Amount, based on the non-LI cost-sharing compared to the LI cost-sharing amount. The calculation for this is the difference between the Non-LI Beneficiary Cost-Sharing Amount in a Defined Standard plan and the Category 2 copay amount.

The calculation is applicable to Options 1 and 2.

Non-LI Beneficiary Cost-Sharing Amount ($100.00) minus LI Beneficiary Cost-Sharing Amount ($3.60) equals the LICS Amount ($96.40).

The Non-LI Beneficiary Cost-Sharing Amount, as determined in the previous step, is $100.00.

The LI Beneficiary Cost-Sharing Amount for a Category 2 beneficiary in 2015 is $3.60. This amount is considered the Original Patient Pay Amount. The difference between the Non-LI Beneficiary Cost-Sharing Amount and the LI Beneficiary Cost-Sharing Amount is $96.40.

7.5 Step 3: Determine PLRO Amount

Determine the PLRO Amount and Adjustment of the LICS Amount.

The calculations are applicable to Option 1.

Original Patient Pay Amount ($3.60) minus OHI Patient Pay Amount ($30.00) equals the PLRO Amount (-$26.40).

LICS Amount ($96.40) plus PLRO Amount (-$26.40) equals the Adjusted LICS Amount ($70.00).

The Original Patient Pay Amount, which is the LI Copay amount, is $3.60.

Under the OHI, the patient pays a $30.00 copay. Therefore, the PLRO Amount is -$26.40. Because the PLRO Amount is negative, the LICS Amount must be adjusted. To adjust the LICS Amount, add together the LICS and PLRO Amounts.

As calculated in Step 2, the LICS Amount is $96.40 added to $-26.40 as determined in the previous calculation. Therefore, the Adjusted LICS Amount is $70.00. Due to the adjustment of LICS, there is no longer any PLRO Amount. The PLRO field in this case will be $0.00.

7.6 Step 3: Determine PLRO Amount

In Option 2 the PLRO benefit is not applied, and the reported PLRO Amount on the PDE Record will be $0.00. The result calculated in Step 2 for LICS Amount remains $96.40, which was a product of the Non-LI Beneficiary Cost-Sharing Amount of $100.00 minus the LI beneficiary cost-sharing of $3.60.

In Option 2, the plan does not apply OHI, but only applies the Defined Standard Benefit.

In Option 2 the PLRO benefit is not applied and the reported PLRO Amount on the PDE Record will be $0.00.

The value for this step is applicable to Option 2.

7.7 Step 4: Update Accumulators

The next step is to update the TGCDC and TrOOP Accumulators. The TGCDC Accumulator will update by the total cost of the drug, which is $100.00 from $200.00 to $300.00.

The TGCDC Accumulator updates by the same amount for Options 1 and 2.

7.8 Step 4: Update Accumulators (Continued)

Original TrOOP Accumulator: $170.00The TrOOP Accumulator will update by the TrOOP eligible fields, which include the Patient Pay Amount and the LICS Amount, totaling to $100.00. Therefore, the TrOOP Accumulator updates from $170.00 to $270.00.

The TrOOP Accumulator updates by the same amount for Options 1 and 2.

7.9 Populate the PDE Record for Reporting

Now that all the calculations are complete, the PDE record is ready for population. Each row has been auto populated for both options from the calculations performed in the previous six steps.

Please note that the TGCDC and TrOOP Accumulator values on this record reflect each value at the beginning of this claim. Each accumulator will update prior to the next claim processed by the plan.

As a reminder, the Beginning Benefit Phase and Ending Benefit Phase of the PDE record must be reported as the phases experienced by a non-LI beneficiary.

Table 9 – PDE Record

PDE Fields	Total - Option 1	Total - Option 2
Drug Coverage Status Code	C	C
Ingredient Cost Paid	$95.00	$95.00
Dispensing Fee Paid	$5.00	$5.00
Total Amount Attributed to Sales Tax	$0.00	$0.00
Gross Drug Cost Below Out-of-Pocket Threshold (GDCB)	$100.00	$100.00
Gross Drug Cost Above Out-of-Pocket Threshold (GDCA)	$0.00	$0.00
Patient Pay Amount	$30.00	$3.60
Other TrOOP Amount	$0.00	$0.00
Low Income Cost-Sharing Subsidy Amount (LICS)	$70.00	$96.40
Patient Liability Reduction Due to Other Payer Amount (PLRO)	$0.00	$0.00
Reported Gap Discount	$0.00	$0.00
Covered Plan Paid Amount (CPP)	$0.00	$0.00
Non Covered Plan Paid Amount (NPP)	$0.00	$0.00
Estimated Rebate at POS	$0.00	$0.00
Vaccine Administration Fee	$0.00	$0.00
Total Gross Covered Drug Cost Accumulator	$200.00	$200.00
True Out-of-Pocket Accumulator	$170.00	$170.00
Beginning Benefit Phase	D	D
Ending Benefit Phase	D	D

8. Example 7: EGWP Straddles Deductible and ICP, LI Beneficiary Category 4

8.1 Example 7

The Category 4 beneficiary is enrolled in an EGWP and purchases a $100.00 drug, which includes $95.00 ingredient cost and $5.00 Dispensing Fee. There is no Vaccine Administration Fee. Prior to this claim, the TGCDC Accumulator is $53.00 and the TrOOP Accumulator is $53.00. The claim is completely within the Deductible Phase of the Defined Standard benefit. The OHI benefit has the same deductible as the Category 4 low income beneficiary, which is $66.00. The EGWP plan offers 20 percent coinsurance after the EGWP deductible is met.

In this example, there are two options for PDE Reporting. Each step in this example labels which options apply: Option 1, Option 2, or both.

For Option 1, the plan applies the Other Health Insurance (OHI) benefit.

For Option 1, the plan does not apply the Other Health Insurance (OHI) benefit.

8.2 Calculating the LI Cost-Sharing

The steps needed to calculate and report EGWP claims can vary.

This particular claim uses four steps to calculate the necessary values for the PDE record. Note that in this example we will calculate all the appropriate values using both options. We will only use Step 3 in Option 1 when the plan applies the OHI benefit.

The first step in this example is to determine the beneficiary cost-sharing under the defined standard benefit.

Plans will populate the LICS Amount field with the amount they pay the pharmacy at point of sale for an eligible beneficiary's cost-sharing. In the LICS Amount field, plans report the difference between the non-LI and LI cost-sharing which is the amount advanced by the plan at point of sale and ultimately subsidized by CMS. The LICS Amount is calculated using the LICS Amount Formula.

The third step is to calculate the Patient Liability Reduction due to Other Payer Amount (PLRO) amount. This particular field contains the amount by which the patient's cost-sharing is reduced due to payments by the Other Health Insurance, which are excluded from TrOOP accumulation. The PLRO Amount is calculated by subtracting the Updated Patient Pay Amount, which is determined after applying the OHI benefit, from the Original Patient Pay Amount.

Lastly, plans should update the accumulators in preparation for adjudicating the next claim.

8.3 Step 1: Determine Non-LI Beneficiary Cost-Sharing

For Step 1, determine the Non-LI Beneficiary Cost-Sharing amount in the Defined Standard Benefit. If the beneficiary were in a Defined Standard Plan, they would be in the Deductible Phase for the entire claim, and would pay $100.00.

This value for this step is applicable to Options 1 and 2.

8.4 Step 2: Determine LICS

For Step 2, determine the LICS Amount, which is calculated using the cost-sharing amount for a non-LI beneficiary and the cost-sharing amount for a LI beneficiary. First, determine how much of the drug cost falls in the Deductible Phase and the ICP.

The calculations are applicable to Options 1 and 2.

Category 4 LI Beneficiary Deductible ($66.00) minus TGCDC Accumulator ($53.00) equals Drug Cost in the Deductible Phase ($13.00). Total Cost of Drug ($100.00) minus Drug Cost in Deductible phase ($13.00) equals Drug Cots in ICP ($87.00).

The deductible in this plan for a Category 4 LI Beneficiary is $66.00.

The TGCDC Accumulator is $53.00. Therefore, the Drug Cost in the Deductible Phase is $13.00.

The Total Cost of the Drug for this scenario is $100.00. Therefore, the remaining drug costs falling in the ICP is $87.00.

8.5 Step 2: Determine LICS (Continued)

Now that we have determined how much of the claim falls in the Deductible and Initial Coverage Phases under the LI benefit, we can calculate the Category 4 LI Beneficiary Cost-Sharing in each phase. Consider the drug costs that fall in the Initial Coverage Phase for a Category 4 LI beneficiary.

The calculations are applicable to Options 1 and 2.

Drug Costs in the ICP ($87.00) multiplied by Category 4 LI Beneficiary Cost-Sharing Percentage in ICP (15%) equals Category 4 LI Beneficiary Cost-Sharing in ICP ($13.05).

Category 4 LI Beneficiary Cost-Sharing in Deductible Phase ($13.00) plus Category 4 LI Beneficiary Cost-Sharing in ICP ($13.05) equals Category 4 LI Beneficiary Total Cost-Sharing ($26.05)

The Drug Costs in the ICP is $87.00 as calculated in the previous step. Consider the LICS Copay Amount.

The Category 4 LI beneficiary pays 15% of the drug costs falling in the ICP, according to the 2015 Benefit Parameters. Therefore, the beneficiary pays $13.05 of the drug costs in the ICP. Consider the Category 4 LI Beneficiary Cost-Sharing in Deductible Phase.

The beneficiary is responsible for 100% of the drug costs that fall in the Deductible Phase up to a $66.00 deductible. As calculated earlier, $13.00 falls in the Deductible Phase. Therefore, the Category 4 LI Beneficiary Total Cost-Sharing for this claim is $26.05. This value is also referred to as the Original Patient Pay Amount.

8.6 Step 2: Determine LICS (Continued)

When determining the LICS Amount, consider the Drug Costs in the ICP.

The second part of Step 2 includes determining the LICS Amount, which is the difference between the Non-LI Beneficiary Cost-Sharing and the Category 4 LI Beneficiary Total Cost-Sharing Amounts. Consider the beneficiary's cost-sharing in the Deductible Phase.

The calculation is applicable to Options 1 and 2.

Non-LI Beneficiary Cost-Sharing Amount minus Category 4 LI Beneficiary Total Cost-Sharing Amount ($26.05) equals LICS Amount ($73.95).

The Non-LI Beneficiary Cost-Sharing Amount in this EGWP plan would be the amount of the drug that falls in the Deductible Phase, $100.00.

The Category 4 LI Beneficiary Total Cost-Sharing Amount of $26.05 is subtracted from the Non-LI Beneficiary Cost-Sharing Amount, resulting in the LICS Amount of $73.95.

8.7 Step 3: Determine PLRO Amount

Determine the PLRO Amount and Adjustment of the LICS Amount.

For this step, continue with Option 1 where the plan applies the OHI benefit and determines the PLRO Amount. To determine the PLRO Amount and adjust the LICS Amount if necessary, there are four calculations to perform. For the first calculation, begin by populating the Amount of Drug Cost in the ICP.

Amount of Drug Cost in ICP ($87.00) multiplied by Category 4 LI Beneficiary Cost-Sharing Percentage in ICP with OHI (20%) equals Category 4 LI Beneficiary Cost-Sharing in ICP with OHI ($17.40).

Category 4 LI Beneficiary Cost-Sharing in Deductible Phase ($13.00) plus Category 4 LI Beneficiary Cost-Sharing with ICP in OHI ($17.40) equals Category 4 LI Beneficiary Total Cost-Sharing with OHI ($30.40).

The Amount of Drug Cost in ICP is $87.00.

When the EGWP applies OHI, the beneficiary is responsible for 20% of the drug costs in the ICP. Therefore, when OHI is applied, the Beneficiary's Cost-Sharing in the ICP is $17.40.

As just calculated, the Beneficiary's Total Cost-Sharing with OHI is the sum of the Category 4 LI Beneficiary cost-sharing in the Deductible Phase and the cost-sharing in the ICP with OHI, which is

$13.00 plus $17.40. Therefore, the Category 4 LI Beneficiary Total Cost-Sharing with OHI is $30.40. This value is also referred to as the OHI Patient Pay Amount.

8.8 Step 3: Determine PLRO Amount (Continued)

For Option 1, determine the PLRO Amount and Adjustment of the LICS Amount.

Next let's determine the PLRO Amount. The PLRO Amount is the difference between the Original Patient Pay Amount and OHI Patient Pay Amount.

If the PLRO Amount is negative, the LICS Amount calculated in previous steps will have to be adjusted.

Original Patient Pay Amount ($26.05) minus OHI Patient Pay Amount ($30.40) equals PLRO Amount (-$4.35).

LICS Amount ($73.95) plus PLRO Amount (-$4.35) equals Adjusted LICS Amount ($69.60).

The Original Patient Pay Amount, is $26.05.

The OHI Patient Pay Amount is $30.40. Therefore, the PLRO Amount is -$4.35.

Because the PLRO Amount is negative, the LICS Amount will have to be adjusted. The LICS Amount before adjustment is $73.95. Therefore, the Adjusted LICS amount is $69.60.

8.9 Step 3: Determine PLRO Amount

The reported PLRO Amount will be $0.00 because the OHI benefit was not applied.

Now, let's move on to Step 3 for Option 2. In Option 2 the PLRO benefit is not applied and the reported PLRO Amount on the PDE Record will be $0.00.

8.10 Step 4: Update Accumulators

The next step is to update the TGCDC and TrOOP Accumulators. The TGCDC Accumulator will update by the total cost of the drug, which is $100.00, from $53.00 to $153.00.

The TGCDC Accumulator updates by the same amount for Options 1 and 2.

8.11 Step 4: Update TGCDC and TrOOP Accumulators (Continued)

The TrOOP Accumulator will update by the TrOOP eligible fields, which include the beneficiary's cost-sharing and the LICS Amount, totaling to $100.00. Therefore, the TrOOP Accumulator updates from $53.00 to $153.00.

The TGCDC Accumulator updates by the same amount for Options 1 and 2.

8.12 Populate the PDE Record for Reporting

Now that all the calculations are complete, the PDE Record is ready for population. Each row has been auto populated for both options from the calculations performed in the previous steps for both Options 1 and 2.

Please note that the TGCDC and TrOOP Accumulator values on this record reflect each value at the beginning of this claim. Each accumulator will update prior to the next claim processed by the plan.

As a reminder, the Beginning Benefit Phase and Ending Benefit Phase of the PDE record must be reported as the phases experienced by a non-LI beneficiary.

Table 10 – PDE Record

PDE Fields	Total - Option 1	Total - Option 2
Drug Coverage Status Code	C	C
Ingredient Cost Paid	$95.00	$95.00
Dispensing Fee Paid	$5.00	$5.00
Total Amount Attributed to Sales Tax	$0.00	$0.00
Gross Drug Cost Below Out-of-Pocket Threshold (GDCB)	$100.00	$100.00
Gross Drug Cost Above Out-of-Pocket Threshold (GDCA)	$0.00	$0.00
Patient Pay Amount	$30.40	$26.05
Other TrOOP Amount	$0.00	$0.00
Low Income Cost-Sharing Subsidy Amount (LICS)	$69.60	$73.95
Patient Liability Reduction Due to Other Payer Amount (PLRO)	$0.00	$0.00
Reported Gap Discount	$0.00	$0.00
Covered Plan Paid Amount (CPP)	$0.00	$0.00
Non Covered Plan Paid Amount (NPP)	$0.00	$0.00
Estimated Rebate at POS	$0.00	$0.00
Vaccine Administration Fee	$0.00	$0.00
Total Gross Covered Drug Cost Accumulator	$53.00	$53.00
True Out-of-Pocket Accumulator	$53.00	$53.00
Beginning Benefit Phase	D	D
Ending Benefit Phase	D	D

9. Resources

Table 11 - 2015 Defined Standard Benefit Parameters

BENEFIT PHASE	PARAMETERS TO DEFINE BENEFIT PHASE YEAR-TO-DATE (YTD) GROSS COVERED DRUG COSTS	PARAMETERS TO DEFINE BENEFIT PHASE YTD TROOP COSTS	BENEFICIARY COST-SHARING	PLAN LIABILITY
Deductible	less than or equal to $320.00	N/A	100% coinsurance	0%
Initial Coverage Phase	greater than $310.00 and less than or equal to $2,960.00	N/A	25% coinsurance	75%
Coverage Gap	greater than $2,960.00	less than or equal to $4,700.00	65% coinsurance for generic drugs 95% of Total Drug Cost – Gap Discount for brand drugs (includes 50% manufacturer discount and 45% beneficiary cost-sharing)	35% for generic drugs, 5% of ingredient cost and sales tax and 55% of dispensing fee and vaccine administration fee for brand drugs
Catastrophic Coverage Phase	N/A	greater than $4,700.00 (OOP threshold)	Greater of 5% coinsurance or $2.65/$6.60 (generic/brand) co-payment	Lesser of 95% or (Gross Covered Drug Cost - $2.65/$6.60)

This table is available as a reference for all examples in this module.

10. Assessment

10.1 Assessment

10.2 Question #1

In 2015, LI beneficiaries receive what percentage of Coverage Gap Discount Program cost-sharing?

The answer is 0%. LI beneficiaries are not eligible for the Coverage Gap Discount Program. Cost-sharing in the ICP and Coverage Gap Phases for LI beneficiaries has always been the same so there is no need to close the gap for LI beneficiaries.

10.3 Question #2

For all LI categories, if the applicable LI Cost-Sharing Amount is greater than the amount of cost-sharing that would be due under the PBP (standard or enhanced) for a beneficiary who is not LI, the beneficiary is only responsible for which amount?

In this scenario, the answer is, “Non-LI Cost-Sharing Amount.” The “lesser of” test is used to determine all LI co-pays and coinsurances as well as any deductible applicable to a Category 4 beneficiary. The LI beneficiary will be responsible for paying whichever is less, the LI or non-LI cost-sharing.

10.4 Question #3

The “lesser of” test applies equally to LI co-pays or coinsurances and Category 4 deductibles. When the PBP deductible is less than the Category 4 deductible, the Category 4 low income cost-sharing is a 15% coinsurance after the annual deductible under a plan. Is this statement True or False?

This is True. According to the LICS Amount formula, the Category 4 cost-sharing shall include whichever is less, the statutory Category 4 deductible or a lower deductible amount if provided under the PBP. In practice, this means that the LICS Amount formula shall not include a Category 4 deductible amount that is greater than that under the PBP.

Prescription Drug Event (PDE) Employer Group Waiver Plans (EGWPs) Computer Based Training (CBT) Text-Only Version

1. Introduction

1.1 Introduction

Welcome to the text-only version of the Part D Prescription Drug Event (PDE) Calculation and Reporting Computer Based Training (CBT) course. This course covers Employer Group Waiver Plans, known as EGWPs.

The purpose of this course is to provide the 2015 reporting rules for accurate submission of Prescription Drug Event records, known as PDE records for EGWPs.

1.2 Learning Objectives

By the end of this course, learners should be able to identify the reporting rules related to EGWPs applicable in 2015, calculate the appropriate values for the PDE record for EGWP examples, and populate the PDE record for each EGWP example.

1.3 PDE Reporting Guidance Related to EGWPs

Before we walk through calculating and reporting an EGWP PDE record, let's review some of the recent changes in guidance surrounding the PDE reporting of EGWPs.

Beginning January 1, 2014, CMS implemented a change to the definition of the Part D supplemental benefits in 42 CFR §423.100 that specifically excludes all supplemental benefits offered through EGWPs. The Part D component of EGWP prescription drug plans has been limited to the Defined Standard Benefit and all supplemental prescription drug benefits offered through EGWPs will be non-Medicare benefits.

CMS has limited the Part D component of EGWP prescription drug plans to the Defined Standard Benefit, and therefore EGWPs will no longer be subject to the enhanced alternative mapping rules.

EGWPs will treat additional EGWP benefits as Other Health Insurance or OHI. Accordingly, if the non-Medicare supplemental benefits provide supplemental gap coverage for applicable drugs, these benefits are OHI that apply after the Coverage Gap Discount is calculated.

In 2015, that would be the $320.00 deductible and $4,700.00 Out-Of-Pocket Threshold for Catastrophic Coverage.

1.4 Types of Drugs Covered

Before we go any further, we want to make clear what CMS means when referring to Applicable and Non-Applicable drugs. An Applicable drug meets the definition in the Social Security Act and will be referred to throughout the rest of the course as a brand drug. A Non-Applicable drug is a drug that does not meet the definition of an Applicable drug, is covered under a Part D plan's benefit package, and will be referred to as a generic drug throughout the rest of the course.

As defined in 42 CFR §423.100, an Applicable drug means a Part D drug that is:

(1)(i) Approved under a new drug application under §505(b) of the Federal Food, Drug, and Cosmetic (FDCA); or

(ii) In the case of a biological product, licensed under §351 of the Public Health Service Act (other than a product licensed under subsection (k) of such §351); and

(2)(i) If the PDP sponsor of the prescription drug plan or the MA organization offering the MA-PD plan uses a formulary, which is on the formulary of the prescription drug plan or MA-PD plan that the applicable beneficiary is enrolled in;

(ii) If the PDP sponsor of the prescription drug plan or the MA organization offering the MA-PD plan does not use a formulary, for which benefits are available under the prescription drug plan or MA-PD plan that the applicable beneficiary is enrolled in; or

(iii) Is provided to a particular applicable beneficiary through an exception or appeal for that particular applicable beneficiary.

Non-applicable drugs are covered Part D drugs that do not meet the definition of an applicable drug. Non-applicable drugs are subject to "generic" Coverage Gap cost-sharing.

1.5 Coverage Gap Discount Program - Applicable Beneficiary

As defined in 42 CFR §423.100, Applicable Beneficiaries are beneficiaries that are eligible for the Coverage Gap Discount Program.

An Applicable Beneficiary is an individual who, on the date of dispensing a covered Part D drug, is enrolled in a prescription drug plan or an MA-PD plan, is not enrolled in a qualified retiree prescription drug plan, is not entitled to an income-related subsidy under §1860D-14(a) of the Social Security Act, and has reached or exceeded the Initial Coverage Limit under §1860D-2(b)(3) of the Social Security Act during the year. An Applicable Beneficiary also has not incurred costs for covered Part D drugs in the year equal to the annual Out-Of-Pocket Threshold specified in §1860D-2(b)(4)(B) of the Social Security Act, and has a claim that is within the Coverage Gap, or straddles the initial coverage period and the Coverage Gap, or straddles the coverage gap and the annual Out-Of-Pocket Threshold, or Spans the Coverage Gap from the initial coverage period and exceeds the annual Out-Of-Pocket Threshold.

1.6 Cost-Sharing for Applicable Part D Drugs

The Affordable Care Act phases in a reduction in beneficiary cost-sharing in the Coverage Gap for applicable drugs through the Coverage Gap Discount Program and increased plan cost-sharing.

The objective is to reduce beneficiary cost-sharing to 25 percent by CY 2020 to provide a seamless defined standard benefit with 25 percent beneficiary cost-sharing after satisfying the deductible until the Out-Of-Pocket threshold is reached for basic benefit plans.

Table 1 highlights the changes in beneficiary and plan cost-sharing for applicable, or brand, drugs in the Coverage Gap through 2020.

Table 1: Cost-Sharing for Applicable Part D Drugs

Year	Manufacturer Cost-Sharing	Beneficiary Cost-Sharing	Plan Cost-Sharing
2011	50%	50%	0%
2012	50%	50%	0%
2013	50%	47.5%	2.5%
2014	50%	47.5%	2.5%
2015	50%	45%	5%
2016	50%	45%	5%
2017	50%	40%	10%
2018	50%	35%	15%
2019	50%	30%	20%
2020	50%	25%	25%

1.7 Cost-Sharing for Non-Applicable Part D Drugs

The Affordable Care Act also phases in a reduction in beneficiary cost-sharing in the Coverage Gap for non-applicable, or generic, drugs through increased plan cost-sharing. Generic drugs are not eligible for the Coverage Gap Discount, but are eligible for generic cost-sharing in the Coverage Gap Phase. This table highlights the changes in beneficiary and plan cost-sharing for generic, covered Part D drugs through 2020 for the basic benefit. There is no manufacturer cost-sharing for generic drugs. You will see that for the CY 2015 benefit year, the beneficiary cost-sharing amount is 65 percent, while the plan assumes 35 percent of the cost-sharing.

Table 2: Cost-Sharing For Non-Applicable Part D Drugs

Year	Beneficiary Cost- Sharing	Plan Cost-Sharing
2011	93%	7%
2012	86%	14%
2013	79%	21%
2014	72%	28%
2015	65%	35%
2016	58%	42%
2017	51%	49%
2018	44%	56%
2019	37%	63%
2020	25%	75%

1.8 CY 2015 Defined Standard Benefit Parameters (Excluding Low-Income Eligible Beneficiaries)

Now that we have talked about cost-sharing under the Coverage Gap Discount Program, let's take a look at the Defined Standard Benefit parameters for CY 2015 and the associated cost-sharing in each benefit phase.

Please note, this table only applies to Applicable beneficiaries and does not include Low-Income beneficiaries. The examples in this course use the CY 2015 parameters. However, the 2006 through 2014 values are provided in the Resources tab of the CBT.

Table 3: CY 2015 Defined Standard Benefit Parameters (Excluding Low-Income Eligible Beneficiaries)

Benefit Phase	Parameters to Define Benefit Phase Year-to-Date (YTD) Gross Covered Drug Costs	Parameters to Define Benefit Phase YTD TrOOP Costs	Beneficiary Cost-Sharing	Plan Liability
Deductible Phase	Less than or equal to $320.00	Less than or equal to $4,700.00	100% coinsurance	0%
Initial Coverage Phase	Greater than $320.00 and less than or equal to $2,960.00	Less than or equal to $4,700.00	25% coinsurance	75%
Coverage Gap Phase	Greater than $2,960.00	Less than or equal to $4,700.00	65% coinsurance for generic drugs 95% of Total Drug Cost – Coverage Gap Discount for brand drugs	35% for generic drugs 5% of ingredient cost and sales tax and 55% of dispensing fee and vaccine administration fee for brand drugs
Catastrophic Phase		Greater than $4,700.00 (OOP Threshold)	Greater of 5% coinsurance or $2.65/$6.60 (generic/brand) copayment	Lesser of 95% or (Gross Covered Drug Cost - $2.65/$2.60)

Benefit Phase

Benefit Phase represents the different phases of the benefit. The beneficiary will move through the phases based on the TGCDC and TrOOP Accumulators. It is important to know what phase of the benefit the claim falls in, because it determines the plan and beneficiary cost-sharing responsibilities.

Year-to-Date (YTD) Gross Covered Drug Costs is the sum of the beneficiary's covered drug costs for the benefit year.

Year-to-Date (YTD) TrOOP Costs is the sum of the beneficiary's incurred costs for the benefit year. This value is the sum of the Patient Pay Amount, Low-Income Cost- Sharing, Other TrOOP Amount, and Reported Gap Discount.

Year-to-Date (YTD) TrOOP Costs determines when the beneficiary reaches the Catastrophic Phase, regardless of YTD Gross Covered Drug Costs.

Deductible Phase

In the 2015 Defined Standard Benefit Parameters in the Deductible Phase, the Year-to-Date (YTD) Gross Covered Drug Cost is equal to or less than $320.00. The beneficiary assumes all cost-sharing during this phase. The beneficiary accumulates TrOOP during this phase.

Initial Coverage Phase

In the Initial Coverage Phase, the beneficiary's Year-to-Date Gross Covered Drug Cost is greater than $320.00 and less than or equal to $2,960.00. During this phase, the beneficiary pays 25% coinsurance, and the plan assumes 75% of the cost-sharing. The beneficiary continues to accumulate TrOOP to advance toward the Out-Of-Pocket Threshold.

Coverage Gap Phase

The Coverage Gap will be covered in more detail later in this document.

Catastrophic Phase

In the Catastrophic Phase, the Year-to-Date TrOOP costs have exceeded the Out-Of-Pocket threshold of $4,700.00. It is important to note that it is the TrOOP amount that determines when a beneficiary enters the Catastrophic Phase, not Gross Covered Drug Cost. In this phase, the beneficiary cost-sharing is the greater of 5% coinsurance or $2.65 for a generic drug co-payment or $6.60 for a brand drug co-payment. The plan liability is the lesser of 95% or Gross Covered Drug Cost minus $2.65 for a generic drug or $6.60 for a brand drug.

1.9 Straddle Claims

So far, we've reviewed the benefit phases and the parameters for each. There are times when the claim does not fit squarely in a particular phase. While there is not a specific example of this demonstrated here, you should know that in these cases, the claim will "straddle" phases; a portion of the claim falls into one phase, and the remaining values "spill over" into the next phase.

Straddle claims can occur when claims cross from the Deductible Phase to the Initial Coverage Phase, from the Initial Coverage Phase to the Coverage Gap Phase, and from the Coverage Gap Phase to the Catastrophic Phase.

Straddle claims can also occur across multiple phases such as from the Deductible Phase to the Coverage Gap Phase, or Initial Coverage Phase to the Catastrophic Phase.

1.10 2015 Special Reporting Rules for EGWPs

Before we start the calculating and reporting examples, we'll review the reporting rules unique to EGWPs.

Supplemental Coverage

As published in the CMS-4157-FC, released on April 12, 2012, EGWP Part D supplemental Coverage, EGWP supplemental coverage will be a non-Medicare benefit. As a result of this change, EGWPs will report supplemental coverage in the Patient Liability Reduction Due to Other Payer Amounts field, known as PLRO, as opposed to the Non-Covered Plan Paid field, or NPP, on the PDE record for Covered Part D drugs.

For PDE reporting, sponsors will follow the rules that apply for Defined Standard Benefit plans regarding cost-sharing, regardless of the benefit structure of the Other Health Insurance, referred to as the OHI benefit.

If the OHI plan does not have a deductible or changes the Initial Coverage Limit, referred to as ICL, for PDE reporting purposes, the sponsor reports the benefit phase parameters consistent with the Defined Standard Benefit parameters.

As for covering enhanced or supplemental drugs, only Enhanced Alternative plans can submit PDEs for enhanced drugs. Therefore, EGWPs will not submit PDEs with the Drug Coverage Status Code of "E" for supplemental drugs.

Coverage Gap Discount

Please note CMS expects sponsors with the knowledge of the OHI benefit at the time of adjudication to report it on PDEs.

Reporting EGWPs

The Advance Notice of Methodological Changes for Calendar Year (CY) 2014 for Medicare Advantage (MA) Capitation Rates, Part C and Part D Payment Policies and 2014 Call Letter provided guidance on how to report EGWP PDEs in which the OHI benefit would result in a greater beneficiary cost-sharing than the Defined Standard Benefit. The Advance Notice states that the PDE should reflect the actual point of sale incurred costs.

If the plan charges the beneficiary greater cost-sharing than the beneficiary would pay under the Defined Standard Benefit, the PDE would reflect what the patient paid at the point of sale in the Patient Pay Amount field, and the Patient Liability Reduction Due to Other Payer Amount field would have a negative amount.

Sponsors have the option to only apply the Defined Standard Benefit and not the OHI benefit.

1.11 Examples

Below are four examples to demonstrate how to accurately calculate the PDE records for EGWPs. It's important to note that each example in this course follows a separate set of steps to calculate each PDE record field. The steps used in each example are presented after the introduction of each scenario.

Once you complete all the examples, there will be an assessment section to test your knowledge.

2. Example 1

2.1 Example #1 -EGWP ICP, OHI Charges Higher Copay Than Defined Standard Benefit

This first example is an EGWP plan in the Initial Coverage Phase, where the OHI benefit charges a higher copay than the Defined Standard Benefit.

The $100.00 cost of the drug includes a $93.00 Ingredient Cost, $2.00 Dispensing Fee, and $5.00 sales tax. The Total Gross Covered Drug Cost, or TGCDC, Accumulator is $500.00, and the True Out-Of-Pocket, or TrOOP, Accumulator is $357.50. The claim falls within the Initial Coverage Phase. Under the OHI benefit, the beneficiary pays $30.00. The sponsor may only apply the Defined Standard Benefit, option 1, or the sponsor may apply both benefits, option 2.

This example illustrates the calculation for both options.

2.2 Calculating and Reporting EGWPs

For this example, there are four main steps to calculate the necessary values for an event in the Initial Coverage Phase for the PDE record.

The first step is to determine the beneficiary's cost-sharing. In this example, the OHI increases the beneficiary's cost-sharing.

The second step is to calculate the Covered Plan Paid (CPP) Amount.

The third step is to apply the Other Health Insurance (OHI) to determine the Patient Pay amount paid at the POS. The PLRO field contains the amount by which the patient cost-sharing is reduced due to payments by

OHI, which are excluded from TrOOP accumulation. The PLRO is calculated by subtracting the updated Patient Pay Amount, which is determined after applying the OHI benefit, from the Original Patient Pay amount.

The fourth step is to update the accumulators in preparation for adjudicating the next claim.

2.3 Step 1: Determine Beneficiary Cost-Sharing Under Part D (Option 1)

Now, let's begin this example by looking at option 1. Let's get started calculating the beneficiary's total coinsurance amount, which will also be referred to as the Original Patient Pay Amount.

The Beneficiary's Cost-Sharing Percentage is 25% in the ICP, according to the 2015 Benefit Parameters.

The sum of the Ingredient Cost ($93.00), Dispensing Fee ($2.00), and Sales Tax ($5.00) multiplied by the Beneficiary's Cost-Sharing Percentage (25%) equals the Beneficiary's Coinsurance under the Defined Standard Benefit ($25.00).

2.4 Step 2: Determine Covered Plan Paid (CPP) Amount (Option 1)

The first portion of Step 2 is to calculate the CPP amount for option 1. To calculate the CPP amount, multiply the total drug costs that fall in the Initial Coverage Phase by the Plan's Cost-Sharing Percentage in the Initial Coverage Phase under the Defined Standard Benefit.

The Plan's Cost-Sharing Percentage (75%) multiplied by the Total Drug Cost in the ICP ($100.00) equals the Total CPP Amount ($75.00).

The claim falls squarely in the ICP. Therefore, the Total Drug Cost of $100.00 is in the ICP. The plan pays the remaining $75.00 of the drug cost, which is reported in the Covered Plan Paid Amount field, known as CPP, on the PDE record.

2.5 Step 3: Apply OHI to Determine Patient Pay Amount Paid at the POS (Option 1)

We continue Step 2 by determining the PLRO Amount for the PDE record. The first portion of Step 2 in option 1 is to calculate the CPP Amount for the PDE record. In option 1 we examine the amounts the beneficiary would pay in the Defined Standard Benefit, and the OHI benefit is not applied. Therefore, there is no PLRO Amount in option 1.

2.6 Step 3: Update Accumulators (Option 1)

In option 1, after the claim is processed, the TGCDC Accumulator increases by $100.00, from $500.00 to $600.00. The TrOOP Accumulator increases by $25.00, from $357.50 to $382.50.

2.7 Step 1: Determine Beneficiary Cost-Sharing Under Part D (Option 2)

Now that we've calculated the appropriate values for option 1, let's take a look at option 2, which applies the Defined Standard Benefit and the OHI benefit. Because the OHI benefit is not applied until Step 3, the Beneficiary's Cost-Sharing under Part D and the Covered Plan Paid Amounts will be the same in Option 2 as Option 1.

As determined in Option 1, the Beneficiary's Cost-Sharing under the Defined Standard, before applying the OHI benefit, is $25.00.

2.8 Step 2: Determine CPP (Option 2)

Step 2 begins with calculating the CPP amount for option 1. To calculate the CPP Amount, multiply the Total Drug costs that fall in the Initial Coverage Phase by the Plan's Cost-Sharing Percentage in the Initial Coverage Phase under the Defined Standard Benefit.

The Plan Cost-Sharing Percentage (75%) multiplied by the Total Drug Cost in the ICP ($100.00) equals the Total CPP Amount ($75.00).

Therefore, the plan pays the remaining $75.00 of the drug cost, which is reported in the Covered Plan Paid Amount field, also known as CPP, on the PDE record.

2.9 Step 3: Apply OHI to Determine Patient Pay Amount Paid at the POS (Option 2)

Step 3 is to calculate the PLRO Amount. Because we've determined the Patient Pay Amount with OHI benefit, we have all the information we need to calculate the PLRO Amount. To determine the PLRO Amount, subtract the Patient Pay Amount based on the OHI benefit from the Original Patient Pay Amount based on the DS Benefit.

The Original Patient Pay Amount based on the DS Benefit and calculated in Step 1 of option 1 is $25.00. As stated in the scenario, under the OHI benefit, the beneficiary pays a $30.00 copay. When the OHI benefit is applied, the OHI copay is reported as the Patient Pay Amount on the PDE Record.

Therefore, the PLRO, which is the difference between the Original Patient Pay Amount and the Patient Pay Amount, is -$5.00.

2.10 Step 3: Update Accumulators (Option 2)

After the claim is processed, the TGCDC Accumulator increases by $100.00 from $500.00 to $600.00. The TrOOP Accumulator increases by $30.00 from $357.50 to $387.50.

2.11 Populate the PDE Record for Reporting

Now that all the calculations are complete, the PDE record is ready for population.

Please note that the TGCDC and TrOOP Accumulator values on this record reflect each value at the beginning of this claim. Each accumulator will update prior to the next claim processed by the plan.

Table 4: PDE Record for Example #1

PDE Fields	Value-Option 1	Value-Option 2
Drug Coverage Status Code	C	C
Ingredient Cost Paid	$93.00	$93.00
Dispensing Fee Paid	$2.00	$2.00
Total Amount Attributed to Sales Tax	$5.00	$5.00
Gross Drug Cost Below Out-Of-Pocket Threshold (GDCB)	$100.00	$100.00
Gross Drug Cost Above Out-Of-Pocket Threshold (GDCA)	$0.00	$0.00
Patient Pay Amount	$25.00	$30.00
Other TrOOP Amount	$0.00	$0.00
Low Income Cost-Sharing Subsidy Amount (LICS)	$0.00	$0.00
Patient Liability Reduction Due to Other Payer Amount (PLRO)	$0.00	-$5.00
Reported Gap Discount	$0.00	$0.00
Covered Plan Paid Amount (CPP)	$75.00	$75.00
Non Covered Plan Paid Amount (NPP)	$0.00	$0.00
Estimated Rebate at POS	$0.00	$0.00
Vaccine Administration Fee	$0.00	$0.00
Total Gross Covered Drug Cost Accumulator	$500.00	$500.00
True Out-Of-Pocket Accumulator	$357.50	$357.50
Beginning Benefit Phase	N	N
Ending Benefit Phase	N	N

3. Example 2

3.1 Example #2 - EGWP in Coverage Gap

This example demonstrates that the Coverage Gap Discount is applied first, before any secondary payer receives the claim.

The beneficiary is enrolled in an EGWP and purchases a $100.00 brand drug. The cost of the drug includes a $2.00 Dispensing Fee and a $98.00 Ingredient Cost. The TGCDC Accumulator is $3,000.00, and the TrOOP Accumulator is $1,052.50. The claim falls within the Coverage Gap Phase. Under the OHI benefit, the beneficiary pays $25.00.

3.2 Calculating and Reporting EGWPs

For this example, we will use seven steps to calculate the necessary values for the PDE record for an event in the Coverage Gap. Note, that except for PLRO, these same seven steps are used to calculate and populate the values for Defined Standard claims that fall in the Coverage Gap.

The first step determines the costs that fall in the Coverage Gap. Claims that begin and end in the Coverage Gap fall squarely in the Coverage Gap Phase. In the case of straddle claims, apply the dispensing fee and vaccine administration fee, to the greatest extent possible, outside the Coverage Gap Phase.

The next step is to determine the Discount Eligible Cost, which is the cost falling in the Coverage Gap, excluding supplemental benefits, Dispensing Fee, and Vaccine Administration Fees. The supplemental benefit is calculated after the Coverage Gap Discount is applied, if the plan provides such a benefit. The Dispensing Fee and Vaccine Administration Fee are included in the supplemental benefit to the extent the supplemental benefit equals or exceeds the Dispensing Fee and Vaccine Administration Fee.

The third step is to calculate the Coverage Gap Discount. Plans should multiply the Discount Eligible cost by the Manufacturer Discount Percentage of 50% to obtain the Coverage Gap Discount.

The fourth step is to determine the beneficiary's cost-sharing under Part D, without applying the OHI benefit.

Next, plans should calculate the Covered Plan Paid Amount to determine the portion of Plan Paid Cost-Sharing. In CY 2015, for applicable drugs under the Defined Standard benefit, the plan pays 5% of the Discount Eligible Cost, and 55% of any Dispensing Fee that falls in the Coverage Gap.

The next step is to apply the Other Health Insurance (OHI) to determine the Patient Pay amount paid at the POS. The PLRO field contains the amount by which the patient cost-sharing is reduced due to payments by OHI, which are excluded from TrOOP accumulation. The PLRO is calculated by subtracting the updated Patient Pay Amount, which is determined after applying the OHI benefit, from the Original Patient Pay amount

Lastly, plans should update the accumulators in preparation for adjudicating the next claim.

3.3 Step 1: Determine Costs that Fall in the Coverage Gap

For Step 1, we will determine how much of the claim falls in the Coverage Gap.

The TGCDC Accumulator is $3,000.00. The Initial Coverage Limit is $2,960.00, according to the 2015 Benefit parameters. The TrOOP is $1,052.50. The Out-Of-Pocket Threshold is $4,700.00. The total drug cost of $100.00 falls within the Coverage Gap, and therefore this claim falls squarely in the Gap.

3.4 Step 2: Determine Discount Eligible Cost

For Step 2, determine the Discount Eligible Cost by subtracting the Dispensing Fee from the Total Cost of the drug.

The Total Cost of the Drug is $100.00. The Dispensing Fee is $2.00. Therefore, the Discount Eligible Cost is $98.00.

3.5 Step 3: Calculate Coverage Gap Discount

For Step 3, calculate the Coverage Gap Discount by multiplying the Manufacturer Discount Percentage times the Discount Eligible Cost.

The Manufacturer's Cost-Sharing Percentage is 50%, according to the 2015 Benefit Parameters. The Discount Eligible Cost calculated in Step 2 is $98.00; therefore, the Coverage Gap Discount is $49.00.

3.6 Step 4: Determine Beneficiary Cost-Sharing Under Part D

After calculating the Coverage Gap Discount, Step 4 is to determine the Beneficiary's Cost-Sharing under Part D.

Note that the Beneficiary Cost-Sharing Amount, based on the Defined Standard benefit, is also referred to as the Original Patient Pay Amount.

The Beneficiary Cost-Sharing Percentage is 45%, according to the 2015 Benefit Parameters. The Ingredient Cost is $98.00. Therefore, the Beneficiary's Cost-Sharing for the Ingredient Cost in the Coverage Gap is $44.10. The Beneficiary Cost-Sharing Percentage of the Dispensing Fee in the Coverage Gap is 45%, according to the 2015 Benefit Parameters. The Dispensing Fee for the drug is $2.00. The Dispensing Fee is $2.00. Therefore, the Beneficiary's Cost-Sharing for the Dispensing Fee in the Coverage Gap is $0.90. The Original Patient Pay Amount, which is the Beneficiary's cost-sharing amount for the Coverage Gap, is $45.00.

3.7 Step 5: Determine Covered Plan Paid (CPP) Amount

The next step is to calculate the CPP Amounts. To do this, calculate the plan cost-sharing portion of the Discount Eligible Cost, which is the Negotiated price, and the Dispensing Fee for the drug. Begin by calculating the Plan's Cost-Sharing of the Discount Eligible Cost.

The Plan's Cost-Sharing Percentage is 5% of the discount eligible cost of the drug, according to the 2015 Benefit Parameters. This includes the ingredient cost and sales tax. The Discount Eligible Cost is $98.00. Therefore, the Plan Cost-Sharing for Ingredient Cost and Sales Tax in the Coverage Gap is $4.90. The Plan's Cost-Sharing Percentage for Dispensing Fee is 55%, according to the 2015 Benefit Parameters. The Dispensing Fee is $2.00. Therefore, the Plan's Cost-Sharing for Dispensing Fee in the Coverage Gap is $1.10. The Total Covered Plan Paid Amount is $6.00.

3.8 Step 6: Apply Other Health Insurance (OHI) to Determine Patient Pay Amount Paid at the POS

In this particular example, the beneficiary has an OHI payer, which reduces the Beneficiary Copay to $25.00. Therefore, the next step is to calculate the PLRO Amount portion of the Original Patient Pay Amount.

The Original Patient Pay Amount, calculated in the first part of Step 4, is $45.00. To determine PLRO, subtract the OHI patient pay amount from the original patient pay amount. In this example, the PLRO amount is $20.00.

3.9 Step 7: Update Accumulators

The last step is to determine what the updates to the TGCDC and TrOOP Accumulators will be at the start of the next claim.

After the claim is processed, the TGCDC Accumulator will increase by $100.00, the total cost of the drug, from $3,000.00 to $3,100.00. The TrOOP Accumulator will increase by $74.00, which is the sum of the Reported Coverage Gap Discount and the Patient Pay Amount, from $1,052.50 to $1,126.50.

3.10 Populate the PDE Record for Reporting

Now that all the calculations are complete, the PDE record is ready for population.

Please note that the TGCDC and TrOOP Accumulator values on this record reflect each value at the beginning of this claim. Each accumulator will update prior to the next claim processed by the plan.

Table 5: PDE Record for Example #2

PDE Fields	Value
Drug Coverage Status Code	C
Ingredient Cost Paid	$98.00
Dispensing Fee Paid	$2.00
Total Amount Attributed to Sales Tax	$0.00
Gross Drug Cost Below Out-Of-Pocket Threshold (GDCB)	$100.00
Gross Drug Cost Above Out-Of-Pocket Threshold (GDCA)	$0.00
Patient Pay Amount	$25.00
Other TrOOP Amount	$0.00
Low Income Cost-Sharing Subsidy Amount (LICS)	$0.00
Patient Liability Reduction Due to Other Payer Amount (PLRO)	$20.00
Reported Gap Discount	$49.00
Covered Plan Paid Amount (CPP)	$6.00
Non Covered Plan Paid Amount (NPP)	$0.00
Estimated Rebate at POS	$0.00
Vaccine Administration Fee	$0.00
Total Gross Covered Drug Cost Accumulator	$3,000.00
True Out-Of-Pocket Accumulator	$1,052.50
Beginning Benefit Phase	G
Ending Benefit Phase	G

4. Example 3

4.1 Example #3 – EGWP in Deductible Phase, Non-Low Income Beneficiary

This example demonstrates how to report an EGWP PDE that falls within the deductible phase.

In 2015, a beneficiary is enrolled in an EGWP and purchases a $100.00 drug, which includes $95.00 Ingredient Cost and $5.00 Dispensing Fee. Prior to this claim, the TGCDC Accumulator is $200.00, and the TrOOP Accumulator is $170.00. The claim falls within the Deductible Phase of the Defined Standard Benefit. Under the Other Health Insurance (OHI) benefit, the beneficiary does not have a deductible and has a $30.00 copay for this drug.

4.2 Calculating and Reporting EGWPs

For this example, there are four steps to calculate the necessary values for the PDE record.

The first step is to determine the beneficiary's cost-sharing in the Defined Standard benefit. The second step is to calculate the Covered Plan Paid (CPP) Amount. The third step is to apply the Other Health Insurance (OHI) to determine the Patient Pay amount paid at the POS. The PLRO field contains the amount by which the patient cost-sharing is reduced due to payments by OHI, which are excluded from TrOOP accumulation. The PLRO is calculated by subtracting the updated Patient Pay Amount, which is determined after applying the OHI benefit, from the Original Patient Pay amount. The fourth step is to update the accumulators in preparation for adjudicating the next claim.

4.3 Step 1: Determine Beneficiary Cost-Sharing Under Part D

Now, let's begin this example by calculating the beneficiary's cost-sharing amount.

The first step is to determine the beneficiary's cost-sharing amount. Under the Defined Standard Benefit, the beneficiary would be in the Deductible Phase, paying $100.00, which includes $95.00 ingredient cost and $5.00 dispensing fee. With the Other Health Insurance benefit, the beneficiary does not have a deductible phase and only pays a $30.00 copay.

4.4 Step 2: Determine CPP

Next, determine the Covered Plan Paid (CPP) Amount. Because the claim falls within the Defined Standard Plan's Deductible Phase, the CPP is zero dollars.

4.5 Step 3: Apply OHI to Determine Patient Pay Amount Paid at the POS

In this step, determine the Patient Liability Reduction due to Other Payer (PLRO) Amount. In this particular example, the beneficiary has an OHI payer, which reduced the Beneficiary Copay to $30.00. Therefore, we need to calculate the PLRO Amount portion of the Original Patient Pay Amount.

To determine the PLRO, subtract the OHI Patient Pay Amount of $30.00 from the Original Patient Pay Amount, which is $100.00. In this example, the PLRO Amount is $70.00.

4.6 Step 4: Update Accumulators

The last step is to determine what the updates to TGCDC and TrOOP Accumulators will be at the start of the next claim.

The TGCDC Accumulator increases by $100.00, the total cost of the drug. Therefore, the TGCDC Accumulator will be $300.00 at the start of the next claim.

The TrOOP Accumulator increases by $30.00, the Beneficiary's Cost-Sharing Amount. Therefore, the TGCDC Accumulator will be $200.00 at the start of the next claim.

4.7 Populate the PDE Record for Reporting

Now that all the calculations are complete, the PDE record is ready for population.

Please note that the TGCDC and TrOOP Accumulator values on this record reflect each value at the beginning of this claim. Each accumulator will update prior to the next claim processed by the plan.

Table 6: PDE Record for Example #3

PDE Fields	Value
Drug Coverage Status Code	C
Ingredient Cost Paid	$95.00
Dispensing Fee Paid	$5.00
Total Amount Attributed to Sales Tax	$0.00
Gross Drug Cost Below Out-Of-Pocket Threshold (GDCB)	$100.00
Gross Drug Cost Above Out-Of-Pocket Threshold (GDCA)	$0.00
Patient Pay Amount	$30.00
Other TrOOP Amount	$0.00
Low Income Cost-Sharing Subsidy Amount (LICS)	$0.00
Patient Liability Reduction Due to Other Payer Amount (PLRO)	$70.00
Reported Gap Discount	$0.00
Covered Plan Paid Amount (CPP)	$0.00
Non Covered Plan Paid Amount (NPP)	$0.00
Estimated Rebate at POS	$0.00
Vaccine Administration Fee	$0.00
Total Gross Covered Drug Cost Accumulator	$200.00
True Out-Of-Pocket Accumulator	$170.00
Beginning Benefit Phase	D
Ending Benefit Phase	D

5. Example 4

5.1 Example #4 - EGWP Plan in the Initial Coverage Phase

In 2015, the beneficiary is enrolled in an EGWP and purchases a $100.00 drug, which includes a $93.00 Ingredient Cost, $2.00 Dispensing Fee, and $5.00 Sales Tax. Prior to this claim, the TGCDC Accumulator is $500.00, and the TrOOP Accumulator is $475.00; therefore, the claim falls within the Initial Coverage Phase. Under the OHI benefit, the beneficiary pays $5.00.

5.2 Calculating and Reporting EGWPs

For this example, there are four steps to calculate the necessary values for the PDE record.

The first step is to determine the beneficiary's cost-sharing in the Defined Standard benefit. The second step is to calculate the Covered Plan Paid (CPP) Amount. The third step is to apply the Other Health Insurance (OHI) to determine the Patient Pay amount paid at the POS. The PLRO field contains the amount by which the patient

cost-sharing is reduced due to payments by OHI, which are excluded from TrOOP accumulation. The PLRO is calculated by subtracting the updated Patient Pay Amount, which is determined after applying the OHI benefit, from the Original Patient Pay amount.

The fourth step is to update the accumulators in preparation for adjudicating the next claim.

5.3 Step 1: Determine Beneficiary Cost-Sharing Under Part D

The first step is to determine the beneficiary's cost-sharing amount. Under the Defined Standard Benefit, the beneficiary would pay $25.00. The Original Patient Pay Amount is $25.00.

5.4 Step 2: Determine CPP

For Step 2, we will determine the Covered Plan Paid (CPP) Amount. Because this claim is in the Initial Coverage Phase, we will calculate the CPP Amount according to the 2015 parameters. The CPP is 75% of the total drug cost of $100.00, or $75.00.

5.5 Step 3: Apply OHI to Determine Patient Pay Amount Paid at the POS

As stated in the scenario, under OHI benefit, the beneficiary pays a $5.00 copay. When the OHI benefit is applied, the OHI copay is reported as the Patient Pay Amount on the PDE Record.

The original patient pay amount is $25.00. To determine the PLRO amount, subtract the OHI Beneficiary Cost-Sharing Amount, $5.00, from the Original Patient Pay Amount, $25.00. This totals to $20.00.

5.5 Step 4: Update Accumulators

In the last step, we will determine the updates to the TGCDC and TrOOP Accumulators for the next claim.

After the claim is processed, the TGCDC Accumulator increases by $100.00, from $500.00 to $600.00. The TrOOP Accumulator increases by $5.00, from $475.00 to $480.00.

5.6 Populate the PDE Record for Reporting

Now that we have completed all the calculations, the PDE record is ready for population.

Please note that the TGCDC and TrOOP Accumulator values on this record reflect each value at the beginning of this claim. Each accumulator will update prior to the next claim processed by the plan.

Table 7: PDE Record for Example #4

PDE Fields	Value
Drug Coverage Status Code	C
Ingredient Cost Paid	$93.00
Dispensing Fee Paid	$2.00
Total Amount Attributed to Sales Tax	$5.00
Gross Drug Cost Below Out-Of-Pocket Threshold (GDCB)	$100.00
Gross Drug Cost Above Out-Of-Pocket Threshold (GDCA)	$0.00
Patient Pay Amount	$5.00
Other TrOOP Amount	$0.00
Low Income Cost-Sharing Subsidy Amount (LICS)	$0.00
Patient Liability Reduction Due to Other Payer Amount (PLRO)	$20.00
Reported Gap Discount	$0.00
Covered Plan Paid Amount (CPP)	$75.00
Non Covered Plan Paid Amount (NPP)	$0.00
Estimated Rebate at POS	$0.00
Vaccine Administration Fee	$0.00
Total Gross Covered Drug Cost Accumulator	$500.00
True Out-Of-Pocket Accumulator	$475.00
Beginning Benefit Phase	N
Ending Benefit Phase	N

6. Assessment

6.1 Assessment

Welcome to the assessment section for the EGWPs course.

6.2 Question #1

Is it true or false that in 2015, EA Mapping Rule 3 is applied before OH when calculating and reporting an EGWP claim?

This is false. EA Mapping Rules do not apply to EGWPs as of January 1, 2014. EGWPs are to follow Defined Standard benefit reporting rules.

6.3 Question #2

What does it mean when there is a negative PLRO on a PDE record for an OHI claim? Does this mean:

a. that the beneficiary was charged less than the statutory maximum cost-sharing amount,
b. that the record is for an LI beneficiary,
c. that the beneficiary was charged greater than the statutory maximum cost-sharing amount, or
d. that the OHI benefit was not applied?

If the PDE record has a negative PLRO value on an OHI claim, the beneficiary was charged greater than the statutory maximum cost-sharing amount.

6.4 Question #3

For the last question, note that the Patient Liability Reduction due to Other Payer Amount (PLRO) field contains the amount by which the patient cost-sharing is reduced due to payments by the Other Health Insurance, which are excluded from TrOOP accumulation.

Is it true or false that the PLRO is calculated by subtracting the Updated Patient Pay Amount, which is determined after applying the OHI benefit, from the CPP field?

This is true. PLRO is calculated by subtracting the Updated Patient Pay Amount, which is determined after applying the OHI benefit, from the Original Patient Pay Amount.