

## **Cost Plan Policy Issue**

### **04-003**

#### **Question**

Can a cost plan claim administrative costs related to the drug card on its cost report?

#### **Answer**

No. Cost HMOs are just like any other drug card sponsor in so far as they are permitted to charge up to \$30 as an annual enrollment fee for a Medicare-endorsed drug card that they sponsor. This annual enrollment fee is to cover 100% of administrative costs related to the endorsed drug card. No other administrative charges are permitted. A cost HMO may sponsor a drug card and either waive the annual enrollment fee or not charge the full \$30. However, any unmet costs related to such a drug card are not recoverable and must not appear on the cost report.

If someone else sponsors a drug card and a Cost HMO co-brands or markets that other card to its cost HMO enrollees, then such a drug card is a VAIS. No charges for such a "co-branded" card are permitted on the cost report.