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CENTER FOR MEDICARE AND MEDICAID INNOVATION

DATE: April 6, 2026

TO: All Part D Sponsors

FROM: Nicholas Minter, Acting Director, Seamless Care Models Group, Center for Medicare & Medicaid Innovation

SUBJECT: Contract Year (CY) 2027 Better Approaches to Lifestyle and Nutrition for Comprehensive hHealth (BALANCE) Model Prescription Drug Event (PDE) Reporting Examples

The Centers for Medicare & Medicaid Services (CMS) is providing Prescription Drug Event (PDE) reporting examples to Part D sponsors that intend to participate in the BALANCE model. This guidance specifically provides relevant information and technical examples for reporting Deductible Phase PDEs for model drugs, which was not directly addressed in the “Contract Year 2027 BALANCE Model Prescription Drug Event Reporting and Bid Submission Guidance” Health Plan Management System (HPMS) memorandum published on March 10, 2026. For general information and participation specifications about the BALANCE model, applicants are encouraged to refer to information on the participation specifications for CY 2027 which can be found in the CY 2027 Part D RFA.

Participating plans must ensure beneficiaries pay no more than the GLP-1 discounted price (as defined in Appendix C of the CY 2027 Part D RFA) plus a dispensing fee and sales tax (as applicable) for a model drug in the Deductible Phase.¹ As a general rule, beneficiaries can pay no more than this amount for a model drug at any point in the Part D benefit, but this rule is particularly relevant when a beneficiary is in the Deductible Phase because plans are not required to waive the deductible as a requirement for participation in the BALANCE model. To facilitate this requirement, CMS will require model participants to apply a rebate at the point of sale (POS) and reduce the total drug cost used to calculate cost-sharing when specific criteria, detailed below, are met.

¹ The price the participating manufacturer agrees to offer to all participating Part D plans net of all applicable discounts, rebates, and other price concessions for one month supply of an eligible model drug for CY 2027 is \$245.00. The net price (including discounts available through the Manufacturer Discount Program [MDP]) equals the prices specified in Appendix C of the CY 2027 RFA which includes the complete list of model drugs.

A rebate must be applied at the POS to a model drug when:

$$\text{GLP-1 discounted price} + \text{Dispensing Fee Paid} + \text{Total Amount Attributed to Sales Tax} + \text{True Out-of-Pocket (TrOOP) Accumulator} \leq \text{annual Defined Standard (DS) deductible}$$

When this condition is met, the rebate must reduce the ingredient cost to the 340B-adjusted GLP-1 discounted price (calculated as shown in the following PDE examples). The rebate amount must be reported in a new Inbound/Outbound PDE field titled “**Facilitated Direct and Indirect Remuneration at POS Amount (FADPOSA)**”.² This field will be conceptually similar to the Estimated Remuneration at POS Amount (ERPOSA) PDE field in that it reduces the POS price. FADPOSA differs in that it is an actual rebate amount required to be applied at the POS, rather than an estimate, and plans will not include these amounts in annual Direct and Indirect Remuneration (DIR) reporting for Part D Reconciliation. FADPOSA must not be used outside of this specific deductible scenario.

The amount reported in the FADPOSA field will be incorporated into the Facilitated Direct and Indirect Remuneration (FAD) calculation invoiced to manufacturers quarterly. CMS will use the following formula when calculating FAD and will return this amount to plans on the Outbound PDE file:

$$0.95^3 * (\text{Ingredient Cost Paid} - \text{GLP-1 discounted price} - \text{Reported Manufacturer Discount} + \text{FADPOSA})$$

In addition, when a facilitated rebate is not applied at the POS because the claim straddles into the DS Initial Coverage Phase (ICP), a plan must cap the ICP copay to ensure beneficiaries never pay more than the GLP-1 discounted price plus a dispensing fee and sales tax (as applicable).

This document is organized into two sections that contain PDE examples for calculating and reporting claims for model drugs submitted by Enhanced Alternative (EA) Plans and Employer Group Waiver Plans (EGWPs) (Section 1), and calculating and reporting claims for model drugs submitted by Actuarially Equivalent (AE) and Basic Alternative (BA) plans (Section 2).

The following PDE examples use the CY 2027 benefit parameters.⁴ Please direct questions regarding this memo to BALANCEModel@cms.hhs.gov.

² CMS will publish additional information regarding updates to the PDE file layouts at a later date.

³ As noted in the “Contract Year 2027 BALANCE Model Prescription Drug Event Reporting and Bid Submission Guidance” HPMS memorandum published on March 10, 2026, the rebates payable under the model will be adjusted downward by an amount not to exceed 5%, to account in part for the extent to which participating manufacturers will be paying model-associated rebates on units purchased by covered entities participating in the 340B Drug Pricing Program at discounted prices. In CY2027, due to operational constraints, the 340B Adjustment will be a flat five percent adjustment rather than an amount based on the actual share of units purchased by covered entities. This may vary in future years of the BALANCE Model.

⁴ See the Advance Notice of Methodological Changes for Calendar Year (CY) 2027 for Medicare Advantage (MA) Capitation Rates and Part C and Part D Payment Policies.

PDE Examples:

Section 1 – Calculating and Reporting Model Drugs for EA Plans and EGWPs

- Example #1: EA Plan – Model Drug in the Deductible Phase with a Reduced Plan Deductible and FADPOSA is Applied
- Example #2: EGWP – Model Drug in the DS Deductible Phase with a Reduced OHI Deductible and FADPOSA is Applied
- Example #3: EA Plan – Model Drug in the Plan’s ICP that Straddles the DS Deductible Phase to ICP and FADPOSA is not Applied
- Example #4: EGWP – Model Drug that Straddles the DS Deductible Phase and the ICP where the ICP Copay is Capped and FADPOSA is not Applied

Section 2 – Calculating and Reporting Model Drugs for AE Plans and BA Plans

- Example #5: AE Plan – Model Drug in the Deductible Phase and FADPOSA is Applied
- Example #6: BA Plan – Model Drug that Straddles the Deductible Phase and ICP where the ICP Copay is Capped and FADPOSA is not Applied

Section 1 – Calculating and Reporting Model Drugs for EA Plans and EGWPs

The reporting concepts for the examples in this section can be used for both plan types interchangeably, with the exception that EA plans must report the benefit phase indicators in alignment with the plan-defined phase and EGWPs must report the benefit phase indicators in alignment with the DS benefit.

Example #1: EA Plan – Model Drug in the Deductible Phase with a Reduced Plan Deductible and FADPOSA is Applied

This example demonstrates how to report a PDE when a beneficiary in an EA plan purchases a \$685.00 (\$675.00 ingredient cost, \$10.00 dispensing fee) model drug for a one-month supply that falls entirely within the DS Deductible Phase. When the claim adjudication begins, the TGDCD Accumulator is \$0.00, and the TrOOP Accumulator is \$0.00. This EA plan has reduced the deductible to \$300.00. Using the FADPOSA application formula, the plan determines that FADPOSA must be applied to this PDE ($\$245.00 + \$10.00 + \$0.00 + \$0.00 \leq \$700.00$).

A FADPOSA amount of \$408.50 ($0.95 * (\$675.00 - \$245.00)$) is applied to reduce the ingredient cost to the 340B-adjusted GLP-1 discounted price of \$266.50, resulting in a total drug cost of \$276.50 that is used to calculate PDE values.

The plan reports the benefit phase indicators in alignment with the plan-defined phases; the Deductible is the beginning and ending benefit phase. The remaining TrOOP amount required for the beneficiary to meet the definition of an applicable beneficiary and be eligible for the Discount Program is calculated by subtracting the TrOOP Accumulator from the DS deductible amount and is \$700.00 (\$700.00 - \$0.00).

The delta⁵ TrOOP on this claim is the greater of beneficiary liability under the DS benefit or beneficiary liability under the plan's benefit design. Under the plan's benefit design, the beneficiary pays 100% of the drug cost up to the GLP-1 discounted price plus dispensing fee until the plan-defined deductible is met ($\$255.00 * 1.00$), which equals \$255.00. Under the DS benefit, the beneficiary pays 100% of the drug cost up to the GLP-1 discounted price + dispensing fee until the DS deductible is met ($\$255.00 * 1.00$), which equals \$255.00. Therefore, delta TrOOP on this PDE is equal to \$255.00, which does not exceed the \$700.00 of remaining TrOOP required for the beneficiary to be eligible for the Discount Program. Therefore, a manufacturer discount is not calculated for this claim. CPP for model drugs in the DS Deductible Phase with FADPOSA is equal to the total drug cost minus the GLP-1 discounted price plus the dispensing fee ($\$276.50 - (\$245.00 + \$10.00) = \21.50). NPP is calculated as the total drug cost minus Reported Manufacturer Discount, Patient Pay Amount, and CPP ($\$276.50 - \$0.00 - \$255.00 - \21.50), which equals \$0.00. The plan populates the Part D Model Indicator with '02'.

CMS calculates FAD as \$408.50 ($0.95 * (\$266.50 - \$245.00 - \$0.00 + \$408.50)$) and returns this amount to the plan on the Outbound PDE file.

After the claim is processed, the TGCDC Accumulator and the TrOOP Accumulator increase by \$255.00. The table below illustrates how the Part D sponsor would populate the PDE record.

PDE Field	Value
Drug Coverage Status Code	C
Part D Model Indicator	02
Ingredient Cost Paid	\$266.50
Dispensing Fee Paid	\$10.00
Total Amount Attributed to Sales Tax	\$0.00
Vaccine Administration Fee or Additional Dispensing Fee	\$0.00
Facilitated Direct and Indirect Remuneration at POS Amount (FADPOSA)	\$408.50
Gross Drug Cost Below Out-of-Pocket Threshold (GDCB)	\$276.50
Gross Drug Cost Above Out-of-Pocket Threshold (GDCA)	\$0.00
Patient Pay Amount	\$255.00
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
Covered D Plan Paid Amount (CPP)	\$21.50

⁵ Delta TrOOP is defined as total TrOOP-eligible costs that are accrued on the individual PDE being reported, excluding the TrOOP Accumulator value, and represents the change in TrOOP from the preceding PDE.

Non Covered Plan Paid Amount (NPP)	\$0.00
Selected Drug Subsidy	\$0.00
Reported Manufacturer Discount	\$0.00
Total Gross Covered Drug Cost (TGCDC) Accumulator	\$0.00
True Out-of-Pocket (TrOOP) Accumulator	\$0.00
Beginning Benefit Phase	D
Ending Benefit Phase	D

Example #2: EGWP – Model Drug in the DS Deductible Phase with a Reduced OHI Deductible and FADPOSA is Applied

This example demonstrates how to report a PDE when a beneficiary in an EGWP purchases a \$1,010.00 (\$1,000.00 ingredient cost, \$10.00 dispensing fee) model drug for a one-month supply that falls entirely within the DS Deductible Phase. When the claim adjudication begins, the TGCDC Accumulator is \$444.00, and the TrOOP Accumulator is \$444.00. This plan has a \$150.00 deductible and a \$50.00 copay for this model drug. Using the FADPOSA application formula, the plan determines that FADPOSA must be applied to this PDE ($\$245.00 + \$10.00 + \$0.00 + \$444.00 \leq \$700.00$).

A FADPOSA amount of \$717.25 ($0.95 * (\$1,000.00 - \$245.00)$) is applied to reduce the ingredient cost to the 340B-adjusted GLP-1 discounted price of \$282.75, resulting in a total drug cost of \$292.75 that is used to calculate PDE values.

The plan reports the benefit phase indicators in alignment with the DS benefit; the Deductible is the beginning and ending benefit phase. The remaining TrOOP amount required for the beneficiary to meet the definition of an applicable beneficiary and be eligible for the Discount Program is calculated by subtracting the TrOOP Accumulator from the DS deductible amount and is \$256.00 ($\$700.00 - \444.00).

The delta TrOOP on this claim is the greater of beneficiary liability under the DS benefit or beneficiary liability under the EGWP OHI benefit. Under the EGWP OHI benefit, the beneficiary pays a \$50.00 copay for this model drug in the plan's ICP (the beneficiary has already met their \$150.00 plan-defined deductible). Under the DS benefit, the beneficiary pays 100% of the drug cost up to the GLP-1 discounted price plus dispensing fee until the DS deductible is met ($\$255.00 * 1.00$), which equals \$255.00. Therefore, delta TrOOP on this PDE is equal to \$255.00, which does not exceed the \$256.00 of remaining TrOOP required for the beneficiary to be eligible for the Discount Program. Therefore, a manufacturer discount is not calculated for this claim. Because the DS plan liability is 0% in the Deductible Phase, CPP for model drugs in the DS Deductible Phase with FADPOSA is equal to the total drug cost minus the GLP-1 discounted price plus the dispensing fee ($\$292.75 - (\$245.00 + \$10.00) = \37.75). NPP is calculated as the total drug cost minus Reported Manufacturer Discount, Patient Pay Amount, and CPP ($\$292.75 - \$0.00 - \$50.00 - \37.75), which equals \$205.00. The plan populates the Part D Model Indicator with '02'.

CMS calculates FAD as \$717.25 (0.95 * (\$282.75 - \$245.00 - \$0.00 + 717.25)) and returns this amount to the plan on the Outbound PDE file.

After the claim is processed, the TGCDC Accumulator and the TrOOP Accumulator increase by \$255.00. The table below illustrates how the Part D sponsor would populate the PDE record.

PDE Field	Value
Drug Coverage Status Code	C
Part D Model Indicator	02
Ingredient Cost Paid	\$282.75
Dispensing Fee Paid	\$10.00
Total Amount Attributed to Sales Tax	\$0.00
Vaccine Administration Fee or Additional Dispensing Fee	\$0.00
Facilitated Direct and Indirect Remuneration at POS Amount (FADPOSA)	\$717.25
Gross Drug Cost Below Out-of-Pocket Threshold (GDCB)	\$292.75
Gross Drug Cost Above Out-of-Pocket Threshold (GDCA)	\$0.00
Patient Pay Amount	\$50.00
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
Covered D Plan Paid Amount (CPP)	\$37.75
Non Covered Plan Paid Amount (NPP)	\$205.00
Selected Drug Subsidy	\$0.00
Reported Manufacturer Discount	\$0.00
Total Gross Covered Drug Cost (TGCDC) Accumulator	\$444.00
True Out-of-Pocket (TrOOP) Accumulator	\$444.00
Beginning Benefit Phase	D
Ending Benefit Phase	D

Example #3: EA Plan – Model Drug in the Plan’s ICP that Straddles the DS Deductible Phase to ICP and FADPOSA is not Applied

This example demonstrates how to report a PDE when a beneficiary in an EA plan purchases a \$1,810.00 (\$1,800.00 ingredient cost, \$10.00 dispensing fee) model drug for a three-month supply that straddles from the DS Deductible Phase to the ICP. When the claim adjudication begins, the TGCDC Accumulator is \$350.00, and the TrOOP Accumulator is \$350.00. This plan does not have a deductible and has a \$140.00 copay in the ICP for a three-month supply of this model drug. Using the FADPOSA application formula, the plan determines that FADPOSA must *not* be applied to this PDE ($\$735.00 + \$10.00 + \$0.00 + \$350.00 > \$700.00$).

The plan reports the benefit phase indicators in alignment with the plan-defined phases; the ICP is the beginning and ending benefit phase. The remaining TrOOP amount required for the beneficiary to meet the definition of an applicable beneficiary and be eligible for the Discount

Program is calculated by subtracting the TrOOP Accumulator from the DS deductible amount and is \$350.00 (\$700.00 - \$350.00).

The delta TrOOP on this claim is the greater of beneficiary liability under the DS benefit or beneficiary liability under the plan's benefit design. Under the plan's benefit design, the beneficiary pays a \$140.00 copay for this model drug in the plan's ICP. Under the DS benefit, the beneficiary pays 100% of the drug cost until the DS deductible is met (\$350.00 * 1.00 = \$350.00) plus 25% coinsurance in the ICP (\$1,460.00 * 0.25 = \$365.00), which equals \$715.00. Therefore, delta TrOOP on this PDE is equal to \$715.00, which exceeds the \$350.00 of remaining TrOOP required for the beneficiary to be eligible for the Discount Program.

Because beneficiary eligibility for the Discount Program is dependent on a beneficiary's TrOOP exceeding the DS deductible amount, the drug cost used to calculate the manufacturer discount amount is equal to the total drug cost minus the TrOOP amount needed to meet the DS deductible.⁶ The manufacturer discount is \$146.00 ((\$1,810.00 - \$350.00) * 0.10). The Patient Pay Amount, as previously calculated, is \$140.00. CPP is mapped to the DS benefit and is equal to \$949.00 ((\$350.00 * 0.00) + (\$1,460.00 * 0.65)). NPP is calculated as the total drug cost minus Reported Manufacturer Discount, Patient Pay Amount, and CPP (\$1,810.00 - \$146.00 - \$140.00 - \$949.00), which equals \$575.00. The plan populates the Part D Model Indicator with '02'.

CMS calculates FAD as \$873.05 (0.95 * (\$1,800.00 - \$735.00 - \$146.00)) and returns this amount to the plan on the Outbound PDE file.

After the claim is processed, the TG CDC Accumulator increases by \$1,810.00 and the TrOOP Accumulator increases by \$715.00. The table below illustrates how the Part D sponsor would populate the PDE record.

PDE Field	Value
Drug Coverage Status Code	C
Part D Model Indicator	02
Ingredient Cost Paid	\$1,800.00
Dispensing Fee Paid	\$10.00
Total Amount Attributed to Sales Tax	\$0.00
Vaccine Administration Fee or Additional Dispensing Fee	\$0.00
Facilitated Direct and Indirect Remuneration at POS Amount (FADPOSA)	\$0.00
Gross Drug Cost Below Out-of-Pocket Threshold (GD CB)	\$1,810.00
Gross Drug Cost Above Out-of-Pocket Threshold (GD CA)	\$0.00

⁶ As stated in the Medicare Part D Manufacturer Discount Program Final Guidance Section 50.3 (Nov. 17, 2023), in the case of a claim for an applicable drug for an applicable beneficiary that straddles multiple phases of the benefit, section 1860D-14C(g)(4)(E) of the Act requires that for claims that do not fall entirely above the annual deductible specified in section 1860D-2(b)(1) of the Act, the manufacturer provides the applicable discount on only the portion of the negotiated price that falls above the DS deductible.

Patient Pay Amount	\$140.00
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
Covered D Plan Paid Amount (CPP)	\$949.00
Non Covered Plan Paid Amount (NPP)	\$575.00
Selected Drug Subsidy	\$0.00
Reported Manufacturer Discount	\$146.00
Total Gross Covered Drug Cost (TGCDC) Accumulator	\$350.00
True Out-of-Pocket (TrOOP) Accumulator	\$350.00
Beginning Benefit Phase	N
Ending Benefit Phase	N

Example #4: EGWP – Model Drug that Straddles the DS Deductible Phase and the ICP where the ICP Copay is Capped and FADPOSA is not Applied

This example demonstrates how to report a PDE when a beneficiary, who is enrolled in an EGWP purchases a \$1,310.00 (\$1,300.00 ingredient cost, \$10.00 dispensing fee) model drug for a two-month supply that straddles from the DS Deductible Phase to the ICP. When the claim adjudication begins, the TGCDC Accumulator is \$230.00, and the TrOOP Accumulator is \$230.00. Under the EGWP OHI benefit, the beneficiary has a \$650.00 deductible and has a \$100.00 copay in the ICP for a two-month supply of this model drug. Using the FADPOSA application formula, the plan determines that FADPOSA must *not* be applied to this PDE ($\$490.00 + \$10.00 + \$0.00 + \$230.00 > \$700.00$).

The plan reports the benefit phase indicators in alignment with the DS benefit. Because the beneficiary would satisfy the DS benefit deductible midway through the processing of this claim, the beginning benefit phase is the Deductible Phase and the ending benefit phase is the ICP. The remaining TrOOP amount required for the beneficiary to meet the definition of an applicable beneficiary and be eligible for the Discount Program is calculated by subtracting the TrOOP Accumulator from the DS deductible amount, which is \$470.00 ($\$700.00 - \230.00).

The delta TrOOP on this claim is the greater of beneficiary liability under the DS benefit or beneficiary liability under the EGWP OHI benefit. Under the EGWP OHI benefit, the beneficiary pays 100% of the drug cost until the OHI deductible is met ($\$420.00 * 1.00 = \420.00) plus a capped \$80.00 copay for this drug, which equals \$500.00.⁷ Under the DS benefit, the beneficiary pays 100% of the drug cost until the DS deductible is met ($\$470.00 * 1.00 = \470.00) plus 25% coinsurance in the ICP ($\$840.00 * 0.25 = \210.00), which equals \$680.00. Therefore, delta TrOOP on this PDE is equal to \$680.00, which exceeds the \$470.00 of remaining TrOOP required for the beneficiary to be eligible for the Discount Program.

⁷ A beneficiary cannot pay more than the GLP-1 discounted price plus the dispensing fee and sales tax (as applicable) on a single claim.

Because beneficiary eligibility for the Discount Program is dependent on a beneficiary’s TrOOP exceeding the DS deductible amount, the drug cost used to calculate the manufacturer discount amount is equal to the total drug cost minus the TrOOP amount needed to meet the DS deductible.⁸ The manufacturer discount is \$84.00 $((\$1,310.00 - \$470.00) * 0.10)$. The Patient Pay Amount, as previously calculated, is \$500.00. Because the DS plan liability is 0% in the Deductible Phase $(\$470.00 * 0.00 = \$0.00)$ and 65% in the ICP $(\$840.00 * 0.65 = \$546.00)$, CPP is \$546.00. NPP is calculated as the total drug cost minus Reported Manufacturer Discount, Patient Pay Amount, and CPP $(\$1,310.00 - \$84.00 - \$500.00 - \$546.00)$, which equals \$180.00. The plan populates the Part D Model Indicator with ‘02’.

CMS calculates FAD as \$689.70 $(0.95 * (\$1,300.00 - \$490.00 - \$84.00))$ and returns this amount to the plan on the Outbound PDE file.

After the claim is processed, the TG CDC Accumulator increases by \$1,310.00 and the TrOOP Accumulator increases by \$680.00. The table below illustrates how the Part D sponsor would populate the PDE record.

PDE Field	Value
Drug Coverage Status Code	C
Part D Model Indicator	02
Ingredient Cost Paid	\$1,300.00
Dispensing Fee Paid	\$10.00
Total Amount Attributed to Sales Tax	\$0.00
Vaccine Administration Fee or Additional Dispensing Fee	\$0.00
Facilitated Direct and Indirect Remuneration at POS Amount (FADPOSA)	\$0.00
Gross Drug Cost Below Out-of-Pocket Threshold (GD CB)	\$1,310.00
Gross Drug Cost Above Out-of-Pocket Threshold (GD CA)	\$0.00
Patient Pay Amount	\$500.00
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
Covered D Plan Paid Amount (CPP)	\$546.00
Non Covered Plan Paid Amount (NPP)	\$180.00
Selected Drug Subsidy	\$0.00
Reported Manufacturer Discount	\$84.00
Total Gross Covered Drug Cost (TG CDC) Accumulator	\$230.00
True Out-of-Pocket (TrOOP) Accumulator	\$230.00
Beginning Benefit Phase	D

⁸ As stated in the Medicare Part D Manufacturer Discount Program Final Guidance Section 50.3 (Nov. 17, 2023), in the case of a claim for an applicable drug for an applicable beneficiary that straddles multiple phases of the benefit, section 1860D-14C(g)(4)(E) of the Act requires that for claims that do not fall entirely above the annual deductible specified in section 1860D-2(b)(1) of the Act, the manufacturer provides the applicable discount on only the portion of the negotiated price that falls above the DS deductible.

Ending Benefit Phase	N
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Section 2 – Calculating and Reporting Model Drugs for AE Plans and BA Plans

Example #5: AE Plan – Model Drug in the Deductible Phase and FADPOSA is Applied

This example demonstrates how to report a PDE when a beneficiary in an AE plan purchases a \$685.00 (\$675.00 ingredient cost, \$10.00 dispensing fee) model drug for a one-month supply that falls entirely within the DS Deductible Phase. When the claim adjudication begins, the TGDCD Accumulator is \$400.00, and the TrOOP Accumulator is \$400.00. This plan uses the DS deductible. Using the FADPOSA application formula, the plan determines that FADPOSA must be applied to this PDE ($\$245.00 + \$10.00 + \$0.00 + \$400.00 \leq \$700.00$).

A FADPOSA amount of \$408.50 ($0.95 * (\$675.00 - \$245.00)$) is applied to reduce the ingredient cost to the 340B-adjusted GLP-1 discounted price of \$266.50, resulting in a total drug cost of \$255.00 that is used to calculate PDE values.

The beneficiary is in the Deductible Phase of the benefit (TrOOP Accumulator + delta TrOOP \leq \$700.00); the Deductible Phase is the beginning and ending benefit phase. In the Deductible Phase, the beneficiary pays 100% coinsurance up to the GLP-1 discounted price plus dispensing fee. The plan pays the remaining \$21.50 ($\$276.50 - \255.00) and reports this amount as CPP. The plan populates the Part D Model Indicator with '02'.

CMS calculates FAD as \$408.50 ($0.95 * (\$266.50 - \$245.00 - \$0.00 + 408.50)$) and returns this amount to the plan on the Outbound PDE file.

After the claim is processed, the TGDCD Accumulator and the TrOOP Accumulator increase by \$255.00. The table below illustrates how the Part D sponsor would populate the PDE record.

PDE Field	Value
Drug Coverage Status Code	C
Part D Model Indicator	02
Ingredient Cost Paid	\$266.50
Dispensing Fee Paid	\$10.00
Total Amount Attributed to Sales Tax	\$0.00
Vaccine Administration Fee or Additional Dispensing Fee	\$0.00
Facilitated Direct and Indirect Remuneration at POS Amount (FADPOSA)	\$408.50
Gross Drug Cost Below Out-of-Pocket Threshold (GDCB)	\$276.50
Gross Drug Cost Above Out-of-Pocket Threshold (GDCA)	\$0.00
Patient Pay Amount	\$255.00
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

Covered D Plan Paid Amount (CPP)	\$21.50
Non Covered Plan Paid Amount (NPP)	\$0.00
Selected Drug Subsidy	\$0.00
Reported Manufacturer Discount	\$0.00
Total Gross Covered Drug Cost (TGCDC) Accumulator	\$400.00
True Out-of-Pocket (TrOOP) Accumulator	\$400.00
Beginning Benefit Phase	D
Ending Benefit Phase	D

Example #6: BA Plan – Model Drug that Straddles the Deductible Phase and ICP where the ICP Copay is Capped and FADPOSA is not Applied

This example demonstrates how to report a PDE when a beneficiary in a BA plan purchases a \$509.00 (\$499.00 ingredient cost, \$10.00 dispensing fee) model drug for a one-month supply that straddles from the DS Deductible Phase to the ICP. When the claim adjudication begins, the TGCDC Accumulator is \$450.00, and the TrOOP Accumulator is \$450.00. This BA plan has reduced the deductible to \$650.00 and has a \$125.00 copay in the ICP for this model drug. Using the FADPOSA application formula, the plan determines that FADPOSA must *not* be applied to this PDE ($\$245.00 + \$10.00 + \$0.00 + \$450.00 > \$700.00$).

Because the beneficiary meets the plan deductible midway through the processing of this claim, the beginning benefit phase is the Deductible Phase and the ending benefit phase is the ICP (the plan reports the benefit phase indicators in alignment with the plan-defined phase). The remaining TrOOP amount required for the beneficiary to meet the definition of an applicable beneficiary and be eligible for the Discount Program is calculated by subtracting the TrOOP Accumulator from the DS deductible amount and is \$250.00 ($\$700.00 - \450.00).

The beneficiary pays 100% of the drug cost until the plan-defined deductible is met ($\$200.00 * 1.00$) plus a capped ICP copay of \$55.00, which equals \$255.00.⁹ The delta TrOOP on this claim is equal to \$255.00, which exceeds the \$250.00 of remaining TrOOP required for the beneficiary to be eligible for the Discount Program. Because beneficiary eligibility for the Discount Program is dependent on a beneficiary’s TrOOP exceeding the DS deductible amount, the drug cost used to calculate the manufacturer discount amount is equal to the total drug cost minus the TrOOP amount needed to meet the DS deductible. The manufacturer discount is \$25.90 ($(\$509.00 - \$250.00) * 0.10$). The Patient Pay Amount, as previously calculated, is \$255.00. The plan pays the remaining \$228.10 ($\$509.00 - \$25.90 - \255.00) and reports this amount as CPP. The plan populates the Part D Model Indicator with ‘02’.

CMS calculates FAD as \$216.70 ($0.95 * (\$499.00 - \$245.00 - \$25.90)$) and returns this amount to the plan on the Outbound PDE file.

⁹ A beneficiary cannot pay more than the GLP-1 discounted price plus the dispensing fee and sales tax (as applicable) on a single claim.

After the claim is processed, the TGCDC Accumulator increases by \$509.00 and the TrOOP Accumulator increases by \$255.00. The table below illustrates how the Part D sponsor would populate the PDE record.

PDE Field	Value
Drug Coverage Status Code	C
Part D Model Indicator	02
Ingredient Cost Paid	\$499.00
Dispensing Fee Paid	\$10.00
Total Amount Attributed to Sales Tax	\$0.00
Vaccine Administration Fee or Additional Dispensing Fee	\$0.00
Facilitated Direct and Indirect Remuneration at POS Amount (FADPOSA)	\$0.00
Gross Drug Cost Below Out-of-Pocket Threshold (GDCB)	\$509.00
Gross Drug Cost Above Out-of-Pocket Threshold (GDCA)	\$0.00
Patient Pay Amount	\$255.00
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
Covered D Plan Paid Amount (CPP)	\$228.10
Non Covered Plan Paid Amount (NPP)	\$0.00
Selected Drug Subsidy	\$0.00
Reported Manufacturer Discount	\$25.90
Total Gross Covered Drug Cost (TGCDC) Accumulator	\$450.00
True Out-of-Pocket (TrOOP) Accumulator	\$450.00
Beginning Benefit Phase	D
Ending Benefit Phase	N