

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard  
Baltimore, Maryland 21244-1850



## Center for Medicare & Medicaid Innovation

---

**DATE:** April 27, 2021

**TO:** Part D Senior Savings Model Participant Part D Sponsors

**FROM:** Laura McWright, Deputy Director, Seamless Care Models Group  
Center for Medicare & Medicaid Innovation

**SUBJECT:** Part D Senior Savings Model - Prescription Drug Event (PDE) Reporting Guidance

CMS is providing clarifying PDE reporting guidance to Part D sponsors participating in the Part D Senior Savings Model (hereinafter referred to as the Model). This guidance is being issued to respond to frequently asked questions from participating Part D sponsors. We continue to review additional questions not addressed in this document and will issue further guidance if and as determined necessary.

Below, we provide examples that establish and illustrate PDE reporting requirements for Model plan benefit packages (PBPs) for various scenarios. The examples use 2021 defined standard parameters (\$445.00 Deductible, \$4,130.00 Initial Coverage Limit (ICL), and \$6,550.00 Out-of-Pocket Threshold). Please note that the below examples do not pertain to PDE reporting outside of the Model and should not be relied upon by non-Model PBPs.

**Example #1: PDE for a Plan Selected Model Drug that straddles two copay benefit phases (Initial Coverage Phase to Coverage Gap) and the drug cost remaining in the Initial Coverage Phase (ICP) is less than the Model-Specific Supplemental Copay for a non- Low Income Subsidy eligible (non-LIS) beneficiary**

This example will demonstrate how to report a PDE for a \$200.00 Plan Selected Model Drug, with a \$195.00 ingredient cost and \$5.00 dispensing fee. The enhanced alternative (EA) plan has a \$40 copay for tier 3 drugs until the Catastrophic phase. The Plan Selected Model Drug is found on tier 3 but is subject to a Model-Specific Supplemental Copay prior to the Catastrophic phase.

**Step 1 - Determine costs that fall within the Coverage Gap:**

When the claim adjudication begins, the Total Gross Covered Drug Cost (TGDC) Accumulator is \$4,120.00 and the True Out-of-Pocket Cost (TrOOP) Accumulator is \$1,700.00; the beginning benefit phase is the ICP. The first \$10.00 of the claim falls in the ICP, calculated as *ICL – beginning value in the TGDC Accumulator*, or \$4,130.00 - \$4,120.00 in this example. Because the beneficiary's TrOOP Accumulator is not yet at the Out-of-Pocket Threshold and the remaining drug costs will not cause the beneficiary to exceed the Out-of-Pocket Threshold, the remaining \$190.00 of the claim falls in the Coverage Gap. The ending benefit phase is the Coverage Gap.

**Step 2 – Determine the discount eligible cost:**

*The contents of this document do not have force and effect of law and are not meant to bind the public in any way, unless specifically incorporated into a contract. This document is intended only to provide clarity to the public regarding existing requirements under law.*

Because this is a Plan Selected Model Drug, the discount eligible cost is equal to the ingredient cost that falls in the Coverage Gap, which is \$190.00. The entire dispensing fee falls in the ICP.

**Step 3 - Calculate the Gap Discount:**

The gap discount is 70% of the \$190.00 discount eligible cost, or \$133.00.

**Step 4 - Determine beneficiary cost-sharing:**

The beneficiary has a \$40 copay for tier 3 drugs until the Catastrophic phase. Because this is a Plan Selected Model Drug, the copay is reduced to the Model-Specific Supplemental Copay under the plan, which, for purposes of this example, is the maximum allowable of \$35. As is consistent with long-standing Part D policy, when the plan charges a copay in adjoining benefit phases for a PDE that straddles both of those phases, the beneficiary pays only the copay associated with the benefit phase in which the adjudication began, and the copay is capped at the remaining drug cost in the beginning phase. Therefore, the beneficiary's \$35 copay in the ICP in this example is capped at \$10.00 and the beneficiary is not responsible for any cost-sharing for this PDE in the Coverage Gap.

**Step 5 - Calculate Covered D Plan Paid (CPP) Amount, Non Covered Plan Paid (NPP), and Patient Liability Reduction due to Other Payer (PLRO) Amount:**

For Plan Selected Model Drugs, supplemental benefits that fall prior to the Coverage Gap are reported as NPP, and supplemental benefits that fall in the Coverage Gap are reported as PLRO.

Initial Coverage Phase: The \$10 of the cost of the drug falls in the ICP. CPP is \$7.50 (= \$10.00 \* 0.75). The NPP amount is determined by taking the cost falling within the ICP and subtracting the beneficiary cost-sharing in the ICP and CPP amounts. NPP is \$10.00 – (\$10.00 + \$7.50) = -\$7.50.

Coverage Gap: To determine the portion of this amount that is CPP, we consider this claim in light of the defined standard benefit, where CPP is equal to the sum of 5% of the ingredient cost and sales tax in the Gap plus 75% of the dispensing fee in the Gap. Because the amount of the claim falling in the ICP exceeds the dispensing fee on the claim in this example, this fee falls entirely in the ICP, and there is no plan liability for it in the gap. Thus, CPP equals \$9.50 (= \$190.00 \* .05). PLRO is determined by taking the cost falling within the Coverage Gap and subtracting the beneficiary cost sharing in the gap, reported gap discount, and CPP amount in the gap. PLRO is \$47.50 (= \$190.00 – (\$0.00 + \$133.00 + \$9.50)).

<b>PDE Fields</b>	<b>Value</b>
TGDCDC Accumulator	\$4,120.00
TrOOP Accumulator	\$1,700.00
Tier	3
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	\$200.00
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	\$0.00
Ingredient Cost	\$195.00
Dispensing Fee	\$5.00
Beginning Benefit Phase	N
Ending Benefit Phase	G
Patient Pay	\$10.00
CPP	\$17.00
NPP	-\$7.50
PLRO	\$47.50
Reported Gap Discount	\$133.00

**Example #2: PDE for a Plan Selected Model Drug that straddles two copay benefit phases (ICP to Gap) and the drug cost remaining in the ICP is less than the Model-Specific Supplemental Copay, and the non-LIS beneficiary has Other Health Insurance (OHI) from a non-TrOOP eligible supplemental payer**

This example will demonstrate how to report a PDE for a \$200.00 Plan Selected Model Drug, with a \$195.00 ingredient cost and \$5.00 dispensing fee, when there is OHI present. The EA plan has a \$40 copay for tier 3 drugs until the Catastrophic phase. The Plan Selected Model Drug is found on tier 3 but is subject to a Model-Specific Supplemental Copay amount of \$35 prior to the Catastrophic phase as part of the Model. The beneficiary also has OHI from a non-TrOOP eligible supplemental payer that further reduces their copay to \$5.00.

**Step 1 - Determine costs that fall within the Coverage Gap:**

When the claim adjudication begins, the TGDCDC Accumulator is \$4,120.00 and the TrOOP Accumulator is \$1,700.00; the beginning benefit phase is the ICP. The first \$10.00 of the claim falls in the ICP. (The amount is calculated as *ICL – beginning value in the TGDCDC Accumulator*, or \$4,130.00 - \$4,120.00.) Because the beneficiary has not met the TrOOP threshold, the remaining \$190.00 of the claim falls in the Coverage Gap. The ending benefit phase is the Coverage Gap.

**Step 2 – Determine the discount eligible cost:**

Because this is a Plan Selected Model Drug, the discount eligible cost is equal to the ingredient cost falling in the Coverage Gap, which is \$190.00. The dispensing fee falls in the ICP.

**Step 3 - Calculate the Gap Discount:**

The gap discount is 70% of the \$190.00 discount eligible cost or \$133.00.

**Step 4 - Determine beneficiary cost-sharing:**

The beneficiary has a \$40 copay for tier 3 drugs until the Catastrophic Phase. Because this is a Plan Selected Model Drug, the copay is reduced to the Model-Specific Supplemental Copay amount of \$35.

*The contents of this document do not have force and effect of law and are not meant to bind the public in any way, unless specifically incorporated into a contract. This document is intended only to provide clarity to the public regarding existing requirements under law.*

When adjoining benefit phases both have copays, the beneficiary pays only the copay associated with the benefit phase in which the adjudication began. Furthermore, the copay is capped at the remaining drug cost in the ICP. Therefore, the beneficiary's \$35 copay in the ICP is capped at \$10.00 and the beneficiary is not responsible for any cost-sharing in the Coverage Gap.

This beneficiary has OHI from a non-TrOOP eligible supplemental payer that further reduces their cost-sharing to \$5.00. This amount is subtracted from the original beneficiary cost-sharing and is reported as PLRO.

#### **Step 5 - Calculate CPP, NPP, and PLRO amounts:**

For Plan Selected Model Drugs, supplemental benefits that fall in the ICP are reported as NPP, and supplemental benefits that fall in the Coverage Gap are reported as PLRO.

Initial Coverage Phase: The \$10 cost of the drug falls in the ICP. CPP is \$7.50 (= \$10.00 \* 0.75). The NPP amount is determined by taking the cost falling within the ICP and subtracting the beneficiary cost-sharing in the ICP and CPP amounts. NPP is \$10.00 – (\$10.00 + \$7.50) = -\$7.50.

Coverage Gap: To determine the portion of this amount that is CPP, we consider this claim in light of the defined standard benefit where CPP is 5% of ingredient cost and sales tax in the gap plus 75% of dispensing fee in the gap. (Because the amount of the claim falling in the ICP exceeds the dispensing fee on the claim, there is no plan liability for these fees in the gap). CPP equals \$9.50 (= \$190.00 \* .05). PLRO is determined by taking the cost falling within the Coverage Gap and subtracting the beneficiary cost-sharing in the gap, reported gap discount, and CPP amounts. PLRO is \$47.50 (= \$190.00 – (\$0.00 + \$133.00 + \$9.50)).

OHI Benefit: Because this beneficiary has an OHI payer that is non-TrOOP eligible, the \$5.00 difference from the original patient pay amount is added to the PLRO field. The final PLRO amount is \$52.50 (\$47.50 + \$5.00).

<b>PDE Fields</b>	<b>Value</b>
TGDCDC Accumulator	\$4,120.00
TrOOP Accumulator	\$1,700.00
Tier	3
GDCB	\$200.00
GDCA	\$0.00
Ingredient Cost	\$195.00
Dispensing Fee	\$5.00
Beginning Benefit Phase	N
Ending Benefit Phase	G
Patient Pay	\$5.00
CPP	\$17.00
NPP	-\$7.50
PLRO	\$52.50
Reported Gap Discount	\$133.00

**Example #3: PDE for Plan Selected Model Drug in the Coverage Gap where a dispensing fee applies for a non-LIS beneficiary**

This example will demonstrate how to report a PDE for a \$200.00 Plan Selected Model Drug, with a \$195.00 ingredient cost and \$5.00 dispensing fee that falls entirely within the Gap. The EA plan has a \$40 copay for tier 3 drugs until the Catastrophic phase. The Plan Selected Model Drug is found on tier 3 but is subject to a Model-Specific Supplemental Copay amount of \$35 prior to the Catastrophic phase as part of the Model.

**Step 1 - Determine costs that fall within the Coverage Gap:**

When the claim adjudication begins, the TGDCDC Accumulator is \$4,500.00 and the TrOOP Accumulator is \$2,100.00. The beneficiary's Gross Covered Drug Cost has exceeded the Initial Coverage Limit (TGDCDC > ICL), and the beneficiary's TrOOP remains below the TrOOP threshold (Accumulated TrOOP < TrOOP threshold) through the processing of the claim. The beginning and ending benefit phase is the Coverage Gap phase.

**Step 2 – Determine the discount eligible cost:**

Because this is a Plan Selected Model Drug, the discount eligible cost is equal to the ingredient cost falling in the Coverage Gap, which is \$195.00. The \$5.00 dispensing fee is excluded from the discount eligible cost.

**Step 3 - Calculate the Gap Discount:**

The gap discount is 70% of the \$195.00 discount eligible cost or \$136.50.

**Step 4 - Determine beneficiary cost-sharing:**

The beneficiary has a \$40 copay for tier 3 drugs in the Coverage Gap. Because this is a Plan Selected Model Drug, the copay is reduced to the Model-Specific Supplemental Copay amount of \$35.

**Step 5 - Calculate CPP, NPP, and PLRO amounts:**

For Plan Selected Model Drugs, supplemental benefits that fall in the Coverage Gap are reported as PLRO.

Coverage Gap: To determine the portion of this amount that is CPP, we consider this claim in light of the defined standard benefit where CPP is 5% of ingredient cost and sales tax in the gap plus 75% of dispensing fee in the gap. CPP equals  $(\$195.00 * .05) + (\$5.00 * 0.75) = \$13.50$ . PLRO is determined by taking the cost falling within the Coverage Gap and subtracting the beneficiary cost-sharing in the gap, reported gap discount, and CPP amounts. PLRO is  $\$200.00 - (\$35.00 + \$136.50 + \$13.50) = \$15.00$ .

PDE Fields	Value
TGDCDC Accumulator	\$4,500.00
TrOOP Accumulator	\$2,100.00
Tier	3
GDCB	\$200.00
GDCA	\$0.00
Ingredient Cost	\$195.00
Dispensing Fee	\$5.00

<b>PDE Fields</b>	<b>Value</b>
Beginning Benefit Phase	G
Ending Benefit Phase	G
Patient Pay	\$35.00
CPP	\$13.50
NPP	\$0.00
PLRO	\$15.00
Reported Gap Discount	\$136.50

**Example #4: PDE for a Plan Selected Model Drug in the Coverage Gap with \$0 cost-sharing for a non-LIS beneficiary**

This example will demonstrate how to report a PDE for a \$200.00 Plan Selected Model Drug, having a \$195.00 ingredient cost and a \$5.00 dispensing fee that falls entirely within the Gap. The EA plan has \$0 cost-sharing for tier 3 drugs until the Catastrophic phase. The Plan Selected Model Drug is found on tier 3 and the \$0 copay would apply since it is below the Model-Specific Supplemental Benefits maximum allowable copay amount of \$35 prior to the Catastrophic phase.

**Step 1 - Determine costs that fall within the Coverage Gap:**

When the claim adjudication begins, the TGDCDC Accumulator is \$4,500.00 and the TrOOP Accumulator is \$2,100.00. The beneficiary's Gross Covered Drug Cost has exceeded the Initial Coverage Limit (TGDCDC > ICL), and the beneficiary's TrOOP remains below the TrOOP threshold (Accumulated TrOOP < TrOOP threshold) through the processing of the claim. The beginning and ending benefit phase is the Coverage Gap phase.

**Step 2 – Determine the discount eligible cost:**

Because this is a Plan Selected Model Drug, the discount eligible cost is equal to the ingredient cost falling in the Coverage Gap, which is \$195.00. The \$5.00 dispensing fee is excluded from the discount eligible cost.

**Step 3 - Calculate the Gap Discount:**

The gap discount is 70% of the \$195.00 discount eligible cost or \$136.50.

**Step 4 - Determine beneficiary cost-sharing:**

The beneficiary has \$0 cost-sharing for Plan Selected Model Drugs in the Coverage Gap.

**Step 5 - Calculate CPP, NPP, and PLRO amounts:**

For Plan Selected Model Drugs, supplemental benefits that fall in the Coverage Gap are reported as PLRO.

Coverage Gap: To determine the portion of this amount that is CPP, we consider this claim in light of the defined standard benefit where CPP is 5% of ingredient cost and sales tax in the gap plus 75% of dispensing fee in the gap. CPP equals  $(\$195.00 * .05) + (\$5.00 * 0.75) = \$13.50$ . PLRO is determined by taking the cost falling within the Coverage Gap and subtracting the beneficiary cost-sharing in the gap, reported gap discount, and CPP amounts. PLRO is  $\$200.00 - (\$0.00 + \$136.50 + \$13.50) = \$50.00$ .

<b>PDE Fields</b>	<b>Value</b>
TGDCDC Accumulator	\$4,500.00
TrOOP Accumulator	\$2,100.00
Tier	3
GDCB	\$200.00
GDCA	\$0.00
Ingredient Cost	\$195.00
Dispensing Fee	\$5.00
Beginning Benefit Phase	G
Ending Benefit Phase	G
Patient Pay	\$0.00
CPP	\$13.50
NPP	\$0.00
PLRO	\$50.00
Reported Gap Discount	\$136.50

**Example #5: PDE for Plan Selected Model Drug in the Coverage Gap where the non-LIS beneficiary is charged more than the defined standard cost-sharing amount and negative PLRO is incurred**

This example will demonstrate how to report a PDE for a \$130.00 Plan Selected Model Drug, with a \$125.00 ingredient cost and \$5.00 dispensing fee that falls entirely within the Gap. The EA plan has a \$40 copay for tier 3 drugs until the Catastrophic phase. The Plan Selected Model Drug is found on tier 3 but is subject to the Model-Specific Supplemental Benefits maximum copay of \$35 prior to the Catastrophic phase as part of the Model.

**Step 1 - Determine costs that fall within the Coverage Gap:**

When the claim adjudication begins, the TGDCDC Accumulator is \$4,500.00 and the TrOOP Accumulator is \$2,100.00. The beneficiary's Gross Covered Drug Cost has exceeded the Initial Coverage Limit (TGDCDC > ICL), and the beneficiary's TrOOP remains below the TrOOP threshold (Accumulated TrOOP < TrOOP threshold) through the processing of the claim. The beginning and ending benefit phase is the Coverage Gap phase.

**Step 2 – Determine the discount eligible cost:**

Because this is a Plan Selected Model Drug, the discount eligible cost is equal to the ingredient cost falling in the Coverage Gap, which is \$125.00. The \$5.00 dispensing fee is excluded from the discount eligible cost.

**Step 3 - Calculate the Gap Discount:**

The gap discount is 70% of the \$125.00 discount eligible cost or \$87.50.

**Step 4 - Determine beneficiary cost-sharing:**

The beneficiary has a \$40 copay for tier 3 drugs in the Coverage Gap. Because this is a Plan Selected Model Drug, the copay is reduced to the Model Specific Supplemental Copay amount of \$35.

**Step 5 - Calculate CPP, NPP, and PLRO amounts:**

For Plan Selected Model Drugs, supplemental benefits that fall in the Coverage Gap are reported as PLRO. Note that, as demonstrated below, negative PLRO results because the cost-sharing under the plan is higher than that required under the defined standard benefit.

Coverage Gap: To determine the portion of this amount that is CPP, we consider this claim in light of the defined standard benefit where CPP is 5% of ingredient cost and sales tax in the gap plus 75% of dispensing fee in the Gap. CPP equals  $(\$125.00 * .05) + (\$5.00 * 0.75) = \$10.00$ . PLRO is determined by subtracting the beneficiary cost-sharing in the Gap, reported gap discount, and CPP amounts from the cost falling within the Coverage Gap. PLRO is  $\$130.00 - (\$35.00 + \$87.50 + \$10.00) = -\$2.50$ .

PDE Fields	Value
TGDCDC Accumulator	\$4,500.00
TrOOP Accumulator	\$2,100.00
Tier	3
GDCB	\$130.00
GDCA	\$0.00
Ingredient Cost	\$125.00
Dispensing Fee	\$5.00
Beginning Benefit Phase	G
Ending Benefit Phase	G
Patient Pay	\$35.00
CPP	\$10.00
NPP	\$0.00
PLRO	-\$2.50
Reported Gap Discount	\$87.50

**Example #6: PDE for Plan Selected Model Drug in the ICP on a tier with a copay that exceeds the Model-Specific Supplemental Copay amount for a Plan Selected Model Drug for a category 4 Low Income Subsidy (LIS) eligible beneficiary**

This example will demonstrate how to report a PDE for a \$300.00 Plan Selected Model Drug, with a \$295.00 ingredient cost and \$5.00 dispensing fee that falls entirely within the ICP, for a category 4 LIS beneficiary. The EA plan has a \$40 copay for tier 3 drugs until the Catastrophic phase. When the claim adjudication begins, the TGDCDC Accumulator is \$500.00 and the TrOOP Accumulator is \$200.00; the beginning and ending benefit phase is the ICP.

Part D Senior Savings Model participants are reminded that the maximum \$35 Model-Specific Supplemental Benefit copay for certain Plan Selected Model Drugs applies only to non-LIS beneficiaries. That is, for calculating the low income cost-sharing subsidy (LICS) for Plan Selected Model Drugs offered at a maximum \$35 Model-Specific Supplemental Benefit copay, Model PBPs should use the non-Model cost-sharing of the formulary tier that the drug is on, and not the Model-Specific Supplemental Benefit copay for the drug. In this example, the non-Model cost-sharing for tier 3 drugs is \$40.00.

**Step 1 – Calculate the non-LIS beneficiary cost-sharing:**

A non-LIS beneficiary in the plan in this example must pay a \$40.00 copay for a tier 3 drug.

*The contents of this document do not have force and effect of law and are not meant to bind the public in any way, unless specifically incorporated into a contract. This document is intended only to provide clarity to the public regarding existing requirements under law.*



**Step 2 – Determine LIS cost-sharing:**

A Category 4 LIS beneficiary pays 15% coinsurance in 2021 for a brand drug in the Initial Coverage Phase. In this example, a Category 4 LIS beneficiary would pay \$45 (= \$300 \* 0.15).

**Step 3 – Compare non-LIS and LIS beneficiary cost-sharing:**

Determine the beneficiary's cost-sharing by performing the "lesser of" test. Consider the appropriate amounts for the LIS beneficiary and non-LIS cost-sharing amounts. The LIS beneficiary cost-sharing amount, as calculated in Step 2, is \$45.00. The non-LIS beneficiary cost-sharing amount, calculated in Step 1, is \$40.00. When comparing the non-LIS and LIS beneficiary cost-sharing using the "lesser of" test, we see that the non-LIS beneficiary cost-sharing of \$40.00 is less than the LIS beneficiary cost-sharing of \$45.00, so the beneficiary will pay the non-LIS beneficiary cost-sharing amount of \$40.00 instead.

**Step 4 – Apply LICS formula:**

The LICS amount equals the difference between the non-LIS and LIS beneficiary cost-sharing amounts. As determined in step 3, the LIS beneficiary cost-sharing is equal to the non-LIS beneficiary cost-sharing because of the "lesser of" test. The LICS amount is \$40.00 – \$40.00 = \$0.00.

**Step 5 – Calculate CPP and NPP amounts:**

Since the plan would have paid 75 percent (\$225.00) under the defined standard benefit, this amount is reported as CPP. Under the PBP, the plan would pay \$260.00 for a non-LIS beneficiary at point of sale (POS). NPP is calculated as \$300.00 (gross covered drug cost) minus \$265.00 (sum of patient pay, LICS, and CPP), or \$35.00.

PDE Fields	Value
TGDCDC Accumulator	\$500.00
TrOOP Accumulator	\$200.00
Tier	3
GDCB	\$300.00
GDCA	\$0.00
Ingredient Cost	\$295.00
Dispensing Fee	\$5.00
Beginning Benefit Phase	N
Ending Benefit Phase	N
Patient Pay	\$40.00
CPP	\$225.00
NPP	\$35.00
PLRO	\$0.00
LICS	\$0.00
Reported Gap Discount	\$0.00

**Example #7: PDE for Plan Selected Model Drug in the ICP with a tier copay amount that is below the Model-Specific Supplemental Copay amount for a category 4 Low Income Subsidy (LIS) eligible beneficiary**

This example will demonstrate how to report a PDE for a \$300.00 Plan Selected Model Drug, with a \$295.00 ingredient cost and \$5.00 dispensing fee that falls entirely within the ICP, for a category 4 LIS beneficiary. The EA plan has \$0 copay for tier 3 drugs until the Catastrophic phase, including Plan

*The contents of this document do not have force and effect of law and are not meant to bind the public in any way, unless specifically incorporated into a contract. This document is intended only to provide clarity to the public regarding existing requirements under law.*

Selected Model Drugs. When the claim adjudication begins, the TGCDC Accumulator is \$500.00, and the TrOOP Accumulator is \$200.00. The beginning and ending benefit phase is the ICP.

Part D Senior Savings Model participants are reminded that the maximum \$35 Model-Specific Supplemental Benefit copay for certain Plan Selected Model Drugs applies only to non-LIS beneficiaries. That is, for calculating the low income cost-sharing subsidy (LICS) for Plan Selected Model Drugs offered at a maximum \$35 Model-Specific Supplemental Benefit copay, Model PBPs should use the non-Model cost-sharing of the formulary tier that the drug is on, and not the Model-Specific Supplemental Benefit copay for the drug. In this example, the non-Model cost-sharing for tier 3 drugs is \$0.

**Step 1 – Calculate the non-LIS beneficiary cost-sharing:**

The cost-sharing amount for a non-LIS beneficiary is a \$0.00 copay according to the tiered cost-sharing amounts.

**Step 2 – Determine LIS cost-sharing:**

A Category 4 LIS beneficiary pays 15% coinsurance ( $\$300.00 * 0.15 = \$45.00$ ) in 2021 for a brand drug in the Initial Coverage Phase.

**Step 3 – Compare non-LIS and LIS beneficiary cost-sharing:**

Determine the beneficiary's cost-sharing by performing the "lesser of" test. Consider the appropriate amounts for the LIS Beneficiary and Non-LIS Cost-Sharing Amounts. The LIS Beneficiary Cost-Sharing amount, as calculated in Step 2, is \$45.00. The Non-LIS Beneficiary cost-sharing amount, calculated in Step 1, is \$0.00. When comparing the Non-LIS and LIS Beneficiary Cost-Sharing using the "lesser of" test, we see that the Non-LIS Beneficiary Cost-Sharing of \$0.00 is less than the LIS Beneficiary Cost-Sharing of \$45.00, so the beneficiary will pay the non-LIS beneficiary cost-sharing amount of \$0.00 instead.

**Step 4 – Apply LICS formula:**

LICS Amount equals the difference between the Non-LIS and LIS Beneficiary Cost-Sharing Amounts. As determined in step 3, the LIS beneficiary cost-sharing is equal to the non-LIS beneficiary cost-sharing because of the "lesser of" test. The LICS amount is  $\$0.00 - \$0.00 = \$0.00$ .

**Step 5 – Calculate CPP and NPP amounts:**

Since the plan would have paid 75 percent (\$225.00) under the defined standard benefit, this amount is reported in CPP. Under the PBP, the plan would pay \$300.00 for a non-LIS beneficiary at POS. NPP is calculated as \$300.00 (gross covered drug cost) minus \$225.00 (sum of patient pay, LICS, and CPP) resulting in \$75.00 NPP.

PDE Fields	Value
TGDCDC Accumulator	\$500.00
TrOOP Accumulator	\$200.00
Tier	3
GDCB	\$300.00
GDCA	\$0.00
Ingredient Cost	\$295.00
Dispensing Fee	\$5.00
Beginning Benefit Phase	N
Ending Benefit Phase	N
Patient Pay	\$0.00

*The contents of this document do not have force and effect of law and are not meant to bind the public in any way, unless specifically incorporated into a contract. This document is intended only to provide clarity to the public regarding existing requirements under law.*

<b>PDE Fields</b>	<b>Value</b>
CPP	\$225.00
NPP	\$75.00
PLRO	\$0.00
LICS	\$0.00
Reported Gap Discount	\$0.00

*The contents of this document do not have force and effect of law and are not meant to bind the public in any way, unless specifically incorporated into a contract. This document is intended only to provide clarity to the public regarding existing requirements under law.*