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

CENTER FOR MEDICARE

April 2013

Prescription Drug Event (PDE) reporting for Coverage Gap Phase Claims with Dates of Service (DOS) beginning in 2013

Overview:

Beginning in 2013, plans will assume a percentage of the drug cost of applicable drugs for applicable beneficiaries as beneficiary cost-sharing in the coverage gap continues to be reduced. Part D sponsors have been covering a portion of non-applicable drugs for applicable beneficiaries since 2011; therefore the concept of covering a portion of costs within the coverage gap is not new to sponsors. Because of the additional plan liability in the coverage gap for applicable drugs, CMS is issuing this memo to provide the methods in which plans shall calculate the patient payment, gap discount amount, and plan liability and report this information on the PDE. The reporting methods are effective with PDEs submitted for dates of service beginning with January 1, 2013.[1]

On July 9, 2010, CMS released guidance through HPMS titled, "Revised Guidance for Prescription Drug Event (PDE) Record Changes Required to Close the Coverage Gap," which provided the rules for reporting coverage gap discounts on PDEs. The guidance provides a six step process for populating the PDE fields on a claim that falls completely or partially in the gap. The rules apply to applicable beneficiaries. The rules are updated in this guidance to account for the additional cost-sharing in the Coverage Gap phase provide by sponsors beginning in 2013. In the case of low-income beneficiaries, the coverage gap has been closed since the inception of the program due to the low-income cost-sharing subsidy; therefore; sponsors do not report CPP in the coverage gap for either applicable or non-applicable drugs. Please refer to the April 30, 2010 HPMS memorandum, title "Medicare Coverage Gap Discount Program beginning in 2011" for the definition of an applicable beneficiary.

Table 1 shows how cost-sharing for applicable drugs will be distributed in the gap from benefit year 2011 through 2020, when the gap closes completely. The cost-sharing applies to applicable beneficiaries and does not apply to low-income beneficiaries.

[1] Please note, that most of the guidance provided in this document has been published before. This document is meant to be comprehensive, thus it reiterates previous guidance, provides new examples, and in some cases provides new guidance (e.g., the clarification that if the dispensing fee cannot go into NPP, then it should go into Mapping Rule 4 before going into Mapping Rule 3). While CMS expects that PDEs submitted for DOS beginning with January 1, 2013, will follow the instructions provided in this guidance, we do recognize the implementation challenges involved with timing of the release of the new guidance in this document. CMS may consider relaxing compliance standards around these PDEs for a temporary period. Guidance specifically on this matter will be released at a later date.

Table 1: Cost sharing for applicable drugs in the Gap 2011- 2020

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%

In general, the steps for determining plan and beneficiary liability and all associated examples have been updated from the July 9, 2010 guidance to account for the policy changes that will take place in 2013 when the sponsor will begin to cover a portion of the applicable drug cost falling in the Coverage Gap phase. This document also contains additional PDE examples to better illustrate scenarios that were not provided in the original guidance document or in the PDE Technical Assistance training guide. This document also provides updated PDE editing logic that was initially released to sponsors through an HPMS memo on September 24, 2010.

Two processes for populating a PDE for an applicable drug in the Coverage Gap will be outlined below. The first process addresses cases where there is a supplemental coverage offered by an Enhanced Alternative (EA) plan in the coverage gap. This process applies to both individual market plans and plans offered by Employer Group Waiver Plans (EGWPs) that offer Part D supplemental benefits, where supplemental coverage is reported as Non-covered Plan Paid (NPP) amount on the PDE. The second process is applicable for PDEs processed where there is no supplemental coverage in the gap. This process is applicable to all Defined Standard (DS), Actuarial Equivalent (AE), and Basic Alternative (BA) benefit designs as well as to EGWPs who may provide wrap coverage that is outside of the Part D plan and is reported as Patient Liability Reduction Due to Other Payer (PLRO) amount /Other True Out-of-Pocket (TrOOP) costs on the PDE. This process also applies when there is supplemental coverage in the gap but the supplemental coverage does not apply to the particular drug on the PDE (i.e., NPP is zero).

Questions regarding this document can be sent to PDEJan2011@cms.hhs.gov.

Definitions:

Plan Liability: includes both Covered D Plan Paid (CPP) amount and NPP amounts paid by the plan. In the case of EA plans with supplemental coverage in the gap, the plan liability applies before determining the discount eligible cost and Reported Gap Discount Amount. Plan liability is then broken out to determine the CPP and NPP portions for PDE reporting.

Supplemental Coverage: The amount of the Part D plan payment under an EA plan including an EA EGWP that exceeds the basic benefit. This amount is reported in the NPP field on the PDE.

EA Mapping Rule 3: One of the rules EA plans use when reporting CPP on PDEs. If the Year-to-Date (YTD) Gross Covered Drug cost is greater than the dollar amount at the initial coverage limit but less than or equal to the estimated total covered Part D spending at the Out-of-Pocket threshold, then map 2.5% of the ingredient cost and sales tax to CPP and 52.5% of dispensing fee and vaccine administration fee to CPP for benefit year 2013. For 2013, Rule 3 applies when drug costs are greater than $2,970.00 but less than or equal to $6,954.52 (for applicable beneficiaries).

EA Mapping Rule 4: One of the rules EA plans use when reporting CPP on PDEs. If the YTD Gross Covered Drug cost is greater than the estimated total covered Part D spending at the Out-of-Pocket threshold but TrOOP is less than or equal to the Out-of-Pocket (OOP) threshold, then map 15% of the ingredient cost and sales tax and any fees (dispensing fee or vaccine administration fee) falling within this rule to CPP.

2013 Benefit Parameters:

Table 2 shows the Gross Covered Drug Costs and TrOOP costs parameters used to define each benefit phase in 2013. The table also shows beneficiary and plan liability within each benefit phase. The table applies to all beneficiaries except low-income beneficiaries who are not eligible for the Coverage Gap Discount Program. The dollar amounts provided in the table are taken from the Announcement of Calendar Year (CY) 2013 Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment Policies and Final Call Letter.

TABLE 2: THE DEFINED STANDARD BENEFIT, EXCLUDING LOW-INCOME ELIGIBLE BENEFICIARIES, 2013

BENEFIT PHASE	PARAMETERS TO DEFINE BENEFIT PHASE		BENEFICIARY COST-SHARING	PLAN LIABILITY
	Year-to-Date (YTD) Gross Covered Drug Costs	**YTD TrOOP Costs**		
Deductible	≤ $325	N/A	100% co-insurance (= $325)	0%
Initial Coverage Phase	> $325 and ≤ $2,970	N/A	25% co-insurance (= $661.25)	75% (= $1,983.75)
Coverage Gap	>$2,970 ≤$6,954.52*	≤ $4,750	79% co-insurance for generic drugs 97.5 % of Total Drug Cost – Gap Discount for brand drugs**	21% for generic drugs 2.5% of ingredient cost and sales tax and 52.5% of dispensing fee and vaccine administration fee for brand drugs
Catastrophic Coverage Phase	> $6,954.52	> $4,750*** (OOP threshold)	Greater of 5% co-insurance or $2.65/$6.60 (generic/brand) co-payment	Lesser of 95% or (Gross Covered Drug Cost - $2.65/$6.60)

* For a beneficiary who is considered an "applicable beneficiary" as defined at section 1860D-14A(g)(1) of the Social Security Act and therefore is eligible for the Coverage Gap Discount Program (i.e., non-LIS beneficiaries), this is the estimated average amount of total drug spending required to attain the out-of-pocket threshold in the defined standard benefit if beneficiary does not have prescription drug coverage through a group health plan, insurance, government-funded health program or similar third party arrangement.
**Assumes the claim falls squarely in the gap and there is no supplemental coverage
*** TrOOP determines when the beneficiary reaches the catastrophic coverage phase, regardless of YTD Gross Covered Drug Costs

Table 3 provides the maximum low-income cost-sharing amounts for low-income beneficiaries for benefit year 2013. The information provided in this table is from the Announcement of Calendar Year (CY) 2013 Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment Policies and Final Call Letter.

Table 3: 2013 LICS Categories

MAXIMUM LI BENEFICIARY COST-SHARING				
Income Category	**Deductible**	**Initial Coverage Phase**	**Coverage Gap**	**Catastrophic**
≤100% FPL and fbde	$ 0.00	$1.15-generic $3.50-brand	$1.15-generic $3.50-brand	$0.00
<135% or >100% FPL and fbde	$ 0.00	$2.65-generic $6.60-brand	$2.65-generic $6.60- brand	$0.00

<150% FPL	$66.00	15%	15%	$2.65-generic $6.60-brand
Inst fbde	$ 0.00	$0.00	$0.00	$0.00

Enhanced Alternative plans map their CPP amounts to the defined standard benefit. Tables 4 and 5 show mapping for the low-income eligible beneficiaries and the applicable beneficiaries, respectively. For low-income beneficiaries, there is no CPP amount when drug costs fall within the Rule 3 amount. For applicable beneficiaries, beginning in 2013, sponsors will map 2.5% of the discount eligible cost to CPP and 52.5% of the dispensing and vaccine administration fees to CPP. Each year thereafter, sponsors will continue to increase the CPP percentage for the discount eligible cost using the percentages under plan cost-sharing in Table 1. To determine the sponsor's share of the dispensing fee and vaccine administration fee, the sponsor will subtract the beneficiary cost-sharing in Table 1 from 100%. For example, in 2013 and 2014, sponsors will map 52.5% (100%-47.5%) of the vaccine administration fee and dispensing fee to CPP. In 2015, the sponsor will map 55% (100%-45%) of the vaccine administration fee and dispensing fee to CPP.

Table 4: MAPPING TO THE DEFINED STANDARD BENEFIT
TO CALCULATE CPP AMOUNT 2013
LIS ELIGIBLE BENEFICIARIES

RULE #	YEAR-TO-DATE (YTD) GROSS COVERED DRUG COSTS	PERCENTAGE TO CALCULATE DEFINED STANDARD BENEFIT
1	<= $325	0%
2	>$325 and <= $2,970	75%
3	>$2,970 and <= $6,733.75	0%
4	>$6,733.75 and <= OOP threshold	15%
5	> OOP threshold	Lesser of 95% or (Gross Covered Drug Cost - $2.65/$6.60)

MAPPING TO THE DEFINED STANDARD BENEFIT
TO CALCULATE CPP AMOUNT 2013
BENEFICIARIES INELIGIBLE FOR LIS

RULE #	YEAR-TO-DATE (YTD) GROSS COVERED DRUG COSTS	PERCENTAGE TO CALCULATE DEFINED STANDARD BENEFIT
1	<= $325	0%
2	>$325 and <= $2,970	75%
3	>$2,970 and <= $6,954.52	2.5% of ingredient cost and sales tax for applicable drugs and 52.5% of dispensing and vaccine administration fees; 21% for non-applicable

		drugs
4	>$6,954.52 and <= OOP threshold	15%
5	> OOP threshold	Lesser of 95% or (Gross Covered Drug Cost - $2.65/$6.60)

Methods for PDE Reporting:

PDE reporting of applicable drugs for EA plans with supplemental coverage in the gap:

1. 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 the dispensing fee and vaccine administration fee, to the greatest extent possible, outside the Coverage Gap. If only a portion of the dispensing fee and vaccine administration fee can be applied to another benefit phase, then the remainder of the dispensing fee and vaccine administration fee falls within the Coverage Gap phase. If the remainder of the dispensing fee and vaccine administration fee falls within the Coverage Gap, apply the fees to the supplemental coverage (i.e., NPP), then to CPP (Rule 4 first, then Rule 3 where the fees would be shared between CPP and Patient Pay).

2. Determine Plan Liability: If the EA plan offers supplemental coverage in the gap on the drug, the plan liability is equal to the difference between the total cost falling in the gap and the applicable beneficiary gap co-pay or co-insurance under the EA plan benefit design. Plan liability includes both CPP and NPP amounts paid by the plan.

Determining Plan liability when there is no supplemental coverage in the gap:
If the EA plan does not offer supplemental coverage in the gap on the drug (i.e., NPP will be zero), then follow the six-step process below for PDE reporting of Coverage Gap PDEs with no supplemental coverage in the gap.

3. Determine Discount Eligible Cost: Discount eligible cost is the cost falling in the Coverage Gap, excluding plan liability (i.e., both CPP and NPP) under EA plans with supplemental coverage in the gap, when dispensing fee and vaccine administration fee is less than plan liability. If plan liability is less than dispensing fee and vaccine administration fee, then discount eligible cost is the sum of ingredient cost and sales tax.

4. Calculate Gap Discount: The gap discount is 50% of discount eligible cost**.**

5. Determine Beneficiary Cost-sharing in the Coverage Gap: The beneficiary cost-sharing of the discount eligible cost is calculated as 50% of the discount eligible cost.

6. Determine CPP and NPP amounts:

Determine CPP and NPP in the Coverage Gap phase:

CPP within the Coverage Gap phase is determined first. CPP will include a portion of the ingredient cost and sales tax and may include a portion of the dispensing fee and vaccine administration fee.

For the discount eligible cost portion of CPP in 2013, the sponsor will map 2.5% of the ingredient cost and sales tax falling within Rule 3 to CPP. For the ingredient cost and sales tax falling within Rule 4, the sponsor will map 15% of the cost to CPP.

For the dispensing fee and vaccine administration fee in 2013, the sponsor will place the fees within NPP if possible. If this is not possible, then the sponsor will place the fees within Rule 4. If the fees fall within Rule 4, the sponsor will map 15% of each fee to CPP. If this is not possible and the fees fall within Rule 3, then the sponsor will map 52.5% of each fee to CPP. If the claim straddles Rule 3 and Rule 4, apply the dispensing fee and vaccine administration fee to Rule 4, to the greatest extent possible. If the claim straddles Rule 2 and Rule 3, apply the fees to Rule 2, to the greatest extent possible.NPP in the Coverage Gap is determined by taking the drug cost in the coverage gap and subtracting the sum of Patient Pay, Reported Gap Discount, and CPP. Note that this amount is only the NPP amount falling within the Coverage Gap phase.

Determine CPP and NPP for cost falling outside of the Coverage Gap phase:
If the claim is a straddle claim, determine CPP and NPP using existing calculations. Next, sum the amounts from the other benefit phase(s) with the CPP and NPP amounts determined for the Coverage Gap phase.

7. Determine beneficiary liability for dispensing fee and vaccine administration fee:
If the dispensing fee and vaccine administration fee are less than plan liability, then there is no additional beneficiary liability for these fees as we presume that the entire amount of these fees was covered by the plan's liability.

If the dispensing fee and vaccine administration fee are greater than plan liability or if the fees fall within Rule 3, then determine the beneficiary portion of the dispensing fee and vaccine administration fee by subtracting the plan liability from the sum of the dispensing fee and vaccine administration fee. Another way to determine this amount is to sum the amounts calculated in steps four through six and subtract them from the Gross Drug Cost. The amount remaining will be the portion of the dispensing fee and vaccine administration fee that the beneficiary pays.

8. Determine beneficiary liability for cost falling outside of the Coverage Gap:
If the claim is a straddle claim, use existing calculations to determine beneficiary cost-sharing in the other benefit phase(s).

9. Update Gross Covered Drug Cost Accumulator and True Out-of-Pocket (TrOOP) Accumulator in preparation for adjudicating the next claim

PDE reporting of Coverage Gap PDEs with no Part D supplemental coverage in the gap:

1. 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 the dispensing fee and vaccine administration fee, to the greatest extent possible, outside the Coverage Gap. If only a portion of the dispensing fee and vaccine administration fee can be applied to another benefit phase, then the remainder of the dispensing fee and vaccine administration fee falls within the Coverage Gap phase. If the remainder of the dispensing fee and vaccine administration fee falls within the Coverage Gap, apply the fees to CPP (Rule 4 first, then Rule 3 where the fees would be shared between CPP and Patient Pay).

2. Determine Discount Eligible Cost: Discount eligible cost is cost falling in the Coverage Gap, excluding dispensing fees, and vaccine administration fees.

3. Calculate Gap Discount: The gap discount is 50% of discount eligible cost**.**

4. Determine Beneficiary Gap Cost-sharing: The beneficiary co-insurance in the gap is calculated by subtracting the 50% discount percentage from the applicable gap percentage (as defined in 42 CFR 423.104(d)(4)(iv)) and multiplying the difference by the negotiated price (as defined in section 1860D-14A(g)(6)) of the Social Security Act. For benefit year 2013, the applicable gap percentage is 97.5% and, therefore, the beneficiary co-insurance in the gap will be 47.5% (97.5% - 50%) of the negotiated price.

Next, the beneficiary cost-sharing portion of the dispensing fee and vaccine administration fee is determined. For benefit year 2013, the beneficiary pays 47.5% of the dispensing fee and vaccine administration fee falling within the Coverage Gap phase.

If the beneficiary has OHI (through an EGWP sponsor or other secondary payer), the OHI may increase or reduce beneficiary cost-sharing remaining after the gap discount is applied. The original beneficiary cost-sharing is compared to the beneficiary cost-sharing with OHI and the difference is reported in PLRO. The beneficiary cost-sharing is updated to reflect any changes resulting from the OHI. For straddle claims, beneficiary cost-sharing is the sum of beneficiary cost-sharing in the gap plus beneficiary cost-sharing from other benefit phases.

5. Calculate Covered Portion of Plan Paid Cost-sharing: The sponsor liability is calculated as the balance, by subtracting the beneficiary liability and the manufacturer discount amount from the total cost of the applicable drug claim. In 2013, the sponsor will report 2.5% of the negotiated price (as defined in section 1860D-14(g)(6)) as well as 52.5% of the dispensing fee and vaccine administration fee as CPP. In straddle claims CPP reported on the PDE will be the sum of CPP in the Coverage Gap phase and CPP in other benefit phases.

6. Update Gross Covered Drug Cost Accumulator and True Out-of-Pocket (TrOOP) Accumulator in preparation for adjudicating the next claim

PDE Rounding Rules:

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. For example, if the beneficiary and the plan share a $1.00 dispensing fee in 2013, the beneficiary liability for the dispensing fee amount is $0.475 and the plan amount is $0.525. Applying the rounding rule would mean that the beneficiary liability is $0.47 and the plan liability is $0.53.

PDE Reporting Examples:

To simplify the examples, the Ingredient Cost, Dispensing Fee Amount, Sales Tax, and Vaccine Administration Fee remain the same in all examples (see chart below). The drug is a covered drug that is applicable for the gap discount. (If modifications to the drug scenario are necessary, the changes will be addressed in the specific example.)

Field	Amount
Ingredient Cost	$195.00
Sales Tax Amount	$5.00
Negotiated Price w/o Dispensing Fee (Discount Eligible Cost)	$200.00
Vaccine Administration Fee	$0.00
Dispensing Fee Amount	$2.00
Total Gross Covered Drug Cost	$202.00

Be reminded that the sum of PDE fields Ingredient Cost and Sales Tax equals the negotiated price as defined for the gap discount. We treat that sum as one entity and do not prorate individual amounts like sales tax in straddle claims.

Additionally, in all examples, we assume the dispensing fee and vaccine administration fee are attributed, to the greatest extent possible:

- Outside the gap phase of the benefit
- In plan liability when an EA plan offers supplemental coverage (i.e., NPP) in the gap
- In CPP costs falling in a Rule 4 scenario for EA plans
- In CPP cost falling in Rule 3 for EA plans. When the fees fall within Rule 3, the beneficiary will also share a portion of the fees.

Example #1: The Claim Falls Squarely inside the Coverage Gap in a DS Plan

Step 1 Determine costs that fall in the Coverage Gap: Confirm that the claim falls squarely in the Coverage Gap. The beneficiary's Gross Covered Drug Cost has exceeded the Initial Coverage Limit (TGCDC > ICL), and the beneficiary's TrOOP remains below the TrOOP threshold (Accumulated TrOOP < TrOOP threshold) throughout the processing of the claim. When claim adjudication begins the Total Gross Covered Drug Cost (TGCDC) Accumulator is $3,000 and the TrOOP Accumulator is $1,015.50. The beginning benefit phase is the Coverage Gap and the ending benefit phase is also the Coverage Gap. 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.

PDE Fields	**Claim Total**
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
Pricing Exception Code	<blank>
Non-Standard Format Code	<blank>

Step 2 Determine Discount Eligible Cost: Discount eligible cost is $200.00.

PDE Fields	**Claim Total**
Ingredient Cost Paid	$195.00
Total Amount Attributed to Sales Tax	$5.00
Discount Eligible Cost	$200.00

Step 3 Calculate Gap Discount: The gap discount is $100.00; $200.00 * .5 = $100.00.

Step 4 Determine beneficiary cost-sharing: In 2013, the beneficiary pays 47.5% of the negotiated price and 47.5% of dispensing fee and vaccine administration fee. Beneficiary cost-sharing is $95.95, which is calculated as the sum of 47.5% of the negotiated price ($200.00) and 47.5% of the dispensing fee ($2.00).

Step 5 Calculate Covered and non-Covered Portion of Plan Paid cost-sharing: In 2013, when a claim with a gap discount falls squarely in the Coverage Gap, this plan will report 2.5% of the negotiated price and 52.5% of the dispensing fee and vaccine administration fee as CPP. CPP is $6.05, which is calculated as the sum of 2.5% of the negotiated price ($200.00) and 52.5% of the dispensing fee ($2.00).

PDE Reporting: Populate Reported Gap Discount and existing financial fields as indicated below.

PDE Fields	Value
Reported Gap Discount	$100.00
Patient Pay Amount	$95.95
Other TrOOP Amount	$0.00
Low-Income Cost-Sharing Subsidy (LICS) Amount	$0.00
Patient Liability Reduction due to Other Payer (PLRO) Amount	$0.00
Covered D Plan Paid (CPP) Amount	$6.05
Non Covered Plan Paid (NPP) Amount	$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	$202.00
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA	$0.00

Step 6 Update Gross Covered Drug Cost Accumulator and TrOOP Accumulator: After the claim is processed, the TGCDC Accumulator increases by $202.00 from $3,000.00 to $3,202.00; the TrOOP Accumulator increases by $195.95 from $1,015.50 to $1,211.45.

Example #2: Under a DS plan, the claim has an Other Health Insurance (OHI) Payer (OHI pays secondary to Part D); The OHI Payer is TrOOP eligible.

The purpose of this example is to show that the gap discount applies first before any secondary payer receives the claim. The OHI payer is a State Pharmaceutical Assistance Plan (SPAP) that reduces the beneficiary's cost-sharing by $25.00. The SPAP is a TrOOP eligible payer. Sponsors report TrOOP eligible payments in the Other TrOOP field. These payments increment the beneficiary's TrOOP Accumulator and advance the beneficiary toward the Catastrophic Phase.

Step 1 Determine costs that fall in the Coverage Gap: Confirm that the claim falls squarely in the Coverage Gap. The beneficiary's Gross Covered Drug Cost has exceeded the Initial Coverage Limit (TGCDC > ICL), and the beneficiary's TrOOP remains below the TrOOP threshold (Accumulated TrOOP < TrOOP threshold) throughout the processing of the claim. When claim adjudication begins the TGCDC Accumulator is $3,000 and the TrOOP Accumulator is $1,015.50. The beginning benefit phase is the Coverage Gap and the ending benefit phase is also the Coverage Gap. 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.

PDE Fields	Claim Total
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
Pricing Exception Code	<blank>

Non-Standard Format Code	<blank>

Step 2 Determine Discount Eligible Cost: Discount eligible cost is $200.00.

PDE Fields	Claim Total
Ingredient Cost Paid	$195.00
Total Amount Attributed to Sales Tax	$5.00
Discount Eligible Cost	$200.00

Step 3 Calculate Gap Discount: The gap discount is $100.00; $200 * .5 = $100.00.

Step 4 Determine beneficiary cost-sharing: Because this beneficiary has an OHI payer, there are multiple steps to determine beneficiary cost-sharing. At Point-of-Sale the pharmacy sends the first billing transaction to the Part D sponsor. The Part D sponsor replies that it will pay $106.05 (the Reported Gap Discount and CPP) and the beneficiary will pay $95.95 ($200.00*.475 + $2.00*.475). Immediately after the pharmacy receives the Part D sponsor's reply, the pharmacy sends a second billing transaction to the SPAP. The SPAP payer replies that it will pay the pharmacy $25.00. At that point the pharmacy knows that it will charge the beneficiary $70.95, the balance that remains after the Part D sponsor and the SPAP pay the pharmacy. Finally, the Part D sponsor receives an information (or N) transaction from the Transaction Facilitator. The N transaction identifies the SPAP and the amount the beneficiary paid to the pharmacy ($70.95). The Part D sponsor computes the SPAP payment by subtracting the N transaction amount ($70.95) from the original patient pay amount ($95.95). Since the Part D sponsor knows that the OHI payer is an SPAP, the $25.00 will be included in TrOOP is reported in the Other TrOOP field on the PDE.

Step 5 Calculate Covered and non-Covered Portion of Plan Paid cost-sharing: In 2013, when a claim with a gap discount falls squarely in the Coverage Gap, the plan will report 2.5% of the negotiated price and 52.5% of the dispensing fee and vaccine administration fee as CPP amount. In this example, CPP will be the sum of 2.5% of $200.00 and 52.5% of $2.00, or $6.05.

PDE Reporting: Populate Reported Gap Discount and existing financial fields as indicated below.

PDE Fields	Value
Reported Gap Discount	$100.00
Patient Pay Amount	$70.95
Other TrOOP Amount	$25.00
Low-Income Cost-Sharing Subsidy (LICS) Amount	$0.00
Patient Liability Reduction due to Other Payer (PLRO) Amount	$0.00
Covered D Plan Paid (CPP) Amount	$6.05
Non Covered Plan Paid (NPP) Amount	$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	$202.00

Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	$0.00

Step 6 Update Gross Covered Drug Cost Accumulator and TrOOP Accumulator: After the claim is processed, the TGCDC Accumulator increases by $202.00 from $3,000.00 to $3,202.00; the TrOOP Accumulator increases by $195.95 from $1, 015.50 to $1,186.45.

Example #3: In a DS plan, the EGWP claim has a Commercial Wraparound Payer (the commercial wrap pays secondary to Part D) and the other payer reduces the beneficiary cost-share

The purpose of this example is to show that the gap discount applies first before any secondary payer receives the claim. This plan is an EGWP. Rather than offer supplemental coverage, this EGWP re-structured its benefit to provide a commercial (non-Part D) wrap-around that always reduces the beneficiary's cost-sharing to $25.00. Using this re-structured benefit, the EGWP's enrollee pays a maximum of a $25.00 co-pay throughout the benefit. The commercial wrap-around payment is not included in TrOOP. Sponsors report TrOOP excluded payments by OHI payers in the PLRO field on the PDE. These payments never increment the beneficiary's TrOOP Accumulator. Sponsors must correctly identify and report payments by TrOOP excluded payers; otherwise the beneficiary may receive catastrophic benefits in error.

Step 1 Determine costs that fall in the Coverage Gap: Confirm that the claim falls squarely in the Coverage Gap. The beneficiary's Gross Covered Drug Cost has exceeded the Initial Coverage Limit (TGCDC > ICL), and the beneficiary's TrOOP remains below the TrOOP threshold (Accumulated TrOOP < TrOOP threshold) throughout the processing of the claim. When claim adjudication begins the TGCDC Accumulator is $3,000 and the TrOOP Accumulator is $1,015.50. The beginning benefit phase is the Coverage Gap and the ending benefit phase is also the Coverage Gap. 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.

PDE Fields	**Claim Total**
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
Pricing Exception Code	<blank>
Non-Standard Format Code	<blank>

Step 2 Determine Discount Eligible Cost: Discount eligible cost is $200.00.

PDE Fields	**Claim Total**
Ingredient Cost Paid	$195.00
Total Amount Attributed to Sales Tax	$5.00

Discount Eligible Cost	$200.00

Step 3 Calculate Gap Discount: The gap discount is $100.00; $200 * .5 = $100.00.

Step 4 Determine beneficiary cost-sharing: Because this beneficiary has an OHI payer, there are multiple steps to determine beneficiary cost-sharing. At Point-of-Sale the pharmacy sends the first billing transaction to the Part D plan. The Part D plan replies that it will pay $106.05 (the Reported Gap Discount and CPP) and the beneficiary will pay $95.95. Immediately after the pharmacy receives the Part D sponsor's reply, the pharmacy sends a second billing transaction to the commercial wrap-around. The commercial wrap-around replies that it will pay the pharmacy $70.95. At that point the pharmacy knows that it will charge the beneficiary $25.00, the balance that remains after the Part D sponsor and the commercial wrap-around pay the pharmacy. Finally, the Part D sponsor receives an information (or N) transaction from the Transaction Facilitator. The N transaction identifies the commercial wrap-around payer and amount the beneficiary paid to the pharmacy ($25.00). The Part D sponsor computes the OHI payment by subtracting the N transaction amount ($25.00) from the original patient pay amount ($95.95). Since the Part D sponsor knows that the commercial wrap-around is a TrOOP excluded payer, the $70.95, which is excluded from TrOOP, is reported in the PLRO field on the PDE.

Step 5 Calculate Covered and non-Covered Portion of Plan Paid cost-sharing: In 2013 when a claim with a gap discount falls squarely in the Coverage Gap, this plan will report 2.5% of the negotiated price and 52.5% of the dispensing fee and vaccine administration fee as CPP. In this example, CPP will be the sum of 2.5% of $200.00 and 52.5% of $2.00, or $6.05.

PDE Reporting: Populate Reported Gap Discount and existing financial fields as indicated below.

PDE Fields	Value
Reported Gap Discount	$100.00
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 (PLRO) Amount	$70.95
Covered D Plan Paid (CPP) Amount	$6.05
Non Covered Plan Paid (NPP) Amount	$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	$202.00
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	$0.00

Step 6 Update Gross Covered Drug Cost Accumulator and TrOOP Accumulator: After the claim is processed, the TGCDC Accumulator increases by $202.00 from $3,000.00 to $3,202.00; the TrOOP Accumulator increases by $125.00 from $1, 015.50 to $1,140.50.

Example #4: DS Plan, Straddle Claim (ICP to Gap)

In this example, the claim straddles the Initial Coverage Phase (ICP) and the Coverage Gap. In a defined standard plan the beneficiary enters the Coverage Gap when TGCDC Accumulator exceeds the initial coverage limit or $2,970.00 in 2013.

Step 1 Determine costs that fall in the Coverage Gap:
When claim adjudication begins the TGCDC Accumulator is $2,918.00 and the TrOOP Accumulator is $973.25; the beginning benefit phase is the ICP. The first $52.00 of the claim falls in the ICP. The amount is calculated as ICL – beginning value in TGCDC Accumulator or $2,970.00 – $2,918.00. The remaining $150.00 of the claim falls in the Coverage Gap. Because the beneficiary's TrOOP remains below the TrOOP threshold (Accumulated TrOOP < TrOOP threshold) throughout the processing of the claim, the ending benefit phase is the Coverage Gap.

PDE Fields	Claim Total
Total Gross Covered Drug Cost Accumulator	$2,918.00
True Out of Pocket Accumulator	$973.25
Beginning Benefit Phase	N
Ending Benefit Phase	G
Pricing Exception Code	<blank>
Non-Standard Format Code	<blank>

PDE Field	Reported on the PDE Record	Initial Coverage Phase	Coverage Gap
Ingredient Cost Paid	$195.00	$45.00	$150.00
Dispensing Fee Paid	$2.00	$2.00	$0.00
Total Amount Attributed to Sales Tax	$5.00	$5.00	$0.00
Vaccine Administration Fee	$0.00	$0.00	$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	$202.00		
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	$0.00		

Step 2 Determine Discount Eligible Cost: The discount eligible cost is $150.00, the Coverage Gap amount.

Step 3 Calculate Gap Discount: The gap discount is 50% of the $150.00 discount eligible cost or $75.

Step 4 Determine beneficiary cost-sharing: The beneficiary is responsible for cost-sharing in each benefit phase the claim straddles. ICP cost-sharing is 25%; Coverage Gap cost-sharing in 2013 is 47.5% of the negotiated price.

ICP cost-sharing is $13.00 ($52 .00 * .25)
Coverage gap cost-sharing is $71.25 ($150.00 *.475)
The beneficiary's total cost-sharing is $84.25.

Step 5 Calculate Covered and non-Covered Portion of Plan Paid cost-sharing: The plan pays 75% of the cost falling in the ICP ($52.00 *.75 = $39.00) and 2.5% of the discount eligible cost ($150*.025 = $3.75). This amount ($42.75) is included as CPP.

PDE Reporting: Populate Reported Gap Discount and existing financial fields as indicated below.

PDE Fields	Value
Reported Gap Discount	$75.00
Patient Pay Amount	$84.25
Other TrOOP Amount	$0.00
Low-Income Cost-Sharing Subsidy (LICS) Amount	$0.00
Patient Liability Reduction due to Other Payer (PLRO) Amount	$0.00
Covered D Plan Paid (CPP) Amount	$42.75
Non Covered Plan Paid (NPP) Amount	$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	$202.00
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	$0.00

Step 6 Update Gross Covered Drug Cost Accumulator and TrOOP Accumulator: The Beginning and Ending Benefit Phase values and the TGCDC Accumulator and TrOOP Accumulator values validate that the claim straddles the ICP and the Coverage Gap. After the claim is processed, the TGCDC Accumulator increases by $202.00 from $2,918.00 to $3,120.00; the TrOOP Accumulator increases by $159.25 from $973.25 to $1,132.50.

Example #5: DS Plan, Straddle Claim with Only Part of Dispensing Fee Falling Outside the Gap

In this example, the claim straddles the ICP and the Coverage Gap. In a defined standard plan the beneficiary enters the Coverage Gap when TGCDC Accumulator exceeds the initial coverage limit or $2,970.00 in 2013.

Step 1 Determine costs that fall in the Coverage Gap:
When claim adjudication begins the TGCDC Accumulator is $2,969.00 and the TrOOP Accumulator is $986.00; the beginning benefit phase is the ICP. The first $1.00 of the claim falls in the ICP. (The amount is calculated equals ICL – beginning value in TGCDC

Accumulator or $2,970.00 – $2,969.00.) Note that the amount in the ICP is insufficient to fully cover the $2 dispensing fee so a portion of the dispensing fee will fall into the gap. However, the dispensing fee is not eligible for the gap discount. Because the beneficiary's TrOOP remains below the TrOOP threshold (Accumulated TrOOP < TrOOP threshold) throughout the processing of the claim, the remaining $201.00 of the claim falls in the Coverage Gap. The ending benefit phase is the Coverage Gap.

PDE Fields	**Claim Total**
Total Gross Covered Drug Cost Accumulator	$2,969.00
True Out of Pocket Accumulator	$986.00
Beginning Benefit Phase	N
Ending Benefit Phase	G
Pricing Exception Code	<blank>
Non-Standard Format Code	<blank>

PDE Field	Reported on the PDE Record	Initial Coverage Phase	Coverage Gap
Ingredient Cost Paid	$195.00	$0.00	$195.00
Dispensing Fee Paid	$2.00	$1.00	$1.00
Total Amount Attributed to Sales Tax	$5.00	$.00	$5.00
Vaccine Administration Fee	$0.00	$0.00	$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	$202.00		
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	$0.00		

Step 2 Determine Discount Eligible Cost: The first dollar of the Dispensing Fee Paid is applied to the $1.00 amount outside the Coverage Gap. Calculate discount eligible cost by subtracting the second dollar remaining in the Dispensing Fee Paid from the $201.00 falling in the Coverage Gap. Therefore discount eligible cost is $200.00.

Step 3 Calculate Gap Discount: The gap discount is 50% of the $200.00 discount eligible cost or $100.

Step 4 Determine beneficiary cost-sharing: The beneficiary is responsible for cost-sharing in each benefit phase the claim straddles. ICP cost-sharing is 25%; Coverage Gap cost-sharing is 47.5% of the discount eligible cost and 47.5% of the non-discount eligible costs falling in the gap in 2013.

ICP cost-sharing is $0.25 ($1 .00 * .25). Coverage Gap cost-sharing is calculated as ($200.00 * .475) + ($1.00 *.475) = $95.47

The beneficiary's total cost-sharing is $95.72.

Step 5 Calculate Covered and non-Covered Portion of Plan Paid cost-sharing: The plan pays 75% of the cost falling in the ICP ($1.00 *.75 = $0.75), 2.5% of the discount eligible cost ($200.00 *.025= $5.00), and 52.5% of the dispensing fee ($1.00 *.525 = $0.53) in the gap. The total CPP is $6.28.

PDE Reporting: Populate Reported Gap Discount and existing financial fields as indicated below.

PDE Fields	Value
Reported Gap Discount	$100.00
Patient Pay Amount	$95.72
Other TrOOP Amount	$0.00
Low-Income Cost-Sharing Subsidy Amount (LICS)	$0.00
Patient Liability Reduction due to Other Payer (PLRO) Amount	$0.00
Covered D Plan Paid (CPP) Amount	$6.28
Non Covered Plan Paid (NPP) Amount	$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	$202.00
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	$0.00

Step 6 Update Gross Covered Drug Cost Accumulator and TrOOP Accumulator: The Beginning and Ending Benefit Phase values and the TGCDC Accumulator and TrOOP Accumulator values validate that the claim straddles the ICP and the Coverage Gap. After the claim is processed, the TGCDC Accumulator increases by $202.00 from $2,969.00 to $3171.00; the TrOOP Accumulator increases by $195.72 from $986.00 to $1181.72.

Example #6: BA Plan, Co-pay / Co-insurance Straddle claim with Lesser of Logic

This example illustrates the gap discount calculation when the co-pay and co-insurance in a single claim exceed the negotiated price. Whenever a claim straddles a co-pay benefit phase and a co-insurance benefit phase, the plan must apply a lesser of test to ensure that beneficiary cost-sharing never exceeds the negotiated price. When part of the claim falls within the Coverage Gap Phase, the lesser of test is applied prior to determining the Reported Gap Discount amount. If the claim fails the lesser of test (i.e., the sum of the co-pay and the co-insurance exceeds negotiated price) the beneficiary cost-sharing will be based upon the negotiated price instead. When the beneficiary cost-sharing is based upon the negotiated price, the claim dollars are allocated to each benefit phase as shown below and the gap discount is calculated based on the dollars falling in the Coverage Gap. In this example, we show a basic alternative plan with a $30 co-pay for brand drugs in the ICP. However, the scenario applies to any claim with co-insurance in the Coverage Gap and a co-pay in the adjacent benefit phase (either the ICP or the Catastrophic benefit phase) regardless of plan type.

Step 1 Determine costs that fall in the Coverage Gap:
When claim adjudication begins the TGCDC Accumulator is $2,969.00 and the TrOOP Accumulator is $955.00; the beginning benefit phase is the ICP. The ending benefit phase is the Coverage Gap.

In order to apply the lesser of test, first calculate beneficiary cost-sharing without the gap discount. The first $1.00 of the claim falls in the ICP; therefore the beneficiary would normally pay $30 ICP co-pay. The remaining $201.00 falls in the Coverage Gap; therefore the beneficiary would normally pay $195.97 in Coverage Gap. The sum of the $30 ICP co-pay and the $195.47 co-insurance (97.5% * $200.00 and 47.5% * $1.00) is $225.47, which is greater than the negotiated price of $202.00. Therefore, the beneficiary cost-sharing will be based upon the negotiated price of $202.00. As in Example #5, $1.00 falls in the ICP and $201.00 falls in the Coverage Gap.

PDE Fields	Claim Total
Total Gross Covered Drug Cost Accumulator	$2,969.00
True Out of Pocket Accumulator	$955.00
Beginning Benefit Phase	N
Ending Benefit Phase	G
Pricing Exception Code	<blank>
Non-Standard Format Code	<blank>

PDE Field	Reported on the PDE Record	Initial Coverage Phase	Coverage Gap
Ingredient Cost Paid	$195.00	$0.00	$195.00
Dispensing Fee Paid	$2.00	$1.00	$1.00
Total Amount Attributed to Sales Tax	$5.00	$.00	$5.00
Vaccine Administration Fee	$0.00	$0.00	$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	$202.00		
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	$0.00		

Step 2 Determine Discount Eligible Cost: The first dollar of the Dispensing Fee Paid is applied to the $1.00 amount outside the Coverage Gap. Calculate discount eligible cost by subtracting the second dollar remaining in the Dispensing Fee Paid from the $201.00 falling in the Coverage Gap. Therefore discount eligible cost is $200.00.

Step 3 Calculate Gap Discount: The gap discount is 50% of the $200.00 discount eligible cost or $100.

Step 4 Determine beneficiary cost-sharing: Because lesser of logic applies, the beneficiary pays the $1.00 within the ICP. In the Coverage Gap, the beneficiary pays 47.5% of the discount eligible cost ($95.00) and 47.5% of the dispensing fee falling within the Coverage Gap phase ($0.47). The total Patient Pay Amount will be $1.00 + $95.00 + $0.47, which is $96.47.

Step 5 Calculate Covered and non-Covered Portion of Plan Paid cost-sharing: The plan will pay 2.5% ($5.00) of the discount eligible cost and 52.5% of the dispensing fee falling within the Coverage Gap phase ($0.53). The total CPP will be $5.53

PDE Reporting: Populate Reported Gap Discount and existing financial fields as indicated below.

PDE Fields	Value
Reported Gap Discount	$100.00
Patient Pay Amount	$96.47
Other TrOOP Amount	$0.00
Low-Income Cost-Sharing Subsidy (LICS) Amount	$0.00
Patient Liability Reduction due to Other Payer (PLRO) Amount	$0.00
Covered D Plan Paid (CPP) Amount	$5.53
Non Covered Plan Paid (NPP) Amount	$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	$202.00
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	$0.00

Step 6 Update Gross Covered Drug Cost Accumulator and TrOOP Accumulator: The Beginning and Ending Benefit Phase values and the TGCDC Accumulator and TrOOP Accumulator values validate that the claim straddles the ICP and the Coverage Gap. After the claim is processed, the TGCDC Accumulator increases by $202.00 from $2,969.00 to $3,171.00; the TrOOP Accumulator increases by $196.47 from $955.00 to $1,151.47.

Example #7: BA plan, Straddle Claim with Co-pay in ICP

In this example, the claim straddles the ICP and the Coverage Gap in a BA plan with a $5/$15/$30 co-pay structure in the ICP. In this BA plan the beneficiary enters the Coverage Gap when TGCDC Accumulator exceeds the initial coverage limit or $2,970.00 in 2013. The discount eligible brand drug in this example falls in the $30 co-pay tier.

Step 1 Determine costs that fall in the Coverage Gap:
When claim adjudication begins the TGCDC Accumulator is $2,930.00 and the TrOOP Accumulator is $955.00; the beginning benefit phase is the ICP. The first $40.00 of the claim falls in the ICP. (The amount is calculated as ICL – beginning value in TGCDC Accumulator or $2,970.00 – $2,930.00.) Because, the beneficiary has not met the TrOOP threshold the remaining $162.00 of the claim falls in the Coverage Gap. The ending benefit phase is the Coverage Gap.

PDE Fields	Claim Total
Total Gross Covered Drug Cost Accumulator	$2,930.00
True Out of Pocket Accumulator	$955.00
Beginning Benefit Phase	N
Ending Benefit Phase	G
Pricing Exception Code	<blank>
Non-Standard Format Code	<blank>

PDE Field	Reported on the PDE Record	Initial Coverage Phase	Coverage Gap
Ingredient Cost Paid	$195.00	$33.00	$162.00
Dispensing Fee Paid	$2.00	$2.00	$0.00
Total Amount Attributed to Sales Tax	$5.00	$5.00	$0.00
Vaccine Administration Fee	$0.00	$0.00	$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	$202.00		
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	$0.00		

Step 2 Determine Discount Eligible Cost: The discount eligible cost is $162.00, the Coverage Gap amount.

Step 3 Calculate Gap Discount: The gap discount is 50% of the $162.00 discount eligible cost or $81.

Step 4 Determine beneficiary cost-sharing: The beneficiary is responsible for cost-sharing in each benefit phase the claim straddles. ICP cost-sharing in this BA plan is $30.00; Coverage Gap cost-sharing is 47.5% of the discount eligible cost in the gap.

ICP cost-sharing is $30.00. (The plan pays the remaining $10.00 of the total claim amount falling in the ICP.)
Coverage Gap cost-sharing is $76.95 ($162.00 * .475)
The beneficiary's total cost-sharing is $106.95. ($30.00 co-pay in ICP + $76.95 beneficiary liability in gap)

Step 5 Calculate Covered and non-Covered Portion of Plan Paid cost-sharing: The plan pays the remainder of cost falling in the ICP beyond the beneficiary co-pay in the ICP ($40.00 - $30.00 = $10.00) and 2.5% of the discount eligible cost in the gap ($162.00 * .025 = $4.05). This amount ($14.05) is included as CPP.

PDE Reporting: Populate Reported Gap Discount and existing financial fields as indicated below.

PDE Fields	Value
Reported Gap Discount	$81.00
Patient Pay Amount	$106.95
Other TrOOP Amount	$0.00
Low-Income Cost-Sharing Subsidy (LICS) Amount	$0.00
Patient Liability Reduction due to Other Payer (PLRO) Amount	$0.00
Covered D Plan Paid (CPP) Amount	$14.05
Non Covered Plan Paid (NPP) Amount	$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	$202.00
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	$0.00

Step 6 Update Gross Covered Drug Cost Accumulator and TrOOP Accumulator: The Beginning and Ending Benefit Phase values and the TGCDC Accumulator and TrOOP Accumulator values validate that the claim straddles the ICP and the Coverage Gap. After the claim is processed, the TGCDC Accumulator increases by $202.00 from $2,930.00 to $3,132.00; the TrOOP Accumulator increases by $187.95 from $955.00 to $1,142.95.

Example #8: Gap Claim in Plan with Supplemental Coverage (Co-insurance in the Gap)

In this example, the plan offers supplemental coverage by being an EA plan including an EA EGWP. The claim falls squarely in the Coverage Gap. Supplemental coverage is the additional plan payments that reduce beneficiary cost sharing below the amount of co-insurance defined in the standard benefit. The value of the supplemental coverage must be calculated on a claim-by-claim basis. Since supplemental coverage applies before the gap discount, we modify Step 2 by first calculating the value of the supplemental coverage on this claim.

Step 1 Determine costs that fall in the Coverage Gap:
As in Example #1, the claim falls squarely in the Coverage Gap. The beneficiary's Gross Covered Drug Cost has exceeded the Initial Coverage Limit (TGCDC > ICL), and the beneficiary's TrOOP remains below the TrOOP threshold (Accumulated TrOOP < TrOOP threshold) throughout the processing of the claim. When claim adjudication begins the TGCDC Accumulator is $3,000.00 and the TrOOP Accumulator is $1,100.00. The beginning benefit phase is the Coverage Gap and the ending benefit phase is also the Coverage Gap.

PDE Fields	Claim Total
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

Pricing Exception Code	<blank>
Non-Standard Format Code	<blank>

Step 2 Determine Plan Liability: The plan liability is equal to the difference between the total cost falling in the gap and the applicable beneficiary gap co-pay or co-insurance under the EA plan benefit design. In this example, the sponsor's benefit has a co-insurance in the gap where the beneficiary pays 40% and the plan pays 60%. Therefore, the plan liability is $202.00 – ($202.00 * .40) = $121.20.

Secondly, compare the dispensing fee to the plan liability. Since the plan liability is greater than or equal to the dispensing fee, we assume the dispensing fee is included in the plan liability.

Step 3 Determine Discount Eligible Cost:
In this example, the discount eligible cost is the total drug cost in the gap minus plan liability. $202 - $121.20 = $80.80.

Step 4 Calculate Gap Discount: The gap discount is 50% of the $80.80 discount eligible cost or $40.40.

Step 5 Determine Beneficiary Cost-sharing in the Coverage Gap:
In this example, the beneficiary is responsible for 40% of cost falling in the gap minus the amount covered by the gap discount amount, which equals $40.40. (($202.00*0.40)-$40.40) = $40.40)

Step 6 Determine CPP and NPP amounts:
As a part of Step 2, we determined the value of the plan liability in the gap to be $121.20. This amount includes both CPP and NPP. To determine the portion of this amount that is CPP, we consider this claim in light of the defined standard benefit where CPP is 2.5% of ingredient cost and sales tax in the gap plus 52.5% of dispensing fee and vaccine administration fee in the gap. CPP equals ($200.00 * .025) + ($2.00*.525) = $6.05. NPP is calculated as the cost of the drug falling in the gap minus the sum of Patient Pay, Reported Gap Discount, and CPP. NPP = $202.00 – ($40.40 +$40.40 + $6.05).

Step 7 Determine beneficiary liability for dispensing fee and vaccine administration fee:
Because the value of the plan liability exceeded the sum of the dispensing fee and vaccine administration fee, we assume the entire fee was attributed to the plan liability. The beneficiary does not have any additional liability due to these fees in this example.

Step 8 Determine beneficiary liability for cost falling outside of the Coverage Gap:
Because this claim falls completely in the gap, there is no additional beneficiary liability for costs outside the gap.

PDE Reporting: Populate Reported Gap Discount and existing financial fields as indicated below.

PDE Fields	Value

Reported Gap Discount	$40.40
Patient Pay Amount	$40.40
Other TrOOP Amount	$0.00
Low-Income Cost-Sharing Subsidy (LICS) Amount	$0.00
Patient Liability Reduction due to Other Payer (PLRO) Amount	$0.00
Covered D Plan Paid (CPP) Amount	$6.05
Non Covered Plan Paid (NPP) Amount	$115.15
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	$202.00
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	$0.00

Step 9 Update Gross Covered Drug Cost Accumulator and True Out-of-Pocket (TrOOP) Accumulator in preparation for adjudicating the next claim: The Beginning and Ending Benefit Phase values and the TGCDC Accumulator and TrOOP Accumulator values validate that the claim is squarely in the Coverage Gap. After the claim is processed, the TGCDC Accumulator increases by $202.00 from $3,000.00 to $3,202.00; the TrOOP Accumulator increases by $80.80 from $1,110.00 to $1,190.80.

Example #9: Gap Claim in Plan with Supplemental Coverage (Co-pay in the Gap)

In this example, the plan offers supplemental coverage by being an EA plan, including an EA EGWP. The claim falls squarely in the Coverage Gap. Supplemental coverage is additional plan payments that reduce beneficiary cost sharing below the amount of co-insurance defined in the standard benefit. The value of the supplemental coverage must be calculated on a claim-by-claim basis. In this example, the sponsor's benefit has a $30 co-pay for brand drugs in the gap.

Step 1 Determine costs that fall in the Coverage Gap:
As in Example #1, the claim falls squarely in the Coverage Gap. The beneficiary's Gross Covered Drug Cost has exceeded the Initial Coverage Limit (TGCDC > ICL), and the beneficiary's TrOOP remains below the TrOOP threshold (Accumulated TrOOP < TrOOP threshold) throughout the processing of the claim. When claim adjudication begins the TGCDC Accumulator is $3,000.00 and the TrOOP Accumulator is $1,100.00. The beginning benefit phase is the Coverage Gap and the ending benefit phase is also the Coverage Gap.

PDE Fields	**Claim Total**
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
Pricing Exception Code	<blank>
Non-Standard Format Code	<blank>

Step 2 Determine Plan Liability: The plan liability is equal to the difference between the total cost falling in the gap and the applicable beneficiary gap co-pay or co-insurance under the EA plan benefit design. In this example, the sponsor's benefit has a co-pay of $30.00 in the Gap. Therefore, the plan liability is $202.00 – $30.00 = $172.00.

Secondly, compare the dispensing fee to the plan liability. Since the plan liability is greater than or equal to the dispensing fee, we assume the dispensing fee is included in the plan liability and we will reduce the discount eligible cost no further.

Step 3 Determine Discount Eligible Cost:
In this example, the discount eligible cost is the total drug cost in the gap minus plan liability. In this case, the discount eligible cost is $202.00 - $172.00 = $30.00.

Step 4 Calculate Gap Discount: The gap discount is 50% of the $30.00 discount eligible cost or $15.00.

Step 5 Determine Beneficiary Cost-sharing in the Coverage Gap:
The beneficiary is responsible for a $30.00 co-payment minus the amount covered by the gap discount, which equals $15.00.

Step 6 Determine CPP and NPP amounts:
As a part of Step 2, we determined the value of the plan liability in the gap to be $172.00. This amount includes both CPP and NPP. To determine the portion of this amount that is CPP, we consider this claim in light of the defined standard benefit where CPP is 2.5% of ingredient cost and sales tax in the gap plus 52.5% of dispensing fee and vaccine administration fee in the gap. CPP equals ($200.00 * .025) + ($2.00*.525) = $6.05. The remaining portion of plan liability is attributed to NPP. NPP is $202.00 – ($15.00 + $15.00 + $6.05) = $165.95.

Step 7 Determine beneficiary liability for dispensing fee and vaccine administration fee:
Because the value of the plan liability exceeded the sum of the dispensing fee and vaccine administration fee, we assume the fees were attributed to the plan liability. The beneficiary does not have any additional liability due to these fees in this example.

Step 8 Determine beneficiary liability for cost falling outside of the Coverage Gap:
Because this claim falls completely in the gap, there is no additional beneficiary liability for costs outside the gap.

PDE Reporting: Populate Reported Gap Discount and existing financial fields as indicated below.

PDE Fields	**Value**
Reported Gap Discount	$15.00
Patient Pay Amount	$15.00
Other TrOOP Amount	$0.00
Low-Income Cost-Sharing Subsidy (LICS) Amount	$0.00

Patient Liability Reduction due to Other Payer (PLRO) Amount	$0.00
Covered D Plan Paid (CPP) Amount	$6.05
Non Covered Plan Paid (NPP) Amount	$165.95
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	$202.00
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	$0.00

Step 9 Update Gross Covered Drug Cost Accumulator and True Out-of-Pocket (TrOOP) Accumulator in preparation for adjudicating the next claim: The Beginning and Ending Benefit Phase values and the TGCDC Accumulator and TrOOP Accumulator values validate that the claim is squarely in the Coverage Gap. After the claim is processed, the TGCDC Accumulator increases by $202.00 from $3,000.00 to $3,202.00; the TrOOP Accumulator increases by $30.00 from $1,110.00 to $1,140.00.

Example #10: Claim straddles two co-pay benefit phases: Initial Coverage Phase and Coverage Gap (EA Plan, includingEA EGWP)

CMS guidance (April 27, 2007 HPMS memorandum, titled "Q&A Addressing claims straddling co-payment benefit phases") stipulates that when a single claim straddles two adjacent co-pay benefit phases, only the first co-pay applies. This guidance affects gap discount calculations for the two plan types that can offer benefits in the Coverage Gap: Enhanced Alternative plans and EGWPs, provided the plan applies co-pays. This scenario occurs frequently in plans with a flat co-pay throughout the pre-catastrophic benefit. When a claim straddles the ICP and the Coverage Gap and a co-pay applies in both benefit phases, there is no discount because the plan effectively closes the Coverage Gap on an individual claim basis. In this example, the benefit is a $30 co-payment until catastrophic. However, the discount does apply when a claim straddles the Coverage Gap and the Catastrophic Phase and a co-pay applies in both benefit phases. In that scenario the catastrophic co-pay does not apply. (See Example #11.)

Step 1 Determine costs that fall in the Coverage Gap:
When claim adjudication begins the TGCDC Accumulator is $2,810.00 and the TrOOP Accumulator is $850.00; the beginning benefit phase is the ICP. The first $160.00 of the claim falls in the ICP. (The amount is calculated equals ICL – beginning value in TGCDC Accumulator or $2,970.00 – $2,810.00.) Because, the beneficiary has not met the TrOOP threshold the remaining $42.00 of the claim falls in the Coverage Gap. The ending benefit phase is the Coverage Gap.

PDE Fields	**Claim Total**
Total Gross Covered Drug Cost Accumulator	$2,770.00
True Out of Pocket Accumulator	$1,110.00
Beginning Benefit Phase	N
Ending Benefit Phase	G
Pricing Exception Code	<blank>

Non-Standard Format Code	<blank>

PDE Field	Reported on the PDE Record	Initial Coverage Phase	Coverage Gap
Ingredient Cost Paid	$195.00	$153.00	$42.00
Dispensing Fee Paid	$2.00	$2.00	$0.00
Total Amount Attributed to Sales Tax	$5.00	$5.00	$0.00
Vaccine Administration Fee	$0.00	$0.00	$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	$202.00		
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	$0.00		

Step 2 Determine Plan Liability: The plan liability in the gap is equal to the difference between the total cost falling in the gap and the applicable beneficiary gap co-pay or co-insurance under the EA plan benefit design. In this example, the sponsor's benefit has a co-pay of $30 in the Gap, however it does not apply because the claim is a co-pay-to-co-pay straddle so only the first co-pay applies. Therefore, the plan liability in the gap is $42 – $0 = $42.00.

Step 3 Determine Discount Eligible Cost:
In this example, the discount eligible cost is the total drug cost in the gap minus plan liability. The discount eligible cost is $42 - $42 = $0.

Step 4 Calculate Gap Discount: The gap discount is 50% of the $0 discount eligible cost or $0.

Step 5 Determine Beneficiary Cost-sharing in the Coverage Gap:
The beneficiary is not responsible for any of the cost sharing in the gap because this claim is a co-pay-to-co-pay straddle and the beneficiary is only responsible for the first co-pay.

Step 6 Determine CPP and NPP amounts:
As a part of Step 2, we determined the value of the plan liability in the gap to be $42.00. This amount includes both CPP and NPP. To determine the portion of this amount that is CPP, we consider this claim in light of the defined standard benefit where CPP is 2.5% of ingredient cost and sales tax in the gap plus 52.5% of dispensing fee and vaccine admin fee in the gap. (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 liability for these fees in the gap). CPP equals ($42 * .025) = $1.05. NPP is $42.00 – ($0.00 + $0.00 + $1.05) = $40.95.

The plan pays the remaining $130.00 in the ICP; $120 is reported as CPP and $10 is reported as NPP. The NPP amount is determined by taking the cost falling within the ICP and subtracting the beneficiary and CPP amounts. The $40.95 of supplemental coverage in the Coverage Gap is also reported as NPP.

Step 7 Determine beneficiary liability for dispensing fee and vaccine administration fee: Because the value of the drug cost falling outside the gap exceeds the sum of the dispensing fee and vaccine administration fee, we assume that the fees were attributed to the costs in the ICP. The beneficiary does not have any additional liability due to these fees in the gap in this example.

Step 8 Determine beneficiary liability for cost falling outside of the Coverage Gap: Because this claim straddles the ICP and the Coverage Gap, the beneficiary must pay the $30 co-payment associated with the drug costs falling in the ICP.

PDE Reporting: Populate Reported Gap Discount and existing financial fields as indicated below.

PDE Fields	Value
Reported Gap Discount	$0.00
Patient Pay Amount	$30.00
Other TrOOP Amount	$0.00
Low-Income Cost-Sharing Subsidy (LICS) Amount	$0.00
Patient Liability Reduction due to Other Payer (PLRO) Amount	$0.00
Covered D Plan Paid (CPP) Amount	$121.05
Non Covered Plan Paid (NPP) Amount	$50.95
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	$202.00
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	$0.00

Step 9 Update Gross Covered Drug Cost Accumulator and True Out-of-Pocket (TrOOP) Accumulator in preparation for adjudicating the next claim: The Beginning and Ending Benefit Phase values and the TGCDC Accumulator and TrOOP Accumulator values validate that the claim is squarely in the Coverage Gap. After the claim is processed, the TGCDC Accumulator increases by $202.00 from $2,810.00 to $3,012.00; the TrOOP Accumulator increases by $30.00 from $1,110.00 to $1,140.00.

Example #11: Claim straddles two co-pay benefit phases: Coverage Gap and Catastrophic (EA Plan, including EA EGWP)

Step 1 Determine costs that fall in the Coverage Gap:
In this example, the drug cost is $150.00, which includes sales tax of $5.00 and a dispensing fee of $2.00. When claim adjudication begins the TGCDC Accumulator is $6,800.00 and the TrOOP Accumulator is $4,720.00; the beginning benefit phase is the Coverage Gap. Midway through processing this claim the beneficiary crosses the Out-of-Pocket Threshold. The first $30.00 of the claim falls in the Coverage Gap. After the beneficiary pays $30.00, the TrOOP Accumulator reaches $4,750.00. Because the beneficiary has reached the TrOOP threshold, the remaining $120.00 of the claim falls in the Catastrophic Phase. The ending benefit phase is Catastrophic.

PDE Fields	Claim Total
Total Gross Covered Drug Cost Accumulator	$6,800.00
True Out of Pocket Accumulator	$4,720.00
Beginning Benefit Phase	G
Ending Benefit Phase	C
Pricing Exception Code	<blank>
Non-Standard Format Code	<blank>

PDE Field	Reported on the PDE Record	Coverage Gap	Catastrophic
Ingredient Cost Paid	$143.00	$25.00	$118.00
Dispensing Fee Paid	$2.00	$0.00	$2.00
Total Amount Attributed to Sales Tax	$5.00	$5.00	$0.00
Vaccine Administration Fee	$0.00	$0.00	$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	$30.00		
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	$120.00		

Step 2 Determine Plan Liability: In this example, the sponsor's benefit has a co-pay of $35 in the Coverage Gap, and it does apply because only the first co-pay applies in a co-pay-to-co-pay straddle. Because the co-pay in the Coverage Gap is greater than the remaining TrOOP amount, the beneficiary pays $30.00 and there is no plan liability.

Step 3 Determine Discount Eligible Cost:
In this example, the discount eligible cost is the total drug cost in the gap minus plan liability. The discount eligible cost is $30.00 - $0.00 = $30.00.

Step 4 Calculate Gap Discount: The gap discount is 50% of the $30.00 discount eligible cost or $15.00.

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, or $30.00 - $15.00 = $15.00. Because of the rule that only the first co-pay applies in a co-pay to co-pay straddle, this represents the total beneficiary cost sharing on this claim.

Step 6 Determine CPP and NPP amounts:
Although there is no plan liability, CPP will be mapped to the defined standard benefit. To determine CPP, we map 2.5% of the ingredient cost and sales tax to CPP. CPP is 2.5% of $30.00 or $0.75. The dispensing fee is outside of the Coverage Gap so total CPP in the Coverage Gap is $0.75. NPP is calculated as the drug cost in the gap minus the sum of the reported gap discount,

patient pay amount, and CPP. NPP = $30.00 – ($15.00 + $15.00 + $0.75) or -$0.75. The sum of CPP and NPP is zero which equals the plan liability determined in Step 1.

The remaining $120.00 of the claim falls in the Catastrophic Phase. Because the beneficiary is only responsible for the first co-pay, the plan pays the entire amount of $120.00 falling in the Catastrophic Phase. CPP is the lesser of 95% of the drug cost in catastrophic or the gross covered drug cost minus $6.60. CPP is $113.40. NPP is the drug cost in the catastrophic phase minus the sum of patient pay amount and CPP, $120.00 – ($0.00 + $113.40). NPP is $6.60.

Step 7 Determine beneficiary liability 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, we assume the fees were attributed to the costs in the Catastrophic Phase. The beneficiary does not have any additional liability due to these fees in the gap in this example.

Step 8 Determine beneficiary liability for cost falling outside of the Coverage Gap: Because this claim straddles the gap and the Catastrophic Phase in a co-pay to co-pay situation, the beneficiary only is liable for the co-payment associated with costs in the gap.

PDE Reporting: Populate Reported Gap Discount and existing financial fields as indicated below.

PDE Fields	Value
Reported Gap Discount	$15.00
Patient Pay Amount	$15.00
Other TrOOP Amount	$0.00
Low-Income Cost-Sharing Subsidy (LICS) Amount	$0.00
Patient Liability Reduction due to Other Payer (PLRO) Amount	$0.00
Covered D Plan Paid (CPP) Amount	$114.15
Non Covered Plan Paid (NPP) Amount	$5.85
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	$30.00
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	$120.00

Step 9 Update Gross Covered Drug Cost Accumulator and True Out-of-Pocket (TrOOP) Accumulator in preparation for adjudicating the next claim: The Beginning and Ending Benefit Phase values and the TGCDC Accumulator and TrOOP Accumulator values validate that the claim is squarely in the Coverage Gap. After the claim is processed, the TGCDC Accumulator increases by $120.00 from $6,800.00 to $6920.00; the TrOOP Accumulator increases by $30.00 from $4,720.00 to $4,750.00.

Example #12: Gap Claim in Plan with Supplemental Coverage (Co-pay in the Gap) TGCDC Completely in Rule 4

In this example, the plan offers supplemental coverage by being an EA plan, including an EA EGWP. The claim falls squarely in the Coverage Gap. According to the TGCDC and TrOOP reported on the PDE, this claim falls into EA Mapping Rule 4. Supplemental coverage is the additional plan payments that reduce beneficiary cost sharing below the amount of co-insurance defined in the standard benefit. The value of the supplemental coverage must be calculated on a claim-by-claim basis. In this example, the sponsor's benefit is has $30.00 co-pay for brand drugs in the Coverage Gap.

Step 1 Determine costs that fall in the Coverage Gap:
As in Example #1, the claim falls squarely in the Coverage Gap. The beneficiary's Gross Covered Drug Cost has exceeded the Initial Coverage Limit (TGCDC > ICL), and the beneficiary's TrOOP remains below the TrOOP threshold (Accumulated TrOOP < TrOOP threshold) throughout the processing of the claim. When claim adjudication begins the TGCDC Accumulator is $6,960.00 and the TrOOP Accumulator is $4,300.00. The beginning benefit phase is the Coverage Gap and the ending benefit phase is also the Coverage Gap.

PDE Fields	Claim Total
Total Gross Covered Drug Cost Accumulator	$6,960.00
True Out of Pocket Accumulator	$4,300.00
Beginning Benefit Phase	G
Ending Benefit Phase	G
Pricing Exception Code	<blank>
Non-Standard Format Code	<blank>

PDE Field	Reported on the PDE Record	EA Mapping Rule 3	EA Mapping Rule 4
Ingredient Cost Paid	$195.00	$0.00	$195.00
Dispensing Fee Paid	$2.00	$0.00	$2.00
Total Amount Attributed to Sales Tax	$5.00	$0.00	$5.00
Vaccine Administration Fee	$0.00	$0.00	$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	$202.00		
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	$0.00		

Step 2 Determine Plan Liability: The plan liability is equal to the difference between the total cost falling in the gap and the applicable beneficiary gap co-pay or co-insurance under the EA plan benefit design. In this example, the sponsor's benefit has a co-pay of $30.00 in the Coverage Gap. Therefore, the plan liability is $202.00 – $30.00 = $172.00.

Secondly, compare the dispensing fee to the plan liability. Since the plan liability is greater than or equal to the dispensing fee, we assume the dispensing fee is included in the plan liability.

Step 3 Determine Discount Eligible Cost:
In this example, the discount eligible cost is the total drug cost in the gap minus plan liability. The discount eligible cost is $202.00 - $172.00 = $30.00.

Step 4 Calculate Gap Discount: The gap discount is 50% of the $30.00 discount eligible cost or $15.00.

Step 5 Determine Beneficiary Cost-sharing in the Coverage Gap:
The beneficiary is responsible for a $30.00 co-payment minus the amount covered by the gap discount, which equals $15.00.

Step 6 Determine CPP and NPP amounts:
Given the TGCDC Accumulator and TrOOP Accumulator reported on the PDE, we know that the entire drug cost falls under EA Mapping Rule 4. To determine the portion of this amount that is CPP, we consider this claim in light of the defined standard benefit where CPP is 15% of total drug cost when TGCDC > $6,954.52 and TrOOP is less than the OOP max throughout the processing of the claim. Therefore, CPP is $30.30, or $202.00 * .15.

NPP is calculated as Total Drug Cost – (Patient Pay + Gap Discount + CPP), or $202.00 – ($15.00 + $15.00 + $30.30) = $141.70.

Step 7 Determine beneficiary liability for dispensing fee and vaccine administration fee:
Because the value of the plan liability exceeded the sum of the dispensing fee and vaccine admin fee, we assume the entire fee was attributed to the plan liability. The beneficiary does not have any additional liability due to these fees in this example.

Step 8 Determine beneficiary liability for cost falling outside of the Coverage Gap:
Because this claim falls completely in the gap, there is no additional beneficiary liability for costs outside the gap.

PDE Reporting: Populate Reported Gap Discount and existing financial fields as indicated below.

PDE Fields	Value
Reported Gap Discount	$15.00
Patient Pay Amount	$15.00
Other TrOOP Amount	$0.00
Low-Income Cost-Sharing Subsidy (LICS) Amount	$0.00
Patient Liability Reduction due to Other Payer (PLRO) Amount	$0.00
Covered D Plan Paid (CPP) Amount	$30.30
Non Covered Plan Paid (NPP) Amount	$141.70
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	$202.00

Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	$0.00

Step 9 Update Gross Covered Drug Cost Accumulator and True Out-of-Pocket (TrOOP) Accumulator in preparation for adjudicating the next claim: The Beginning and Ending Benefit Phase values and the TGCDC Accumulator and TrOOP Accumulator values validate that the claim is squarely in the Coverage Gap. After the claim is processed, the TGCDC Accumulator increases by $202.00 from $6,960.00 to $7,162.00.00; the TrOOP Accumulator increases by $30.00 from $4,300.00 to $4,330.00.

Example #13: Gap Claim in Plan with Supplemental Coverage (Co-pay in the Gap) TGC straddles EA Mapping Rules 3 & 4

In this example, the plan offers supplemental coverage by being an EA plan, including an EA EGWP. The claim falls squarely in the Coverage Gap. According to the TGCDC and TrOOP reported on the PDE, this claim straddles EA Mapping Rules 3 & 4. Supplemental coverage is the additional plan payments that reduce beneficiary cost sharing below the amount of co-insurance defined in the standard benefit. The value of the supplemental coverage must be calculated on a claim-by-claim basis. In this example, the sponsor's benefit has a $30.00 co-pay for brand drugs in the Coverage Gap.

Step 1 Determine costs that fall in the Coverage Gap:
As in Example #1, the claim falls squarely in the Coverage Gap. The beneficiary's Gross Covered Drug Cost has exceeded the Initial Coverage Limit (TGCDC > ICL), and the beneficiary's TrOOP remains below the TrOOP threshold (Accumulated TrOOP < TrOOP threshold) throughout the processing of the claim. When claim adjudication begins the TGCDC Accumulator is $6,854.52 and the TrOOP Accumulator is $4,300.00. The beginning benefit phase is the Coverage Gap and the ending benefit phase is also the Coverage Gap.

PDE Fields	Claim Total
Total Gross Covered Drug Cost Accumulator	$6,854.52
True Out of Pocket Accumulator	$4,300.00
Beginning Benefit Phase	G
Ending Benefit Phase	G
Pricing Exception Code	<blank>
Non-Standard Format Code	<blank>

PDE Field	Reported on the PDE Record	EA Mapping Rule 3	EA Mapping Rule 4
Ingredient Cost Paid	$195.00	$95.00	$100.00
Dispensing Fee Paid	$2.00	$0.00	$2.00
Total Amount Attributed to Sales Tax	$5.00	$5.00	$.00

Vaccine Administration Fee	$0.00	$0.00	$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	$202.00		
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	$0.00		

Step 2 Determine Plan Liability: The plan liability is equal to the difference between the total cost falling in the gap and the applicable beneficiary gap co-pay or co-insurance under the EA plan benefit design. In this example, the sponsor's benefit has a co-pay of $30 in the Coverage Gap. Therefore, the plan liability is $202.00 – $30.00 = $172.00.

Secondly, compare the dispensing fee to the plan liability. Since the plan liability is greater than or equal to the dispensing fee, we assume the dispensing fee is included in the plan liability.

Step 3 Determine Discount Eligible Cost:
In this example, the discount eligible cost is the total drug cost in the gap minus plan liability. The discount eligible cost is $202.00 - $172.00 = $30.00.

Step 4 Calculate Gap Discount: The gap discount is 50% of the $30.00 discount eligible cost or $15.00.

Step 5 Determine Beneficiary Cost-sharing in the Coverage Gap:
The beneficiary is responsible for a $30.00 co-payment minus the amount covered by the gap discount, which equals $15.00.

Step 6 Determine CPP and NPP amounts:
Given the TGCDC Accumulator and TrOOP Accumulator reported on the PDE, we know that $100.00 of the drug cost falls under EA Mapping Rule 3, and $102.00 of the drug cost falls under EA Mapping Rule 4. The CPP portion of the drug cost under Mapping Rule 3 is 2.5% of the ingredient cost and sales tax, plus 52.5% of dispensing fee and vaccine administration fee under that rule. (Recall that the plan liability exceeds the total fees on this claim, so all fees are attributed to plan liability.) CPP under Mapping Rule 3 is $2.50, or $100.00 * .025. To determine the portion of the drug cost falling under EA Mapping Rule 4 that is CPP, we consider this claim in light of the defined standard benefit where CPP is 15% of total drug cost when TGCDC > $6,954.52 and TrOOP is less than the OOP max throughout the processing of the claim. Therefore, CPP for the portion of the claim falling under Rule 4 is $15.30, or $102.00 * .15. The total CPP reported on the PDE is $2.50 + $15.30 = $17.80.

NPP is calculated as Total Drug Cost – (Patient Pay + Gap Discount + CPP), or $202 – ($15 + $15+ $17.80) = $154.20.

Step 7 Determine beneficiary liability for dispensing fee and vaccine administration fee:
Because the value of the plan liability exceeded the sum of the dispensing fee and vaccine administration fee, we assume the entire fee was attributed to the plan liability. The beneficiary does not have any additional liability due to these fees in this example.

Step 8 Determine beneficiary liability for cost falling outside of the Coverage Gap: Because this claim falls completely in the gap, there is no additional beneficiary liability for costs outside the gap.

PDE Reporting: Populate Reported Gap Discount and existing financial fields as indicated below.

PDE Fields	Value
Reported Gap Discount	$15.00
Patient Pay Amount	$15.00
Other TrOOP Amount	$0.00
Low-Income Cost-Sharing Subsidy (LICS) Amount	$0.00
Patient Liability Reduction due to Other Payer (PLRO) Amount	$0.00
Covered D Plan Paid (CPP) Amount	$17.80
Non Covered Plan Paid (NPP) Amount	$154.20
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	$202.00
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	$0.00

Step 9 Update Gross Covered Drug Cost Accumulator and True Out-of-Pocket (TrOOP) Accumulator in preparation for adjudicating the next claim: The Beginning and Ending Benefit Phase values and the TGCDC Accumulator and TrOOP Accumulator values validate that the claim is squarely in the Coverage Gap. After the claim is processed, the TGCDC Accumulator increases by $202.00 from $6,854.52 to $7,056.52; the TrOOP Accumulator increases by $30.00 from $4,300.00 to $4,330.00.

Example #14: Gap Claim in EA Plan with no Supplemental Coverage in Gap, TGC straddles EA Mapping Rules 3 & 4

In this example, the plan offers supplemental coverage by being an EA plan, including an EA EGWP. The claim falls squarely in the Coverage Gap. According to the TGCDC and TrOOP reported on the PDE, this claim straddles EA Mapping Rules 3 & 4. Supplemental coverage is the additional plan payments that reduce beneficiary cost sharing below the amount of co-insurance defined in the standard benefit. The value of the supplemental coverage must be calculated on a claim-by-claim basis. Although this plan is an EA plan, the drug for this PDE does not have supplemental coverage under this plan.

Step 1 Determine costs that fall in the Coverage Gap:
As in Example #1, the claim falls squarely in the Coverage Gap. The beneficiary's Gross Covered Drug Cost has exceeded the Initial Coverage Limit (TGCDC > ICL), and the beneficiary's TrOOP remains below the TrOOP threshold (Accumulated TrOOP < TrOOP threshold) throughout the processing of the claim. When claim adjudication begins the TGCDC

Accumulator is $6,854.52 and the TrOOP Accumulator is $4,300.00. The beginning benefit phase is the Coverage Gap and the ending benefit phase is also the Coverage Gap.

PDE Fields	**Claim Total**
Total Gross Covered Drug Cost Accumulator	$6,854.52
True Out of Pocket Accumulator	$4,300.00
Beginning Benefit Phase	G
Ending Benefit Phase	G
Pricing Exception Code	<blank>
Non-Standard Format Code	<blank>

PDE Field	**Reported on the PDE Record**	**EA Mapping Rule 3**	**EA Mapping Rule 4**
Ingredient Cost Paid	$195.00	$95.00	$100.00
Dispensing Fee Paid	$2.00	$0.00	$2.00
Total Amount Attributed to Sales Tax	$5.00	$5.00	$.00
Vaccine Administration Fee	$0.00	$0.00	$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	$202.00		
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	$0.00		

Step 2 Determine Discount Eligible Cost: Discount eligible cost is $200.00.

PDE Fields	**Claim Total**
Ingredient Cost Paid	$195.00
Total Amount Attributed to Sales Tax	$5.00
Discount Eligible Cost	$200.00

Step 3 Calculate Gap Discount: The gap discount is $100.00; $200.00 * .5 = $100.00.

Step 4 Determine beneficiary cost-sharing:
The beneficiary cost sharing is calculated as 47.5% of discount eligible cost plus 47.5% of dispensing fee and vaccine admin fee in the gap. Therefore, beneficiary cost sharing is ($200.00 * .475) + ($2.00 * .475) = $95.95.

Step 5 Calculate Covered and non-Covered Portion of Plan Paid cost-sharing: Given the TGCDC Accumulator and TrOOP Accumulator reported on the PDE, we know that $100.00 of the drug cost falls under EA Mapping Rule 3, and $102.00 of the drug cost falls under EA Mapping Rule 4. The CPP portion of the drug cost under Mapping Rule 3 is 2.5% of the ingredient cost and sales tax, plus 52.5% of dispensing fee and vaccine admin fee under that rule.

(We assume that dispensing fee and vaccine admin fee are attributed to the drug cost falling under Mapping Rule 4.) CPP under Mapping Rule 3 is $2.50, or $100.00 * .025. The remainder of this claim cost falls under EA Mapping Rule 4. To determine the portion of this amount that is CPP, we consider this claim in light of the defined standard benefit where CPP is 15% of total drug cost when TGCDC > $6,954.52 and TrOOP is less than the OOP max throughout the processing of the claim. Therefore, CPP for the portion of the claim falling under Rule 4 is $15.30, or $102.00 * .15. The total CPP reported on the PDE is $2.50 + $15.30 = $17.80.

NPP is calculated as Total Drug Cost – (Patient Pay + Gap Discount + CPP), or $202.00 – ($95.95 + $100.00 + $17.80 = -$11.75.

PDE Reporting: Populate Reported Gap Discount and existing financial fields as indicated below.

PDE Fields	Value
Reported Gap Discount	$100.00
Patient Pay Amount	$95.95
Other TrOOP Amount	$0.00
Low-Income Cost-Sharing Subsidy (LICS) Amount	$0.00
Patient Liability Reduction due to Other Payer (PLRO) Amount	$0.00
Covered D Plan Paid (CPP) Amount	$17.80
Non Covered Plan Paid (NPP) Amount	-$11.75
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	$202.00
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	$0.00

Step 6 Update Gross Covered Drug Cost Accumulator and True Out-of-Pocket (TrOOP) Accumulator in preparation for adjudicating the next claim: After the claim is processed, the TGCDC Accumulator increases by $202.00 from $6,854.52 to $7.056.52; the TrOOP Accumulator increases by $195.95 from $4,300.00 to $4,495.95.

Example #15: Gap Claim in EA Plan with no Supplemental Coverage in Gap, TGC straddles EA Mapping Rules 3 & 4

In this example, the plan offers supplemental coverage by being an EA plan, including an EA EGWP. The claim falls squarely in the Coverage Gap. According to the TGCDC and TrOOP reported on the PDE, this claim straddles EA Mapping Rules 3 & 4. Supplemental coverage is the additional plan payments that reduce beneficiary cost sharing below the amount of co-insurance defined in the standard benefit. The value of the supplemental coverage must be calculated on a claim-by-claim basis. Although this plan is an EA plan, the drug for this PDE does not have supplemental coverage under this plan.

Step 1 Determine costs that fall in the Coverage Gap:

As in Example #1, the claim falls squarely in the Coverage Gap. The beneficiary's Gross Covered Drug Cost has exceeded the Initial Coverage Limit (TGCDC > ICL), and the beneficiary's TrOOP remains below the TrOOP threshold (Accumulated TrOOP < TrOOP threshold) throughout the processing of the claim. When claim adjudication begins the TGCDC Accumulator is $6,753.52 and the TrOOP Accumulator is $4,300.00. The beginning benefit phase is the Coverage Gap and the ending benefit phase is also the Coverage Gap.

PDE Fields	**Claim Total**
Total Gross Covered Drug Cost Accumulator	$6,753.52
True Out of Pocket Accumulator	$4,300.00
Beginning Benefit Phase	G
Ending Benefit Phase	G
Pricing Exception Code	<blank>
Non-Standard Format Code	<blank>

PDE Field	**Reported on the PDE Record**	**EA Mapping Rule 3**	**EA Mapping Rule 4**
Ingredient Cost Paid	$195.00	$195.00	$0.00
Dispensing Fee Paid	$2.00	$1.00	$1.00
Total Amount Attributed to Sales Tax	$5.00	$5.00	$.00
Vaccine Administration Fee	$0.00	$0.00	$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	$202.00		
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	$0.00		

Step 2 Determine Discount Eligible Cost: Discount eligible cost is $200.00.

PDE Fields	**Claim Total**
Ingredient Cost Paid	$195.00
Total Amount Attributed to Sales Tax	$5.00
Discount Eligible Cost	$200.00

Step 3 Calculate Gap Discount: The gap discount is $100.00; $200.00 * .5 = $100.00.

Step 4 Determine beneficiary cost-sharing:
The beneficiary cost sharing is calculated as 47.5% of discount eligible cost plus 47.5% of dispensing fee and vaccine admin fee in the gap. Therefore, beneficiary cost sharing is ($200.00 * .475) + ($2.00 * .475) = $95.95.

Step 5 Calculate Covered and non-Covered Portion of Plan Paid cost-sharing: Given the TGCDC Accumulator and TrOOP Accumulator reported on the PDE, we know that $201.00 of the drug cost falls under EA Mapping Rule 3, and $1.00 of the drug cost falls under EA Mapping Rule 4. (We assume that dispensing fee and vaccine admin fee are attributed to the greatest extent possible to the drug cost falling under Rule 4 Mapping.) The CPP portion of the drug cost under Mapping Rule 3 is 2.5% of the ingredient cost and sales tax, plus 52.5% of dispensing fee and vaccine admin fee under that rule. CPP under Mapping Rule 3 is $5.53, or ($200.00 * .025) + ($1.00 * .525). The remainder of this claim cost falls under EA Mapping Rule 4. To determine the portion of this amount that is CPP, we consider this claim in light of the defined standard benefit where CPP is 15% of total drug cost when TGCDC > $6,733.75 and TrOOP is less than the OOP max throughout the processing of the claim. Therefore, CPP for the portion of the claim falling under Rule 4 is $0.15, or $1.00 * .15. The total CPP reported on the PDE is $5.53 + $0.15 = $5.68.

NPP is calculated as Total Drug Cost – (Patient Pay + Gap Discount + CPP), or $202.00 – ($95.95 + $100 + $5.68) = $0.37.

PDE Reporting: Populate Reported Gap Discount and existing financial fields as indicated below.

PDE Fields	Value
Reported Gap Discount	$100.00
Patient Pay Amount	$95.95
Other TrOOP Amount	$0.00
Low-Income Cost-Sharing Subsidy (LICS) Amount	$0.00
Patient Liability Reduction due to Other Payer (PLRO) Amount	$0.00
Covered D Plan Paid (CPP) Amount	$5.68
Non Covered Plan Paid (NPP) Amount	$0.37
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	$202.00
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	$0.00

Step 6 Update Gross Covered Drug Cost Accumulator and True Out-of-Pocket (TrOOP) Accumulator in preparation for adjudicating the next claim: After the claim is processed, the TGCDC Accumulator increases by $202.00 from $6,753.52 to $6,955.52; the TrOOP Accumulator increases by $195.95 from $4,300.00 to $4,495.95.

Example #16: Gap Claim in Plan with Supplemental Coverage (Co-insurance in the Gap) TGC Completely in Rule 4,

In this example, the plan offers supplemental coverage by being an EA plan, including an EA EGWP. The claim falls squarely in the Coverage Gap. According to the TGCDC and TrOOP reported on the PDE, this claim falls into EA Mapping Rule 4. Supplemental coverage is the additional plan payments that reduce beneficiary cost sharing in the Coverage Gap below the amount of co-insurance defined in the standard benefit. The value of the supplemental coverage must be calculated on a claim-by-claim basis. In this example, the sponsor's benefit has a co-insurance structure where the beneficiary pays 85% of brand drugs in the Coverage Gap. Note that we will be changing the drug cost values used in this example as compared to previous examples.

Step 1 Determine costs that fall in the Coverage Gap:
As in Example #1, the claim falls squarely in the Coverage Gap. The beneficiary's Gross Covered Drug Cost has exceeded the Initial Coverage Limit (TGCDC > ICL), and the beneficiary's TrOOP remains below the TrOOP threshold (Accumulated TrOOP < TrOOP threshold) throughout the processing of the claim. When claim adjudication begins the TGCDC Accumulator is $6,960.00 and the TrOOP Accumulator is $4,300.00. The beginning benefit phase is the Coverage Gap and the ending benefit phase is also the Coverage Gap.

PDE Fields	Claim Total
Total Gross Covered Drug Cost Accumulator	$6,960.00
True Out of Pocket Accumulator	$4,300.00
Beginning Benefit Phase	G
Ending Benefit Phase	G
Pricing Exception Code	<blank>
Non-Standard Format Code	<blank>

PDE Field	Reported on the PDE Record	EA Mapping Rule 3	EA Mapping Rule 4
Ingredient Cost Paid	$98.00	$0.00	$98.00
Dispensing Fee Paid	$0.00	$0.00	$0.00
Total Amount Attributed to Sales Tax	$2.00	$0.00	$2.00
Vaccine Administration Fee	$25.00	$0.00	$25.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	$125.00		
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	$0.00		

Step 2 Determine Plan Liability: The plan liability is equal to the difference between the total cost falling in the gap and the applicable beneficiary gap co-pay or co-insurance under the EA plan benefit design. In this example, the sponsor's benefit has a co-insurance where the beneficiary pays 85% and the plan pays 15% in the Gap. Therefore, the plan liability is $125.00 – ($125.00 * .85) = $18.75.

Step 3 Determine Discount Eligible Cost:

Plan liability ($18.75) is less than the vaccine administration fee; therefore, discount eligible cost is the sum of ingredient cost and sales tax. In this case, the discount eligible cost is $100.00. The discount eligible cost is not $106.25 because this amount would include part of the vaccine administration fee.

Step 4 Calculate Gap Discount: The gap discount is 50% of the $100.00 discount eligible cost or $50.00.

Step 5 Determine Beneficiary Cost-sharing in the Coverage Gap:
The beneficiary is responsible for 50% of the discount eligible cost, which is $50.00.

Step 6 Determine CPP and NPP amounts:
Given the TGCDC Accumulator and TrOOP Accumulator reported on the PDE, we know that the entire drug cost falls under EA Mapping Rule 4. To determine the portion of this amount that is CPP, we consider this claim in light of the defined standard benefit where CPP is 15% of total drug cost when TGCDC > $6,954.52 and TrOOP is less than the OOP max throughout the processing of the claim. Therefore, CPP is $18.75, or $125.00 * .15.

The NPP amount is zero because the entire plan liability can be accounted for in CPP.

Step 7 Determine beneficiary liability for dispensing fee and vaccine administration fee:
Because the value of the plan liability is less than the sum of the dispensing fee and vaccine admin fee, the beneficiary pays the remaining portion of the vaccine administration fee. $25.00 - $18.75 = $6.25.

Step 8 Determine beneficiary liability for cost falling outside of the Coverage Gap:
Because this claim falls completely in the Coverage Gap, there is no additional beneficiary liability for costs outside the Coverage Gap.

PDE Reporting: Populate Reported Gap Discount and existing financial fields as indicated below.

PDE Fields	Value
Reported Gap Discount	$50.00
Patient Pay Amount	$56.25
Other TrOOP Amount	$0.00
Low-Income Cost-Sharing Subsidy (LICS) Amount	$0.00
Patient Liability Reduction due to Other Payer (PLRO) Amount	$0.00
Covered D Plan Paid (CPP) Amount	$18.75
Non Covered Plan Paid (NPP) Amount	$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	$125.00
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	$0.00

Step 9 Update Gross Covered Drug Cost Accumulator and True Out-of-Pocket (TrOOP) Accumulator in preparation for adjudicating the next claim: The Beginning and Ending Benefit Phase values and the TGCDC Accumulator and TrOOP Accumulator values validate that the claim is squarely in the Coverage Gap. After the claim is processed, the TGCDC Accumulator increases by $125.00 from $6,960.00 to $7,085.00; the TrOOP Accumulator increases by $106.25 from $4,300.00 to $4,406.25.

Example #17: Claim straddles two co-insurance benefit phases: Coverage Gap and Catastrophic (EA plan includingEA EGWP)

Step 1 Determine costs that fall in the Coverage Gap:
When claim adjudication begins the TGCDC Accumulator is $6,800.00 and the TrOOP Accumulator is $4,720.00; the beginning benefit phase is the Coverage Gap. Midway through processing this claim the beneficiary crosses the Out-of-Pocket Threshold. The first $50.00 of the claim falls in the Coverage Gap. After the beneficiary pays $30.00, the TrOOP Accumulator reaches $4,750.00. Because the beneficiary has reached the TrOOP threshold, the remaining $152.00 of the claim falls in the Catastrophic Phase. The ending benefit phase is Catastrophic.

PDE Fields	Claim Total
Total Gross Covered Drug Cost Accumulator	$6,800.00
True Out of Pocket Accumulator	$4,720.00
Beginning Benefit Phase	G
Ending Benefit Phase	C
Pricing Exception Code	<blank>
Non-Standard Format Code	<blank>

PDE Field	Reported on the PDE Record	Coverage Gap	Catastrophic
Ingredient Cost Paid	$195.00	$45.00	$150.00
Dispensing Fee Paid	$2.00	$0.00	$2.00
Total Amount Attributed to Sales Tax	$5.00	$5.00	$0.00
Vaccine Administration Fee	$0.00	$0.00	$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	$50.00		
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	$152.00		

Step 2 Determine Plan Liability: The plan liability in the gap is equal to the difference between the total cost falling in the gap and the applicable beneficiary gap co-pay or co-insurance under the EA plan benefit design. In this example, the beneficiary is responsible for a 60% co-insurance in the Gap. Therefore, the plan liability in the gap is $50.00 - ($50.00 * .60) = $20.00.

Step 3 Determine Discount Eligible Cost:
The dispensing fee and vaccine administration fee are less than plan liability; therefore, discount eligible cost is the cost falling in the gap minus plan liability. The discount eligible cost is $50.00 - $20.00 = $30.00.

Step 4 Calculate Gap Discount: The gap discount is 50% of the $30.00 discount eligible cost or $15.

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, or $30 - $15 = $15.

Step 6 Determine CPP and NPP amounts:
As a part of Step 2, we determined the value of the plan liability in the Coverage Gap to be $20.00. This amount includes both CPP and NPP. To determine the portion of this amount that is CPP, we consider this claim in light of the defined standard benefit where CPP is 2.5% of ingredient cost and sales tax plus 52.5% of dispensing fee and vaccine administration fee in the Coverage Gap when costs fall within EA Mapping Rule 3. (Because the amount of the claim falling in the Catastrophic Phase exceeds the dispensing fee and vaccine administration fee on the claim, there is no plan liability for these fees in the Coverage Gap). CPP equals ($50.00 * .025) = $1.25. The remaining portion of plan liability in the Coverage Gap is attributed to NPP. NPP is calculated as the drug cost in the gap minus the sum of Patient pay, Reported Gap Discount, and CPP. NPP is $50.00 – ($15.00 + $15.00 + $1.25) = $18.75.

The remaining $152.00 of the claim falls in the Catastrophic Phase. CPP in the Catastrophic Phase is $152.00 * .95 = $144.40. Total CPP on this claim is $145.65.

Step 7 Determine beneficiary liability 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, we assume the fees were attributed to the costs in the Catastrophic Phase. The beneficiary does not have any additional liability due to these fees in the gap in this example.

Step 8 Determine beneficiary liability for cost falling outside of the Coverage Gap:
The beneficiary is responsible for 5% of $152.00, which is $7.60

PDE Reporting: Populate Reported Gap Discount and existing financial fields as indicated below.

PDE Fields	Value
Reported Gap Discount	$15.00
Patient Pay Amount	$22.60
Other TrOOP Amount	$0.00
Low-Income Cost-Sharing Subsidy (LICS) Amount	$0.00
Patient Liability Reduction due to Other Payer (PLRO) Amount	$0.00

Covered D Plan Paid (CPP) Amount	$145.65
Non Covered Plan Paid (NPP) Amount	$18.75
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	$50.00
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	$152.00

Step 9 Update Gross Covered Drug Cost Accumulator and True Out-of-Pocket (TrOOP) Accumulator in preparation for adjudicating the next claim: The Beginning and Ending Benefit Phase values and the TGCDC Accumulator and TrOOP Accumulator values validate that the claim is squarely in the Coverage Gap. After the claim is processed, the TGCDC Accumulator increases by $202.00 from $6,800.00 to $7,002.00; the TrOOP Accumulator increases by $30.00 from $4,720.00 to $4,750.00.

Example #18: Claim straddles two benefit phases, Coverage Gap and Catastrophic (Co-insurance to Co-pay) (EA Plan including EA EGWP)

Step 1 Determine costs that fall in the Coverage Gap:
When claim adjudication begins the TGCDC Accumulator is $6,750.00 and the TrOOP Accumulator is $4,657.00; the beginning benefit phase is the Coverage Gap. Midway through processing this claim the beneficiary crosses the Out-of-Pocket Threshold. The first $155.00 of the claim falls in the Coverage Gap. After the beneficiary pays $93.00, the TrOOP Accumulator reaches $4,750.00. Because the beneficiary has reached the TrOOP threshold, the remaining $47.00 of the claim falls in the Catastrophic Phase. The ending benefit phase is Catastrophic.

PDE Fields	**Claim Total**
Total Gross Covered Drug Cost Accumulator	$6,750.00
True Out of Pocket Accumulator	$4,657.00
Beginning Benefit Phase	G
Ending Benefit Phase	C
Pricing Exception Code	<blank>
Non-Standard Format Code	<blank>

PDE Field	**Reported on the PDE Record**	**Coverage Gap**	**Catastrophic**
Ingredient Cost Paid	$195.00	$150.00	$45.00
Dispensing Fee Paid	$2.00	$0.00	$2.00
Total Amount Attributed to Sales Tax	$5.00	$5.00	$0.00
Vaccine Administration Fee	$0.00	$0.00	$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	$155.00		

Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	$47.00			

Step 2 Determine Plan Liability: The plan liability in the Coverage Gap is equal to the difference between the total cost falling in the Coverage Gap and the applicable beneficiary Coverage Gap co-pay or co-insurance under the EA plan benefit design. In this example, the beneficiary has 60% co-insurance in the Coverage Gap. Therefore, the plan liability in the Coverage Gap is $155.00 - ($155.00* .60) = $62.00.

Step 3 Determine Discount Eligible Cost:
The dispensing fee and vaccine administration fee are less than plan liability; therefore, discount eligible cost is the cost falling in the Coverage Gap minus plan liability. The discount eligible cost is $155.00 - $62.00 = $93.00.

Step 4 Calculate Gap Discount: The gap discount is 50% of the $93.00 discount eligible cost or $46.50.

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, or $93.00 - $46.50 = $46.50.

Step 6 Determine CPP and NPP amounts:
As a part of Step 2, we determined the value of the plan liability in the gap to be $62.00. This amount includes both CPP and NPP. To determine the portion of this amount that is CPP, we consider this claim in light of the defined standard benefit where CPP is 2.5% of ingredient cost and sales tax plus 52.5% of dispensing fee and vaccine administration fee in the Coverage Gap when costs fall within EA Mapping Rule 3. (Because the amount of the claim falling in the Catastrophic Phase exceeds the dispensing fee and vaccine administration fee on the claim, there is no plan liability for these fees in the Coverage Gap). CPP equals ($155.00 * .025) = $3.88. The remaining portion of plan liability in the Coverage Gap is attributed to NPP as follows: $155.00 – ($46.50 + $46.50 + $3.88) = $58.12

The remaining $47.00 of the claim falls in the Catastrophic Phase. The beneficiary pays the greater of 5% of the drug cost or $6.60 for brand drugs. In this case, the beneficiary will pay the co-pay of $6.60; therefore CPP in the Catastrophic Phase is $47.00 – 6.60 = $40.40. Total CPP on this claim is $44.28.

Step 7 Determine beneficiary liability 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, we assume the fees were attributed to the costs in the Catastrophic Phase. The beneficiary does not have any additional liability due to these fees in the Coverage Gap in this example.

Step 8 Determine beneficiary liability for cost falling outside of the Coverage Gap:
The beneficiary is responsible for the greater of 5% of $47.00 or $6.60; therefore, the beneficiary pays $6.60.

PDE Reporting: Populate Reported Gap Discount and existing financial fields as indicated below.

PDE Fields	Value
Reported Gap Discount	$46.50
Patient Pay Amount	$53.10
Other TrOOP Amount	$0.00
Low-Income Cost-Sharing Subsidy (LICS) Amount	$0.00
Patient Liability Reduction due to Other Payer (PLRO) Amount	$0.00
Covered D Plan Paid (CPP) Amount	$44.28
Non Covered Plan Paid (NPP) Amount	$58.12
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	$155.00
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	$47.00

Step 9 Update Gross Covered Drug Cost Accumulator and True Out-of-Pocket (TrOOP) Accumulator in preparation for adjudicating the next claim: The Beginning and Ending Benefit Phase values and the TGCDC Accumulator and TrOOP Accumulator values validate that the claim is squarely in the Coverage Gap. After the claim is processed, the TGCDC Accumulator increases by $202.00 from $6,750.00 to $6,952.00; the TrOOP Accumulator increases by $93.00 from $4,657.00 to $4,750.00.

Example #19: Claim straddles two co-insurance benefit phases, Coverage Gap and Catastrophic (EA Plan including EAEGWP)

Step 1 Determine costs that fall in the Coverage Gap:
When claim adjudication begins the TGCDC Accumulator is $6,960.00 and the TrOOP Accumulator is $4,720.00; the beginning benefit phase is the Coverage Gap. Midway through processing this claim the beneficiary crosses the Out-of-Pocket Threshold. The first $50.00 of the claim falls in the Coverage Gap. After the beneficiary pays $30.00, the TrOOP Accumulator reaches $4,750.00. Because the beneficiary has reached the TrOOP threshold, the remaining $152.00 of the claim falls in the Catastrophic Phase. The ending benefit phase is Catastrophic.

PDE Fields	Claim Total
Total Gross Covered Drug Cost Accumulator	$6,960.00
True Out of Pocket Accumulator	$4,720.00
Beginning Benefit Phase	G
Ending Benefit Phase	C
Pricing Exception Code	<blank>
Non-Standard Format Code	<blank>

PDE Field	Reported on the PDE Record		Coverage Gap	Catastrophic
Ingredient Cost Paid	$195.00		$45.00	$150.00
Dispensing Fee Paid	$2.00		$0.00	$2.00
Total Amount Attributed to Sales Tax	$5.00		$5.00	$0.00
Vaccine Administration Fee	$0.00		$0.00	$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	$50.00			
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	$152.00			

Step 2 Determine Plan Liability: The plan liability in the Coverage Gap is equal to the difference between the total cost falling in the Coverage Gap and the applicable beneficiary gap co-pay or co-insurance under the EA plan benefit design. In this example, the beneficiary coinsurance is 60% in the Coverage Gap. Therefore, the plan liability in the Coverage Gap is $50.00 – ($50.00 * .60) = $20.00.

Step 3 Determine Discount Eligible Cost:
The discount eligible cost is the lesser of the total drug cost in the gap minus plan liability, or ingredient cost plus sales tax. In this case, the discount eligible cost is $30.00 ($50.00- $20.00).

Step 4 Calculate Gap Discount: The gap discount is 50% of the $30.00 discount eligible cost or $15.00.

Step 5 Determine Beneficiary Cost-sharing in the Coverage Gap:
The beneficiary is responsible for the $30.00 co-insurance minus the amount covered by the gap discount, which equals $15.00.

Step 6 Determine CPP and NPP amounts:
As a part of Step 2, we determined the value of the plan liability in the Coverage Gap to be $20.00. This amount includes both CPP and NPP. To determine the portion of this amount that is CPP, we consider this claim in light of the defined standard benefit for Rule 4 where CPP is 15% of the drug cost. CPP equals ($50.00 * .15) = $7.50. NPP is calculated as $50.00 – ($15.00 + $15.00 + $7.50). The NPP amount is $12.50

The remaining $152.00 of the claim falls in the Catastrophic Phase. CPP in the Catastrophic Phase is $152.00 * .95 = $144.40. Total CPP on this claim is $151.90.

Step 7 Determine beneficiary liability 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, we assume the fees were attributed to the costs in the Catastrophic Phase.

Step 8 Determine beneficiary liability for cost falling outside of the Coverage Gap: The beneficiary is responsible for 5% of $152.00, which is $7.60

PDE Reporting: Populate Reported Gap Discount and existing financial fields as indicated below.

PDE Fields	Value
Reported Gap Discount	$15.00
Patient Pay Amount	$22.60
Other TrOOP Amount	$0.00
Low-Income Cost-Sharing Subsidy (LICS) Amount	$0.00
Patient Liability Reduction due to Other Payer (PLRO) Amount	$0.00
Covered D Plan Paid (CPP) Amount	$151.90
Non Covered Plan Paid (NPP) Amount	$12.50
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	$50.00
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	$152.00

Step 9 Update Gross Covered Drug Cost Accumulator and True Out-of-Pocket (TrOOP) Accumulator in preparation for adjudicating the next claim: The Beginning and Ending Benefit Phase values and the TGCDC Accumulator and TrOOP Accumulator values validate that the claim is squarely in the Coverage Gap. After the claim is processed, the TGCDC Accumulator increases by $202.00 from $6,960.00 to $7,162.00; the TrOOP Accumulator increases by $30.00 from $4,720.00 to $4,750.00.

Example #20: The Claim Falls Squarely inside the Coverage Gap in a DS Plan for a Low Income eligible beneficiary

This example illustrates that the plan cost-sharing in the Coverage Gap does not apply to low-income beneficiaries because these beneficiaries are not applicable beneficiaries.

Step 1 Determine costs that fall in the Coverage Gap: Confirm that the claim falls squarely in the Coverage Gap. The beneficiary's Gross Covered Drug Cost has exceeded the Initial Coverage Limit (TGCDC > ICL), and the beneficiary's TrOOP remains below the TrOOP threshold (Accumulated TrOOP < TrOOP threshold) throughout the processing of the claim. When claim adjudication begins the Total Gross Covered Drug Cost (TGCDC) Accumulator is $3,000 and the TrOOP Accumulator is $1,015.50. The beginning benefit phase is the Coverage Gap and the ending benefit phase is also the Coverage Gap. 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.

PDE Fields	Claim Total
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
Pricing Exception Code	<blank>
Non-Standard Format Code	<blank>

Step 2 Determine Discount Eligible Cost: The beneficiary is low-income and is excluded from the Coverage Gap Discount program; therefore, the discount eligible cost is $0.00.

Step 3 Calculate Gap Discount: The beneficiary is low-income and is excluded from the Coverage Gap Discount program; therefore, the gap discount is $0.00.

Step 4 Determine beneficiary cost-sharing: The beneficiary is a category 2 low-income beneficiary and pays $3.50 for brand drugs. To determine the LICS amount in the Coverage Gap take the total cost of the drug in the gap and subtract the LICS co-pay amount. In this example, subtract $3.50 from $202.00. The LICS amount is $198.50.

Step 5 Calculate Covered and non-Covered Portion of Plan Paid cost-sharing: Low income beneficiaries are exempt from the sponsor cost-sharing in the coverage gap; therefore, CPP is 0% on this PDE.

PDE Reporting: Populate Reported Gap Discount and existing financial fields as indicated below.

PDE Fields	**Value**
Reported Gap Discount	$0.00
Patient Pay Amount	$3.50
Other TrOOP Amount	$0.00
Low-Income Cost-Sharing Subsidy (LICS) Amount	$198.50
Patient Liability Reduction due to Other Payer (PLRO) Amount	$0.00
Covered D Plan Paid (CPP) Amount	$0.00
Non Covered Plan Paid (NPP) Amount	$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	$202.00
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA	$0.00

Step 6 Update Gross Covered Drug Cost Accumulator and TrOOP Accumulator: After the claim is processed, the TGCDC Accumulator increases by $202.00 from $3,000.00 to $3,202.00; the TrOOP Accumulator increases by $202.00 from $1,015.50 to $1,217.00.

Example #21: The plan offers a defined standard benefit, the claim is a Medicare Secondary Payer (MSP) claim and it falls in the coverage gap

MSP claims are exempt from the Coverage Gap Discount program and therefore will not follow the steps outlined in this document when reporting PDEs. Refer to Section 17 of the "Instructions:

Requirements for Submitting Prescription Drug Event Data, August 26, 2006" for how to report PDEs for MSP claims. Beginning in 2013, MSP claims may have CPP in the Coverage Gap if there is remaining drug cost after determining the Patient Pay amount.

Step 1: Price or re-price the claim according to the Part D plan's negotiated price for the drug: In this example, the other payer pays $175.00 but the Part D plan's negotiated price is $202.00

Step 2 Determine costs that fall in the Coverage Gap: Confirm that the claim falls squarely in the Coverage Gap. The beneficiary's Gross Covered Drug Cost has exceeded the Initial Coverage Limit (TGCDC > ICL), and the beneficiary's TrOOP remains below the TrOOP threshold (Accumulated TrOOP < TrOOP threshold) throughout the processing of the claim. When claim adjudication begins the Total Gross Covered Drug Cost (TGCDC) Accumulator is $3,000 and the TrOOP Accumulator is $1,015.50. The beginning benefit phase is the Coverage Gap and the ending benefit phase is also the Coverage Gap. 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.

PDE Fields	**Claim Total**
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
Pricing Exception Code	M
Non-Standard Format Code	C

Step 3: Report the primary payment amount in PLRO: In this example, PLRO is $175.00

Step 4: Determine beneficiary and plan liabilities under the PBP: In the coverage gap the beneficiary would pay 97.5% of the drug cost and the plan would pay 2.5% of the drug cost. (Note: The beneficiary pays 97.5% of the drug cost in this case because MSP claims are not part of the Coverage Gap Discount Program. The beneficiary and the plan do not split the dispensing fee on MPS PDEs) The Patient Pay amount would be $196.95 and CPP would be $5.05.

Step 5: Subtract the primary payment from the negotiated price: $202.00 - $175.00 = $27.00

Step 6: Determine Patient Pay amount: The beneficiary is responsible for either the amount from step 4 ($196.95) or the amount in step 5 ($27.00), whichever is less. The beneficiary will pay $27.00

Step 7: Calculate CPP and NPP (if applicable): The Part D plan pays the pharmacy any amount remaining after the primary payment and the beneficiary cost-sharing under the PBP have been applied, up to the Part D plan's negotiated price. In this example, CPP is $0.00.

PDE Reporting: Populate Reported Gap Discount and existing financial fields as indicated below.

PDE Fields	**Value**

Reported Gap Discount	$0.00
Patient Pay Amount	$27.00
Other TrOOP Amount	$0.00
Low-Income Cost-Sharing Subsidy (LICS) Amount	$0.00
Patient Liability Reduction due to Other Payer (PLRO) Amount	$175.00
Covered D Plan Paid (CPP) Amount	$0.00
Non Covered Plan Paid (NPP) Amount	$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	$202.00
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA	$0.00

Step 6 Update Gross Covered Drug Cost Accumulator and TrOOP Accumulator: After the claim is processed, the TGCDC Accumulator increases by $202.00 from $3,000.00 to $3,202.00; the TrOOP Accumulator increases by $27.00 from $1,015.50 to $1,042.00.

PDE Editing of Reported Gap Discount:

In the September 24, 2010 HPMS memorandum titled, "Prescription Drug Event (PDE) Edit Guidance Effective January 1, 2011", CMS provided the editing logic used to edit the Reported Gap Discount on PDEs. The guidance explains situations in which CMS calculates the Gap Discount and situations in which a maximum Gap Discount Amount is calculated. Since there have been revisions to our editing logic, this section will provide the current editing logic used to edit the Reported Gap Discount Amount. The revisions include adjusting calculation logic to account for Rule 4 and providing the calculation for PDEs submitted by EGWPs. This section is intended to provide sponsors with information on how CMS calculates the CMS Calculated Gap Discount amount. The steps provided above should be used in determining how to report the Reported Gap Discount amount on the PDEs.

The editing logic assumes that the dispensing fee and vaccine administration fee is outside of the coverage gap or is within plan liability under EA plans and uses the rules outlined in the steps listed above when the fees fall within the coverage gap. If sponsors prorate the fees or use rules other than those listed in this document, the PDEs will reject.

CMS has two methods for evaluating the Reported Gap Discount Amount on a PDE

1. Calculate Gap Discount
2. Calculate an expected range for Gap Discount

The approach used depends on the information supplied within the PDE, information supplied within the plan bid, and whether the plan is an Employer Group Waiver Plan (EGWP). Each method will be explained below.

1. Calculate Gap Discount:

CMS calculates Gap Discount in the following scenarios:

Scenario 1: Claims falls completely in the Coverage Gap and the plan may or may not offer supplemental coverage within the Coverage Gap

Scenario 2: Claim straddles either the Deductible or the Initial Coverage Period and the Coverage Gap and the claim does not contain supplemental coverage in the Coverage Gap

Scenario 3: Claim straddles the Coverage Gap and the Catastrophic Coverage Phase and the claim does not contain supplemental coverage in the Coverage Gap

Scenario 4: Claim straddles the Deductible and Catastrophic Coverage Phase or the Initial Coverage Period and Catastrophic Coverage Phase and the claim does not contain supplemental coverage in the Coverage Gap

2. Calculate an expected range for Gap Discount:

There are instances in which CMS cannot calculate Gap Discount however the claim may be eligible for the Gap Discount. In these scenarios, CMS can determine a minimum and maximum Gap Discount.

Scenario 5: Claim straddles two or more benefit phases and one of those phases is the Coverage Gap and the claim may have supplemental coverage within the Coverage Gap (NPP > 0).

Scenario 6: The PDE has one or more illogical values within the following fields: Total Gross Covered Drug Cost Accumulator (TGCDC ACC), True Out-of-Pocket Accumulator (TrOOP ACC), Beginning Benefit Phase, and Ending Benefit Phase.

Scenario 7: The PDE is submitted by an Employer Group Waiver Plan (EGWP).

<u>Calculate Gap Discount</u>

If a claim falls within the scenarios below, the Total Drug Cost Accumulator (TGCDC ACC) and True Out-of-Pocket Accumulator (TrOOP ACC) are evaluated to identify costs falling in the Coverage Gap. The Accumulator fields match the Benefit Phase fields. Steps 1 and 2 will vary depending on where the claim falls within the benefit phases. If the claim straddles benefit phases, the claim must not have supplemental coverage (NPP = 0). In all four scenarios, step 3 remains the same. Drug Cost is defined as the sum of Ingredient Cost Paid, Total Amount Attributed to Sales Tax, Dispensing Fee, and Vaccine Administration Fee.

Scenario 1: Claim falls completely in the Coverage Gap and the plan may or may not offer supplemental coverage within the Gap. If the plan is an EAplan, including EA EGWP, and a portion of the drug cost falls within EA Mapping Rule 4, the steps will be modified to account for rule 4. The modifications are provided in italicized font.

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

Drug Cost = Ingredient Cost Paid + Total Amount Attributed to Sales Tax + Dispensing Fee Paid + Vaccine Administration Fee

Step 1a: For EA plans, determine if a portion of the cost falls within Rule 4: TGCGC Accumulator + GDCB > Benefit Year Rule 4 Amount and TrOOP Accumulator + ∆TrOOP <= Benefit Year Out of Pocket Threshold Amount. If this is True, then a portion of the cost falls within Rule 4.

∆TrOOP is the sum of Patient Pay Amount + Other TrOOP Amount + LICS Amount + Reported Gap Discount Amount

Step 1b: Calculate the portion of the gap dollar amount that is in Rule 4 as the lower of GDCB or TGCDC Accumulator + GDCB – Rule 4 Dollar Amount

Step 1c: Select the Rule 4 gap amount calculated in Step 1b or zero (whichever is higher)

Step 1d: Multiply the amount from Step 1c by 0.15 to determine the CPP amount that is not subject to the gap discount. This amount is called the Rule 4 adjustment amount.

Step 2: Determine Discount Eligible Cost

If NPP + CPP >= Dispensing Fee Paid + Vaccine Administration Fee then
Discount Eligible Cost= Drug Cost – (NPP + CPP)
Else If (NPP + CPP < Dispensing Fee Paid + Vaccine Administration Fee) then
Discount Eligible Cost= Ingredient Cost Paid + Total Amount Attributed to Sales Tax

For EA plans with a portion of the drug cost falling within Rule 4, the Discount Eligible Cost should be calculated as:

For dates of service prior to 2013:
If (NPP + Rule 4 Adjustment Amount) >= (Dispensing Fee Paid + Vaccine Administration Fee) then
*Discount Eligible Cost = Drug Cost – NPP – Rule 4 Adjustment Amount**
Else If (NPP + Rule 4 Adjustment Amount < Dispensing Fee Paid +Vaccine Administration Fee) then
Discount Eligible Cost= Ingredient Cost Paid + Total Amount Attributed to Sales Tax

For dates of service on or after 1/1/2013:
Discount Eligible Cost = Ingredient Cost Paid + Total Amount Attributed to Sales Tax (In those instances where the PDE is from a plan that offers a supplemental benefit in the gap, the Calculated Gap Discount will be considered to be the Maximum Gap Discount

and reject Edit 871 will apply. Additionally, Max Discount informational edits will also be triggered on accepted PDEs meeting these criteria. In instances where the PDE is from a plan that does not offer a supplemental benefit in the gap, an exact Calculated Gap Discount will be considered and Edit 870 will apply.)

Step 3: Calculate Gap Discount

Calculated Gap Discount = Discount Eligible Cost * 0.5

Scenario 2: Claim straddles either the Deductible or the Initial Coverage Period and the Coverage Gap and the claim does not have supplemental coverage (NPP = 0)

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

Gap Drug Cost = TGCDC Acc + Drug Cost– ICL

Step 2: Determine Discount Eligible Cost

If (Drug Cost – Gap Drug Cost > = Dispensing Fee Paid + Vaccine Administration Fee) then
Discount Eligible Cost= Gap Drug Cost
Else If (Drug Cost – Gap Drug Cost < Dispensing Fee Paid + Vaccine Administration Fee) then
Discount Eligible Cost= Ingredient Cost Paid + Total Amount Attributed to Sales Tax

Step 3: Calculate Gap Discount

Calculated Gap Discount = Discount Eligible Cost * 0.5

Scenario 3: Claim straddles the Coverage Gap and the Catastrophic Coverage Phase and the claim does not have supplemental coverage (NPP =0)

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

Gap Drug Cost = GDCB

Step 2: Determine Discount Eligible Cost

If (Drug Cost – Gap Drug Cost > = Dispensing Fee Paid+ Vaccine Administration Fee) then
Discount Eligible Cost= Gap Drug Cost
Else If (Drug Cost – Gap Drug Cost < Dispensing Fee Paid+ Vaccine Administration Fee) then
Discount Eligible Cost= Ingredient Cost Paid + Total Amount Attributed to Sales Tax

Step 3: Calculate Gap Discount

Calculated Gap Discount = Discount Eligible Cost * 0.5

Scenario 4: Claim straddles the Deductible and Catastrophic or the Initial Coverage Period and Catastrophic and the claim does not have supplemental coverage (NPP = 0)

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

Gap Drug Cost = TGCDC Acc + GDCB – ICL

Step 2: Determine Discount Eligible Cost

If (Drug Cost – Gap Drug Cost > = Dispensing Fee Paid+ Vaccine Administration Fee) then
Discount Eligible Cost= Gap Drug Cost
Else If (Drug Cost – Gap Drug Cost < Dispensing Fee Paid+ Vaccine Administration Fee) then
Discount Eligible Cost= Ingredient Cost Paid + Total Amount Attributed to Sales Tax

Step 3: Calculate Gap Discount

Calculated Gap Discount = Discount Eligible Cost * 0.5

<u>Calculate an expected range for Gap Discount</u>

Scenario 5: The Accumulator Fields match the Benefit Phase Indicators, the claim straddles two or more benefit phases and one of those phases is the Coverage Gap and the claim may have supplemental coverage within the Coverage Gap (NPP <> 0).

There are four steps in calculating the expected range for Gap Discount in scenario 5. The steps are outlined in the table below. Step 2, Determining Gap Drug Cost, varies depending on where the claim falls within the benefit phase. Drug Cost is defined as the sum of Ingredient Cost Paid, Total Amount Attributed to Sales Tax, Dispensing Fee, and Vaccine Administration Fee.

Step 1: Determine minimum gap discount

Minimum gap discount = 0

Step 2: Determine Gap Drug Cost

If claim begins in the Deductible and ends in the Coverage Gap or if the claim begins in the Initial Coverage Phase and ends in the Coverage Gap:
Gap Drug Cost = TGCDC ACC + Drug Cost – ICL

If claim begins in the Coverage Gap and ends in the Catastrophic Coverage phase:
Gap Drug Cost = GDCB

If Claim begins in the Deductible and ends in the Catastrophic Coverage Phase or if the claim begins in the Initial Coverage Phase and ends in the Catastrophic Coverage Phase:

Gap Drug Cost =TGCDC ACC + GDCB - ICL

Step 3: Determine maximum discount eligible cost

If (Drug Cost-Gap Drug Cost >= Dispensing Fee Paid+ Vaccine Administration Fee) then
Max discount Eligible Cost = Gap Drug Cost

If (Drug Cost – Gap Drug Cost < Dispensing Fee Paid+ Vaccine Administration Fee) then
Max discount Eligible cost = Ingredient cost Paid + Total Amount Attributed to Sales Tax

Step 4: Determine Maximum Gap Discount

Maximum Gap Discount = Maximum Discount Eligible cost * 0.5

Scenario 6: The PDE has one or more illogical values within the following fields: TGCDC ACC, TrOOP ACC, Beginning Benefit Phase, and Ending Benefit Phase

Step 1: Determine minimum gap discount

Minimum gap discount = 0

Step 2: Determine maximum gap discount

If (Ingredient cost Paid + Total Amount Attributed to Sales Tax) <= GDCB then
Maximum Gap Discount = (Ingredient cost Paid + Total Amount Attributed to Sales Tax) * 0.5

If (Ingredient cost Paid + Total Amount Attributed to Sales Tax) > GDCB then
Maximum Gap Discount = GDCB * 0.5

Scenario 7: The PDE is submitted by an Employer Group Waiver Plan (EGWP).

Step 1: Determine minimum gap discount

Minimum gap discount = 0

Step 2: Determine maximum gap discount

Maximum Gap Discount = GDCB * 0.5