

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



CENTER FOR MEDICARE

DATE: April 15, 2024

TO: All Part D Sponsors

FROM: Jennifer R. Shapiro, Director, Medicare Plan Payment Group

SUBJECT: Prescription Drug Event Record Reporting Instructions for the Implementation of the Inflation Reduction Act for Contract Year 2025

The purpose of this memorandum is to present the Prescription Drug Event (PDE) record reporting instructions effective January 1, 2025, consistent with the provisions of the Inflation Reduction Act of 2022 (IRA) (P.L. 117-169), that are effective January 1, 2025 in the Part D program. Specifically, this document provides PDE examples for contract year (CY) 2025 and should not be used for prior benefit years. For prior benefit years, Part D plan sponsors should refer to previous guidance and examples released by the Centers for Medicare & Medicaid Services (CMS).

The IRA made several amendments and additions to the Social Security Act (the Act) that affect the structure of the defined standard (DS) Part D drug benefit for CY 2023 and subsequent years. Changes to the structure of the Part D drug benefit that are relevant to PDE record reporting for CY 2025 include:¹

- Beginning in CY 2025, the Coverage Gap Phase will be eliminated and the DS Part D prescription drug coverage will consist of a three-phase benefit. As such, there will be no initial coverage limit and the Initial Coverage Phase (ICP) will extend to the maximum annual out-of-pocket (OOP) threshold, at which point the Catastrophic Phase will begin. Beneficiaries will be responsible for all their Part D prescription drug costs until they reach the DS deductible amount, with the exception that the deductible will continue to not apply to any Part D covered insulin product and any adult vaccine recommended by the Advisory Committee on Immunization Practices (ACIP) covered under Part D. In the ICP, the beneficiary pays 25% coinsurance for most covered Part D drugs. There is no

¹ See the Final CY 2025 Part D Redesign Program Instructions for a detailed discussion of IRA-related changes in place for CY 2025.

beneficiary cost sharing in the Catastrophic Phase.² Table 1 shows the cost parameters used to define each benefit phase in CY 2025. The table also shows beneficiary, plan, and manufacturer liability within each benefit phase of the DS benefit.

Table 1: CY 2025 DS Part D Benefit*

Benefit Phase	Year-to-Date TrOOP Costs	Beneficiary Cost-Sharing	Plan Liability**	Manufacturer Discount
Deductible Phase	< \$590	100% coinsurance	0%	0%
ICP	≥ \$590 < \$2,000	25% coinsurance	Non-Applicable Drug ³ – 75% Applicable Drug ⁴ – 65% Manufacturer Discount Program (Discount Program) Phase-in Eligible Applicable Drug ⁵ – 74%	Non-Applicable Drug – 0% Applicable Drug – 10% Discount Program Phase-in Eligible Applicable Drug – 1%
Catastrophic Phase	= \$2,000 (OOP threshold)	0% coinsurance	Non-Applicable Drug – 100% Applicable Drug – 80% Discount Program Phase-in Eligible Applicable Drug – 99%	Non-Applicable Drug – 0% Applicable Drug – 20% Discount Program Phase-in Eligible Applicable Drug – 1%

² See Attachment III of the Advance Notice of Methodological Changes for Calendar Year (CY) 2025 for Medicare Advantage (MA) Capitation Rates and Part C and Part D Payment Policies and Section 20 of the Final CY 2025 Part D Redesign Program Instructions for a detailed discussion of the benefit phase changes in place in 2025.

³ Consistent with the definition in Section 130 of the Medicare Part D Manufacturer Discount Program Final Guidance, non-applicable drug means any Part D drug that is not an applicable drug and not a selected drug (as defined in section 1192(c) of the Act) during a price applicability period (as defined in section 1191(b)(2) of the Act) with respect to such drug. Selected drugs for the first year of the Medicare Drug Price Negotiation Program will not enter a price applicability period until January 1, 2026.

⁴ As defined at section 1860D-14C(g)(2) of the Act and in Section 40.1 of the Medicare Part D Manufacturer Discount Program Final Guidance, applicable drugs under the Discount Program are all Part D drugs approved under a new drug application (NDA) under section 505(c) of the Federal Food, Drug, and Cosmetic Act (FDCA) or, in the case of a biologic product, licensed under section 351 of the Public Health Service Act (PHSA), other than a selected drug (as referred to under section 1192(c) of the Act) dispensed during a price applicability period (as defined in section 1191(b)(2) of the Act). Because the statute defines in part an applicable drug as a Part D drug that is approved under an NDA under section 505(c) of the FDCA or is licensed under section 351 of the PHSA, a Part D drug that meets such criteria will be considered an applicable drug regardless of whether the plan sponsor treats it as a brand name or generic drug under its benefit.

⁵ Discount Program Phase-in Eligible Applicable Drug refers to certain applicable drugs of specified manufacturers and specified small manufacturers that are eligible for the Discount Program phase-ins described in section 1860D-14C(g)(4) of the Act and section 50.1 of the Medicare Part D Manufacturer Discount Program Final Guidance.

*This table excludes cost-sharing for covered insulin products and ACIP-recommended vaccines and excludes cost-sharing for LIS Beneficiaries.

**The plan liability in this column refers to the Covered Plan Paid Amount (CPP) reported on the PDE and does not account for the Medicare Reinsurance amount, which in CY 2025 is 20% for applicable drugs and 40% for non-applicable drugs in the Catastrophic Phase.

- Beginning in CY 2025, section 1860D-2(b)(4)(C)(iii)(II) of the Act, as added by the IRA, makes changes to which costs count toward True Out-of-Pocket costs (TrOOP) by amending the definition of incurred costs to include costs incurred for covered Part D drugs that are reimbursed through insurance or a group health plan, excluding basic prescription drug coverage. As such, these cost categories, which did not meet the definition of incurred costs that count toward TrOOP prior to CY 2025, will be incorporated into TrOOP calculations for CY 2025.⁶ Due to this statutory change, the Non-covered Plan Paid Amount (NPP) field will be TrOOP-eligible beginning in CY 2025. Additionally, because other health insurance (OHI) is TrOOP-eligible in CY 2025, it will be reported on the PDE in the Other TrOOP field rather than in Patient Liability Reduction due to Other Payer Amount (PLRO), which will continue to not count toward TrOOP. Therefore, amounts from payers that are not TrOOP-eligible will continue to be reported in PLRO. These non-TrOOP eligible amounts include the amount paid by the primary payer when a Medicare as a Secondary Payer (MSP) PDE is reported. Finally, because Employer Group Waiver Plans' (EGWPs') supplemental benefits are TrOOP-eligible in CY 2025, they will be reported on the PDE in the NPP field rather than in PLRO.
- Under section 1860D-14A(h) of the Act, as added by section 11201 of the IRA, the Coverage Gap Discount Program (CGDP) sunsets effective January 1, 2025. Under section 1860D-14C of the Act, as added by section 11201 of the IRA, the new Manufacturer Discount Program (Discount Program) will replace the CGDP beginning in CY 2025. The new Discount Program requires manufacturers to provide discounts on applicable drugs in the ICP and Catastrophic Phase of the DS Part D drug benefit. Unlike the CGDP, the new Discount Program applies to applicable drugs dispensed to both Low-Income Subsidy (LIS) and non-LIS beneficiaries.

Section 1860D-14C(g)(1)(C) of the Act, in part, defines an applicable beneficiary under the Discount Program as an individual who incurs TrOOP-eligible costs that exceed the annual DS deductible specified in section 1860D-2(b)(1) of the Act. These costs include TrOOP-eligible costs for drugs not subject to the deductible under the DS benefit (specifically covered insulin products) as well as TrOOP-eligible costs for drugs not subject to the deductible or drugs subject to a reduced deductible under non-DS plans. As

⁶ See Section 30 of the Final CY 2025 Part D Redesign Program Instructions for a detailed discussion of changes to TrOOP.

a result, in CY 2025, TrOOP costs will be used to determine how a beneficiary progresses through all phases of the DS benefit. More specifically, TrOOP costs will determine when a beneficiary enters the ICP of the DS benefit, becomes an applicable beneficiary for the Discount Program, reaches the annual OOP threshold, and subsequently enters the Catastrophic Phase.⁷

- Under section 1860D-2(b)(8) of the Act, as added by section 11401 of the IRA, beginning in CY 2023, the deductible does not apply to any adult vaccine recommended by ACIP. Also, the statute requires these vaccines be exempt from any co-insurance or other cost sharing for beneficiaries. In addition, under section 1860D-2(b)(9) of the Act, as added by section 11406 of the IRA, the deductible does not apply to any covered insulin product beginning in CY 2023. Covered insulin products must be provided with cost sharing that does not exceed the applicable copayment amount, which is \$35 for a one-month supply of each covered insulin product in the ICP in CY 2025.⁸

The following PDE examples use the CY 2025 benefit parameters. The examples in this document will address the IRA-related changes to the Part D benefit, such as the changes to which payments are TrOOP-eligible, as well as the specific changes to PDE reporting, such as the changes to OHI reporting.

This document is organized into five Sections that contain PDE examples for calculating and reporting the Basic Benefit (Section 1), the Enhanced Alternative (EA) Benefit (Section 2), Employer Group Waiver Plans (EGWP) (Section 3), ACIP-Recommended Vaccines and Covered Insulin Products (Section 4), and Miscellaneous Scenarios (Section 5).

Please direct questions regarding this memo to PDE-Operations@cms.hhs.gov.

PDE Examples:

Section 1 - Calculating and Reporting the Basic Benefit

[Example #1](#): DS Plan – Deductible Phase

[Example #2](#): DS Plan – Deductible Phase to ICP (Applicable Drug)

[Example #3](#): Basic Alternative (BA) Plan – Deductible Phase to ICP (Applicable Drug)

⁷ See the Medicare Part D Manufacturer Discount Program Final Guidance for a detailed discussion of the implementation of the Discount Program in 2025.

⁸ For additional information on submitting PDEs for covered insulin products and ACIP-recommended vaccines in accordance with the IRA, see the September 26, 2022 Health Plan Management System (HPMS) memorandum, Implementing the Cost Sharing Maximums Established by the Inflation Reduction Act for Covered Insulin Products and ACIP-Recommended Vaccines for Contract Year 2023 and the May 16, 2023 HPMS memorandum, Prescription Drug Event Record Reporting Instructions for the Implementation of the Inflation Reduction Act for Contract Year 2024.

[Example #4](#): DS Plan – ICP (Applicable Drug)

[Example #5](#): DS Plan – ICP for an LIS Beneficiary (Discount Program Phase-In Eligible Applicable Drug)

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Section 2 - Calculating and Reporting the Enhanced Alternative (EA) Benefit

[Example #12](#): EA Plan – \$0.00 Plan Deductible (Applicable Drug)

[Example #13](#): EA Plan – Deductible Phase to ICP with a Reduced Plan-Defined Deductible that is entirely within the DS Benefit's Deductible Phase (Applicable Drug)

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[Example #17](#): EA Plan – ICP where the EA Plan's Beneficiary Cost-Sharing exceeds the DS Beneficiary Cost-Sharing for an LIS Beneficiary (Applicable Drug)

[Example #18](#): EA Plan – ICP to Catastrophic Phase (Applicable Drug)

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Section 3 - Calculating and Reporting for Employer Group Waiver Plans (EGWPs)

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Section 1 - Calculating and Reporting the Basic Benefit

Example #1: DS Plan – Deductible Phase

This example demonstrates how to report a PDE when a beneficiary in a DS plan purchases a \$200.00 covered Part D drug that falls entirely within the Deductible Phase. When the claim adjudication begins, the Total Gross Covered Drug Cost (TGCDC) Accumulator is \$0.00, and the TrOOP Accumulator is \$0.00. The beneficiary is in the Deductible Phase of the benefit (TrOOP Accumulator + Delta TrOOP⁹ ≤ \$590.00); the Deductible Phase is the beginning and ending benefit phase. In the Deductible Phase, the beneficiary pays 100% coinsurance and the plan pays 0%. The Patient Pay Amount is \$200.00 (\$200.00 * 1.00) and Covered D Plan Paid Amount (CPP) is \$0.00 (\$200.00 * 0.00).

After the claim is processed, the TGCDC Accumulator and the TrOOP Accumulator increase by \$200.00. The table below illustrates how the Part D sponsor would populate the PDE record.

PDE Field ¹⁰	Value
Drug Coverage Status Code	C
Ingredient Cost Paid	\$200.00
Dispensing Fee Paid	\$0.00
Total Amount Attributed to Sales Tax	\$0.00
Vaccine Administration Fee or Additional Dispensing Fee	\$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	\$200.00
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	\$0.00
Patient Pay Amount	\$200.00
Other TrOOP Amount	\$0.00
Low Income Cost Sharing Subsidy Amount (LICS)	\$0.00
Patient Liability Reduction Due to Other Payer Amount (PLRO)	\$0.00
Covered D Plan Paid Amount (CPP)	\$0.00
Non Covered Plan Paid Amount (NPP)	\$0.00
Reported Manufacturer Discount	\$0.00
Total Gross Covered Drug Cost Accumulator	\$0.00
True Out-of-Pocket Accumulator	\$0.00
Beginning Benefit Phase	D
Ending Benefit Phase	D

Example #2: DS Plan – Deductible Phase to ICP (Applicable Drug)

⁹ Delta TrOOP is defined as total TrOOP-eligible costs that are accrued on the individual PDE being reported, excluding the TrOOP Accumulator value, and represents the change in TrOOP from the preceding PDE.

¹⁰ Additional information about the PDE record can be found on the PDE Inbound File Layout, which is located on the Customer Service and Support Center (CSSC) Operations [website](#).

This example demonstrates how to report a PDE when a purchase of a \$100.00 covered Part D applicable drug moves a beneficiary from the Deductible Phase to the ICP in a DS plan. When the claim adjudication begins, the TG CDC Accumulator is \$560.00, and the TrOOP Accumulator is \$560.00. Because the beneficiary meets the DS deductible midway through the processing of this claim, the beginning benefit phase is the Deductible Phase and the ending benefit phase is the ICP. The remaining TrOOP amount required for the beneficiary to meet the definition of an applicable beneficiary and be eligible for the Discount Program is calculated by subtracting the TrOOP Accumulator from the DS deductible amount and is \$30.00 (\$590.00 - \$560.00).

The beneficiary pays 100% of the drug cost until the DS deductible is met ($\$30.00 * 1.00 = \30.00) plus 25% coinsurance in the ICP ($\$70.00 * 0.25 = \17.50), which equals \$47.50. The Delta TrOOP on this claim is equal to \$47.50, which exceeds the \$30.00 of remaining TrOOP required for the beneficiary to be eligible for the Discount Program. The manufacturer discount is 10% of the drug cost falling in the ICP ($\$70.00 * 0.10 = \7.00), the Patient Pay Amount is \$47.50, and CPP is 0% of drug costs in the Deductible Phase ($\$30.00 * 0.00 = \0.00) plus 65% of drug costs in the ICP ($\$70.00 * 0.65 = \45.50), which equals \$45.50.

After the claim is processed, the TG CDC Accumulator increases by \$100.00, and the TrOOP Accumulator increases by \$47.50. The table below illustrates how the Part D sponsor would populate the PDE record.

PDE Field	Value
Drug Coverage Status Code	C
Ingredient Cost Paid	\$100.00
Dispensing Fee Paid	\$0.00
Total Amount Attributed to Sales Tax	\$0.00
Vaccine Administration Fee or Additional Dispensing Fee	\$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	\$100.00
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	\$0.00
Patient Pay Amount	\$47.50
Other TrOOP Amount	\$0.00
Low Income Cost Sharing Subsidy Amount (LICS)	\$0.00
Patient Liability Reduction Due to Other Payer Amount (PLRO)	\$0.00
Covered D Plan Paid Amount (CPP)	\$45.50
Non Covered Plan Paid Amount (NPP)	\$0.00
Reported Manufacturer Discount	\$7.00
Total Gross Covered Drug Cost Accumulator	\$560.00
True Out-of-Pocket Accumulator	\$560.00
Beginning Benefit Phase	D
Ending Benefit Phase	N

Example #3: Basic Alternative (BA) Plan – Deductible Phase to ICP (Applicable Drug)

This example demonstrates how to report a PDE when a purchase of a \$400.00 covered Part D applicable drug moves a beneficiary, who is in a BA plan, from the Deductible Phase to the ICP. When the claim adjudication begins, the TGDCDC Accumulator is \$380.00, and the TrOOP Accumulator is \$380.00. This BA plan has reduced the deductible to \$400.00 and has a \$30.00 copay in the ICP. Because the beneficiary meets the plan deductible midway through the processing of this claim, the beginning benefit phase is the Deductible Phase and the ending benefit phase is the ICP (the plan reports the benefit phase indicators in alignment with the plan-defined phase). The remaining TrOOP amount required for the beneficiary to meet the definition of an applicable beneficiary and be eligible for the Discount Program is calculated by subtracting the TrOOP Accumulator from the DS deductible amount and is \$210.00 (\$590.00 - \$380.00).

The beneficiary pays 100% of the drug cost until the plan-defined deductible is met (\$20.00 * 1.00) plus the plan-defined ICP copay of \$30.00, which equals \$50.00. The Delta TrOOP on this claim is equal to \$50.00, which does not exceed the \$210.00 of remaining TrOOP required for the beneficiary to be eligible for the Discount Program. Therefore, a manufacturer discount is not calculated for this claim. The Patient Pay Amount is \$50.00, and the plan pays the remaining \$350.00 and reports this amount as CPP.

After the claim is processed, the TGDCDC Accumulator increases by \$400.00, and the TrOOP Accumulator increases by \$50.00. The table below illustrates how the Part D sponsor would populate the PDE record.

PDE Field	Value
Drug Coverage Status Code	C
Ingredient Cost Paid	\$400.00
Dispensing Fee Paid	\$0.00
Total Amount Attributed to Sales Tax	\$0.00
Vaccine Administration Fee or Additional Dispensing Fee	\$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	\$400.00
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	\$0.00
Patient Pay Amount	\$50.00
Other TrOOP Amount	\$0.00
Low Income Cost Sharing Subsidy Amount (LICS)	\$0.00
Patient Liability Reduction Due to Other Payer Amount (PLRO)	\$0.00
Covered D Plan Paid Amount (CPP)	\$350.00
Non Covered Plan Paid Amount (NPP)	\$0.00
Reported Manufacturer Discount	\$0.00
Total Gross Covered Drug Cost Accumulator	\$380.00
True Out-of-Pocket Accumulator	\$380.00
Beginning Benefit Phase	D
Ending Benefit Phase	N

Example #4: DS Plan – ICP (Applicable Drug)

This example demonstrates how to report a PDE when a beneficiary in a DS Plan purchases a \$320.00 covered Part D applicable drug with a \$315.00 ingredient cost and a \$5.00 dispensing fee. When the claim adjudication begins, the TGDCDC Accumulator is \$700.00, and the TrOOP Accumulator is \$617.50. The beneficiary is in the ICP of the benefit (TrOOP Accumulator \geq \$590.00 and TrOOP Accumulator + Delta TrOOP $<$ \$2,000.00); the ICP is the beginning and ending benefit phase. In the ICP, the manufacturer discount is 10% of the total drug cost ($\$320.00 * 0.10 = \32.00), the beneficiary pays 25% coinsurance ($\$320.00 * 0.25 = \80.00) and CPP is 65% ($\$320.00 * 0.65 = \208.00).

After the claim is processed, the TGDCDC Accumulator increases by \$320.00, and the TrOOP Accumulator increases by \$80.00. The table below illustrates how the Part D sponsor would populate the PDE record.

PDE Field	Value
Drug Coverage Status Code	C
Ingredient Cost Paid	\$315.00
Dispensing Fee Paid	\$5.00
Total Amount Attributed to Sales Tax	\$0.00
Vaccine Administration Fee or Additional Dispensing Fee	\$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	\$320.00
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	\$0.00
Patient Pay Amount	\$80.00
Other TrOOP Amount	\$0.00
Low Income Cost Sharing Subsidy Amount (LICS)	\$0.00
Patient Liability Reduction Due to Other Payer Amount (PLRO)	\$0.00
Covered D Plan Paid Amount (CPP)	\$208.00
Non Covered Plan Paid Amount (NPP)	\$0.00
Reported Manufacturer Discount	\$32.00
Total Gross Covered Drug Cost Accumulator	\$700.00
True Out-of-Pocket Accumulator	\$617.50
Beginning Benefit Phase	N
Ending Benefit Phase	N

Example #5: DS Plan – ICP for an LIS Beneficiary (Discount Program Phase-In Eligible Applicable Drug)

This example demonstrates how to report a PDE for an LIS category 2 beneficiary in a DS plan that purchases a \$300.00 covered Part D Discount Program phase-in eligible¹¹ applicable drug. When the claim adjudication begins, the TGDCDC Accumulator is \$850.00, and the TrOOP Accumulator is \$655.00. The beneficiary is in the ICP of the benefit (TrOOP Accumulator \geq \$590.00 and TrOOP Accumulator + Delta TrOOP $<$ \$2,000.00); the ICP is the beginning and ending benefit phase.

In the ICP, because this is a drug eligible for the Discount Program phase-in in CY 2025, the manufacturer discount is 1% of the total drug cost ($\$300.00 * 0.01 = \3.00) in 2025. To determine the beneficiary liability and LICS amount, the non-LIS beneficiary cost-sharing ($\$300.00 * 0.25 = \75.00) is compared to the LIS category 2 statutory cost-sharing amount (\$4.80). Because the LIS statutory cost-sharing amount is less than the non-LIS beneficiary cost-sharing amount, the beneficiary pays \$4.80. LICS is calculated as the difference between the non-LIS and LIS beneficiary cost-sharing amounts¹² ($\$75.00 - \$4.80 = \$70.20$). Because this is a drug eligible for the Discount Program phase-in in CY 2025, under the DS benefit, CPP is 74% of the total drug cost ($\$300.00 * 0.74 = \222.00).

After the claim is processed, the TGDCDC Accumulator increases by \$300.00, and the TrOOP Accumulator increases by \$75.00. The table below illustrates how the Part D sponsor would populate the PDE record.

PDE Field	Value
Drug Coverage Status Code	C
Ingredient Cost Paid	\$300.00
Dispensing Fee Paid	\$0.00
Total Amount Attributed to Sales Tax	\$0.00
Vaccine Administration Fee or Additional Dispensing Fee	\$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	\$300.00
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	\$0.00
Patient Pay Amount	\$4.80
Other TrOOP Amount	\$0.00
Low Income Cost Sharing Subsidy Amount (LICS)	\$70.20
Patient Liability Reduction Due to Other Payer Amount (PLRO)	\$0.00
Covered D Plan Paid Amount (CPP)	\$222.00

¹¹ The IRA provides for lower applicable discounts for certain manufacturers' applicable drugs marketed as of August 16, 2022 during a multi-year phase-in period, which concludes by 2031. See the Medicare Part D Manufacturer Discount Program Final Guidance for a detailed discussion of the phase-ins beginning in 2025 and the November 17, 2023 HPMS memorandum, Medicare Part D Manufacturer Discount Program: Methodology for Identifying Specified Manufacturers and Specified Small Manufacturers for a detailed description of the methodology CMS will use to identify manufacturers that qualify for the phased-in discounts.

¹² As stated in § 423.329(d)(1), the LICS amount for an LIS-eligible individual enrolled in a Part D plan for a coverage year is the "difference between the cost sharing for a non-LIS-eligible beneficiary under the Part D plan and the statutory cost sharing for a LIS-eligible beneficiary."

Non Covered Plan Paid Amount (NPP)	\$0.00
Reported Manufacturer Discount	\$3.00
Total Gross Covered Drug Cost Accumulator	\$850.00
True Out-of-Pocket Accumulator	\$655.00
Beginning Benefit Phase	N
Ending Benefit Phase	N

Example #6: Actuarially Equivalent (AE) Plan – ICP (Applicable Drug)

This example demonstrates how to report a PDE for a beneficiary in an AE Plan who purchases a \$320.00 covered Part D applicable drug with a \$315.00 ingredient cost and a \$5.00 dispensing fee. The AE plan charges a \$10.00 copay in the ICP for this drug. When the claim adjudication begins, the TGDCDC Accumulator is \$700.00, and the TrOOP Accumulator is \$610.00. The beneficiary is in the ICP of the benefit (TrOOP Accumulator \geq \$590.00 and TrOOP Accumulator + Delta TrOOP $<$ \$2,000.00); the ICP is the beginning and ending benefit phase. In the ICP, the manufacturer discount is 10% of the total drug cost ($\$320.00 * 0.10 = \32.00), the beneficiary pays their ICP copay of \$10.00, and the plan pays the remaining drug cost of \$278.00 ($\$320.00 - \$32.00 - \10.00) and reports this amount as CPP.

After the claim is processed, the TGDCDC Accumulator increases by \$320.00, and the TrOOP Accumulator increases by \$10.00. The table below illustrates how the Part D sponsor would populate the PDE record.

PDE Field	Value
Drug Coverage Status Code	C
Ingredient Cost Paid	\$315.00
Dispensing Fee Paid	\$5.00
Total Amount Attributed to Sales Tax	\$0.00
Vaccine Administration Fee or Additional Dispensing Fee	\$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCEB)	\$320.00
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	\$0.00
Patient Pay Amount	\$10.00
Other TrOOP Amount	\$0.00
Low Income Cost Sharing Subsidy Amount (LICS)	\$0.00
Patient Liability Reduction Due to Other Payer Amount (PLRO)	\$0.00
Covered D Plan Paid Amount (CPP)	\$278.00
Non Covered Plan Paid Amount (NPP)	\$0.00
Reported Manufacturer Discount	\$32.00
Total Gross Covered Drug Cost Accumulator	\$700.00
True Out-of-Pocket Accumulator	\$610.00
Beginning Benefit Phase	N
Ending Benefit Phase	N

Example #7: BA Plan – ICP where the Beneficiary Copay is Capped at the Drug Cost minus the Manufacturer Discount (Discount Program Phase-In Eligible Applicable Drug)

This example demonstrates how to report a PDE for a beneficiary in a BA Plan who purchases a \$45.00 covered Part D Discount Program phase-in eligible applicable drug and the beneficiary copay is capped at the drug cost minus the manufacturer discount. The BA plan charges a \$45.00 copay in the ICP for this drug. When the claim adjudication begins, the TGDCDC Accumulator is \$790.00, and the TrOOP Accumulator is \$615.00. The beneficiary is in the ICP of the benefit (TrOOP Accumulator ≥ \$590.00 and TrOOP Accumulator + Delta TrOOP < \$2,000.00); the ICP is the beginning and ending benefit phase.

In the ICP, because this is a drug eligible for the Discount Program phase-in in CY 2025, the manufacturer discount is 1% of the total drug cost ($\$45.00 * 0.01 = \0.45) in 2025. The beneficiary pays a capped ICP copay of \$44.55 because the beneficiary can never pay more than the drug cost in the ICP minus the manufacturer discount in the ICP. CPP is \$0.00 because there is no drug cost remaining after the manufacturer discount and beneficiary cost-sharing have been applied.

After the claim is processed, the TGDCDC Accumulator increases by \$45.00, and the TrOOP Accumulator increases by \$44.55. The table below illustrates how the Part D sponsor would populate the PDE record.

PDE Field	Value
Drug Coverage Status Code	C
Ingredient Cost Paid	\$45.00
Dispensing Fee Paid	\$0.00
Total Amount Attributed to Sales Tax	\$0.00
Vaccine Administration Fee or Additional Dispensing Fee	\$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCEB)	\$45.00
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	\$0.00
Patient Pay Amount	\$44.55
Other TrOOP Amount	\$0.00
Low Income Cost Sharing Subsidy Amount (LICS)	\$0.00
Patient Liability Reduction Due to Other Payer Amount (PLRO)	\$0.00
Covered D Plan Paid Amount (CPP)	\$0.00
Non Covered Plan Paid Amount (NPP)	\$0.00
Reported Manufacturer Discount	\$0.45
Total Gross Covered Drug Cost Accumulator	\$790.00
True Out-of-Pocket Accumulator	\$615.00
Beginning Benefit Phase	N
Ending Benefit Phase	N

Example #8: DS Plan – ICP to Catastrophic Phase (Applicable Drug)

This example demonstrates how to report a PDE when a purchase of a \$400.00 covered Part D applicable drug with a \$390.00 ingredient cost and a \$10.00 dispensing fee moves a beneficiary in a DS plan from the ICP to the Catastrophic Phase. When the claim adjudication begins, the TGDCDC Accumulator is \$5,990.00, and the TrOOP Accumulator is \$1,940.00. Because the beneficiary meets the annual OOP threshold midway through the processing of this claim, the beginning benefit phase is the ICP and the ending benefit phase is the Catastrophic Phase. The TrOOP amount remaining in the ICP is \$60.00 (\$2,000.00 - \$1,940.00). When a claim begins in the ICP, the following formula can be used to determine the drug cost remaining in the ICP:

$$\text{Remaining TrOOP Amount} / \text{TrOOP-eligible cost-sharing percentage in the ICP}$$

In the ICP of a DS Plan, only the beneficiary cost-sharing of 25% is TrOOP-eligible, so the TrOOP-eligible cost-sharing percentage in this example is 25%. On this PDE, using the formula above to calculate the drug cost remaining in the ICP based on the amount of TrOOP remaining (\$60.00 / 0.25) yields \$240.00 and is reported as GDCB. The remaining drug cost of \$160.00 falls in the Catastrophic Phase and is reported as GDCA.

The manufacturer discount is 10% of the drug cost falling in the ICP (\$240.00 * 0.10 = \$24.00) plus 20% of the drug cost falling in the Catastrophic Phase (\$160.00 * 0.20 = \$32.00), which equals \$56.00. The beneficiary pays 25% coinsurance in the ICP (\$240.00 * 0.25 = \$60.00) and 0% coinsurance in the Catastrophic Phase (\$160.00 * 0.00 = \$0.00), which equals \$60.00. CPP is 65% of drug costs in the ICP (\$240.00 * 0.65 = \$156.00) plus 80% of drug costs falling in the Catastrophic Phase (\$160.00 * 0.80 = \$128.00), which equals \$284.00.

After the claim is processed, the TGDCDC Accumulator increases by \$400.00, and the TrOOP Accumulator increases by \$60.00. The table below illustrates how the Part D sponsor would populate the PDE record.

PDE Field	Value
Drug Coverage Status Code	C
Ingredient Cost Paid	\$390.00
Dispensing Fee Paid	\$10.00
Total Amount Attributed to Sales Tax	\$0.00
Vaccine Administration Fee or Additional Dispensing Fee	\$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	\$240.00
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	\$160.00
Patient Pay Amount	\$60.00
Other TrOOP Amount	\$0.00
Low Income Cost Sharing Subsidy Amount (LICS)	\$0.00
Patient Liability Reduction Due to Other Payer Amount (PLRO)	\$0.00
Covered D Plan Paid Amount (CPP)	\$284.00
Non Covered Plan Paid Amount (NPP)	\$0.00

Reported Manufacturer Discount	\$56.00
Total Gross Covered Drug Cost Accumulator	\$5,990.00
True Out-of-Pocket Accumulator	\$1,940.00
Beginning Benefit Phase	N
Ending Benefit Phase	C

Example #9: AE Plan – ICP to Catastrophic Phase (Applicable Drug)

This example demonstrates how to report a PDE when a purchase of a \$400.00 covered Part D applicable drug with a \$390.00 ingredient cost and a \$10.00 dispensing fee moves a beneficiary, who is in an AE Plan, from the ICP to the Catastrophic Phase. When the claim adjudication begins, the TGDCDC Accumulator is \$7,200.00, and the TrOOP Accumulator is \$1,995.00. Because the beneficiary meets the annual OOP threshold midway through the processing of this claim, the beginning benefit phase is the ICP and the ending benefit phase is the Catastrophic Phase. The TrOOP amount remaining in the ICP is \$5.00 (\$2,000.00 - \$1,995.00). This AE Plan has a \$40.00 copay in the ICP. When a claim begins in the ICP, the following formula can be used to determine the drug cost remaining in the ICP:

$$\text{Remaining TrOOP Amount} / \text{TrOOP-eligible cost-sharing percentage in the ICP}$$

In the ICP of an AE Plan, only the beneficiary cost-sharing percentage is TrOOP-eligible. When the beneficiary has a copay in the ICP of an AE plan, it must first be converted to a cost-sharing percentage. The TrOOP-eligible cost-sharing percentage can be determined using the following formula:

$$\text{TrOOP-eligible cost-sharing percentage in the ICP}^{13} = \text{plan-specified ICP copay} / \text{TGDCDC}$$

Therefore, the TrOOP-eligible cost-sharing percentage in the ICP for this example is 10% (\$40.00 / \$400.00). This amount is used to calculate the drug cost remaining in the ICP based on the amount of TrOOP remaining (\$5.00 / 0.10) and yields \$50.00, which is reported as GDCA. The remaining drug cost of \$350.00 falls in the Catastrophic Phase and is reported as GDCA.

The manufacturer discount is 10% of the drug cost falling in the ICP (\$50.00 * 0.10 = \$5.00) plus 20% of the drug cost falling in the Catastrophic Phase (\$350.00 * 0.20 = \$70.00), which equals \$75.00. Although under the AE plan’s benefit design, the beneficiary’s ICP copay is \$40.00, there is only \$5.00 of remaining TrOOP left in the ICP, so the beneficiary pays this amount to meet the annual OOP threshold. The plan reports the remaining drug cost in the ICP (\$50.00 - \$5.00 - \$5.00 = \$40.00) and 80% of drug costs in the Catastrophic Phase (\$350.00 * 0.80 = \$280.00), which is \$320.00, as CPP.

¹³ This value must be capped at 1 minus the manufacturer discount percentage in the ICP (equal to 0.9 in this example, but would be 0.99 for a phase-in eligible applicable drug and 1.0 for a non-applicable drug) because the beneficiary can never pay more than the drug cost in the ICP minus the manufacturer discount in the ICP. The manufacturer discount must be applied to the negotiated price that falls below the annual OOP threshold and must be applied prior to beneficiary cost-sharing. See § 1860D–14C(g)(4)(A) of the Act.

After the claim is processed, the TGCDC Accumulator increases by \$400.00, and the TrOOP Accumulator increases by \$5.00. The table below illustrates how the Part D sponsor would populate the PDE record.

PDE Field	Value
Drug Coverage Status Code	C
Ingredient Cost Paid	\$390.00
Dispensing Fee Paid	\$10.00
Total Amount Attributed to Sales Tax	\$0.00
Vaccine Administration Fee or Additional Dispensing Fee	\$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	\$50.00
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	\$350.00
Patient Pay Amount	\$5.00
Other TrOOP Amount	\$0.00
Low Income Cost Sharing Subsidy Amount (LICS)	\$0.00
Patient Liability Reduction Due to Other Payer Amount (PLRO)	\$0.00
Covered D Plan Paid Amount (CPP)	\$320.00
Non Covered Plan Paid Amount (NPP)	\$0.00
Reported Manufacturer Discount	\$75.00
Total Gross Covered Drug Cost Accumulator	\$7,200.00
True Out-of-Pocket Accumulator	\$1,995.00
Beginning Benefit Phase	N
Ending Benefit Phase	C

Example #10: DS Plan – Catastrophic Phase (Applicable Drug)

This example demonstrates how to report a PDE when a beneficiary in a DS plan purchases a \$250.00 covered Part D drug that falls entirely within the Catastrophic Phase. When the claim adjudication begins, the TGCDC Accumulator is \$9,432.00, and the TrOOP Accumulator is \$2,000.00. The beneficiary is in the Catastrophic Phase of the benefit (TrOOP Accumulator = \$2,000.00); the Catastrophic Phase is the beginning and ending benefit phase. In the Catastrophic Phase, the manufacturer discount is 20% of the total drug cost ($\$250.00 * 0.20 = \50.00), the beneficiary pays 0% coinsurance ($\$250.00 * 0.00 = \0.00) and CPP is 80% ($\$250.00 * 0.80 = \200.00).

After the claim is processed, the TGCDC Accumulator increases by \$250.00, and the TrOOP Accumulator remains unchanged. The table below illustrates how the Part D sponsor would populate the PDE record.

PDE Field	Value
Drug Coverage Status Code	C
Ingredient Cost Paid	\$250.00

Dispensing Fee Paid	\$0.00
Total Amount Attributed to Sales Tax	\$0.00
Vaccine Administration Fee or Additional Dispensing Fee	\$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	\$0.00
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	\$250.00
Patient Pay Amount	\$0.00
Other TrOOP Amount	\$0.00
Low Income Cost Sharing Subsidy Amount (LICS)	\$0.00
Patient Liability Reduction Due to Other Payer Amount (PLRO)	\$0.00
Covered D Plan Paid Amount (CPP)	\$200.00
Non Covered Plan Paid Amount (NPP)	\$0.00
Reported Manufacturer Discount	\$50.00
Total Gross Covered Drug Cost Accumulator	\$9,432.00
True Out-of-Pocket Accumulator	\$2,000.00
Beginning Benefit Phase	C
Ending Benefit Phase	C

Example #11: DS Plan – Deductible to Catastrophic Phase (Applicable Drug)

This example demonstrates how to report a PDE when a purchase of an \$8,000.00 covered Part D applicable drug moves a beneficiary in a DS plan from the Deductible Phase to the Catastrophic Phase. When the claim adjudication begins, the TGCDC Accumulator is \$0.00, and the TrOOP Accumulator is \$0.00. Because the beneficiary meets the DS deductible and the annual OOP threshold midway through the processing of this claim, the beginning benefit phase is the Deductible Phase and the ending benefit phase is the Catastrophic Phase. Once the DS deductible is met, the TrOOP amount remaining in the ICP is \$1,410.00 (\$2,000.00 - \$590.00) and the following formula can be used to determine the drug cost remaining in the ICP:

$$\text{Remaining TrOOP Amount} / \text{TrOOP-eligible cost-sharing percentage in the ICP}$$

In the ICP of a DS Plan, only the beneficiary cost-sharing of 25% is TrOOP-eligible, so the TrOOP-eligible cost-sharing percentage in this example is 25%. On this PDE, using the formula above to calculate the drug cost remaining in the ICP based on the amount of TrOOP remaining in the ICP ($\$1,410.00 / 0.25$) yields \$5,640.00. The drug cost in the Deductible Phase (\$590.00) plus the drug cost in the ICP (\$5,640.00) equals \$6,230.00 and is reported as GDCB. The remaining drug cost of \$1,770.00 falls in the Catastrophic Phase and is reported as GDCA.

The manufacturer discount is 10% of the drug cost falling in the ICP ($\$5,640.00 * 0.10 = \564.00) plus 20% of the drug cost falling in the Catastrophic Phase ($\$1,770.00 * 0.20 = \354.00), which equals \$918.00. The beneficiary pays 100% coinsurance in the Deductible Phase ($\$590.00 * 1.0 = \590.00), 25% coinsurance in the ICP ($\$5,640.00 * 0.25 = \$1,410.00$), and 0% coinsurance in the Catastrophic Phase ($\$1,770.00 * 0.00 = \0.00), which equals

\$2,000.00. CPP is 65% of drug costs in the ICP ($\$5,640.00 * 0.65 = \$3,666.00$) plus 80% of drug costs falling in the Catastrophic Phase ($\$1,770.00 * 0.80 = \$1,416.00$), which equals \$5,082.00.

After the claim is processed, the TG CDC Accumulator increases by \$8,000.00, and the TrOOP Accumulator increases by \$2,000.00. The table below illustrates how the Part D sponsor would populate the PDE record.

PDE Field	Value
Drug Coverage Status Code	C
Ingredient Cost Paid	\$8,000.00
Dispensing Fee Paid	\$0.00
Total Amount Attributed to Sales Tax	\$0.00
Vaccine Administration Fee or Additional Dispensing Fee	\$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	\$6,230.00
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	\$1,770.00
Patient Pay Amount	\$2,000.00
Other TrOOP Amount	\$0.00
Low Income Cost Sharing Subsidy Amount (LICS)	\$0.00
Patient Liability Reduction Due to Other Payer Amount (PLRO)	\$0.00
Covered D Plan Paid Amount (CPP)	\$5,082.00
Non Covered Plan Paid Amount (NPP)	\$0.00
Reported Manufacturer Discount	\$918.00
Total Gross Covered Drug Cost Accumulator	\$0.00
True Out-of-Pocket Accumulator	\$0.00
Beginning Benefit Phase	D
Ending Benefit Phase	C

Section 2 - Calculating and Reporting the Enhanced Alternative Benefit

Example #12: EA Plan – \$0.00 Plan Deductible (Applicable Drug)

This example demonstrates how to report a PDE when a beneficiary in an EA plan purchases a \$200.00 covered Part D applicable drug that falls entirely within the plan-defined ICP, but does not accumulate TrOOP exceeding the DS deductible amount. When the claim adjudication begins, the TG CDC Accumulator is \$0.00, and the TrOOP Accumulator is \$0.00. This EA plan does not have a deductible and has a \$30.00 copay in the ICP for this drug. The plan reports the benefit phase indicators in alignment with the plan-defined phases; the ICP is the beginning and ending benefit phase. The remaining TrOOP amount required for the beneficiary to meet the definition of an applicable beneficiary and be eligible for the Discount Program is calculated by subtracting the TrOOP Accumulator from the DS deductible amount and is \$590.00 ($\$590.00 - \0.00).

The Delta TrOOP on this claim is the greater of beneficiary liability under the DS benefit or beneficiary liability under the plan's benefit design. Under the plan's benefit design, the beneficiary pays a \$30.00 copay in the plan's ICP. Under the DS benefit, the beneficiary pays 100% of the drug cost until the DS deductible is met (\$200.00 * 1.00), which equals \$200.00. Therefore, Delta TrOOP on this PDE is equal to \$200.00, which does not exceed the \$590.00 of remaining TrOOP required for the beneficiary to be eligible for the Discount Program. Therefore, a manufacturer discount is not calculated for this claim. CPP is mapped to the DS benefit and is equal to \$0.00 because there is no plan liability in the DS Deductible Phase. NPP is calculated as the total drug cost minus manufacturer discount, patient pay amount, and CPP (\$200.00 - \$0.00 - \$30.00 - \$0.00), which equals \$170.00.

After the claim is processed, the TGCDC Accumulator and the TrOOP Accumulator increase by \$200.00. The table below illustrates how the Part D sponsor would populate the PDE record.

PDE Field	Value
Drug Coverage Status Code	C
Ingredient Cost Paid	\$200.00
Dispensing Fee Paid	\$0.00
Total Amount Attributed to Sales Tax	\$0.00
Vaccine Administration Fee or Additional Dispensing Fee	\$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	\$200.00
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	\$0.00
Patient Pay Amount	\$30.00
Other TrOOP Amount	\$0.00
Low Income Cost Sharing Subsidy Amount (LICS)	\$0.00
Patient Liability Reduction Due to Other Payer Amount (PLRO)	\$0.00
Covered D Plan Paid Amount (CPP)	\$0.00
Non Covered Plan Paid Amount (NPP)	\$170.00
Reported Manufacturer Discount	\$0.00
Total Gross Covered Drug Cost Accumulator	\$0.00
True Out-of-Pocket Accumulator	\$0.00
Beginning Benefit Phase	N
Ending Benefit Phase	N

Example #13: EA Plan – Deductible Phase to ICP with a Reduced Plan-Defined Deductible that is entirely within the DS Benefit's Deductible Phase (Applicable Drug)

This example demonstrates how to report a PDE for a beneficiary in an EA plan that purchases a \$400.00 covered Part D applicable drug that straddles from the plan-defined Deductible Phase to the plan-defined ICP, but does not accumulate TrOOP exceeding the DS deductible amount. When the claim adjudication begins, the TGCDC Accumulator is \$0.00, and the TrOOP Accumulator is \$0.00. This EA plan has reduced the deductible to \$300.00 and has a \$10.00

copay in the ICP for this drug. Because the beneficiary meets their plan-defined deductible midway through the processing of this claim, the beginning benefit phase is the Deductible Phase and the ending benefit phase is the ICP (the plan reports the benefit phase indicators in alignment with the plan-defined phase). The remaining TrOOP amount required for the beneficiary to meet the definition of an applicable beneficiary and be eligible for the Discount Program is calculated by subtracting the TrOOP Accumulator from the DS deductible amount and is \$590.00 (\$590.00 - \$0.00).

The Delta TrOOP on this claim is the greater of beneficiary liability under the DS benefit or beneficiary liability under the plan's benefit design. Under the plan's benefit design, the beneficiary pays 100% of the drug cost until the plan-defined deductible is met (\$300.00 * 1.00 = \$300.00) plus a \$10.00 copay in the plan's ICP, which equals \$310.00. Under the DS benefit, the beneficiary pays 100% of the drug cost until the DS deductible is met (\$400.00 * 1.00), which equals \$400.00. Therefore, Delta TrOOP on this PDE is equal to \$400.00. Because the Delta TrOOP does not exceed the \$590.00 of remaining TrOOP required for the beneficiary to be eligible for the Discount Program, a manufacturer discount is not calculated for this claim. CPP is mapped to the DS benefit and is equal to \$0.00 because there is no plan liability in the DS Deductible Phase. NPP is calculated as the total drug cost minus manufacturer discount, patient pay amount, and CPP (\$400.00 - \$0.00 - \$310.00 - \$0.00), which equals \$90.00.

After the claim is processed, the TG CDC Accumulator and the TrOOP Accumulator increase by \$400.00. The table below illustrates how the Part D sponsor would populate the PDE record.

PDE Field	Value
Drug Coverage Status Code	C
Ingredient Cost Paid	\$400.00
Dispensing Fee Paid	\$0.00
Total Amount Attributed to Sales Tax	\$0.00
Vaccine Administration Fee or Additional Dispensing Fee	\$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	\$400.00
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	\$0.00
Patient Pay Amount	\$310.00
Other TrOOP Amount	\$0.00
Low Income Cost Sharing Subsidy Amount (LICS)	\$0.00
Patient Liability Reduction Due to Other Payer Amount (PLRO)	\$0.00
Covered D Plan Paid Amount (CPP)	\$0.00
Non Covered Plan Paid Amount (NPP)	\$90.00
Reported Manufacturer Discount	\$0.00
Total Gross Covered Drug Cost Accumulator	\$0.00
True Out-of-Pocket Accumulator	\$0.00
Beginning Benefit Phase	D

Ending Benefit Phase	N
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Example #14: EA Plan – Deductible Phase to ICP with a Reduced Plan-Defined Deductible that also Straddles into the DS Benefit’s ICP (Applicable Drug)

This example demonstrates how to report a PDE for a beneficiary in an EA plan that purchases a \$250.00 covered Part D applicable drug that straddles from the plan-defined Deductible Phase to the plan-defined ICP and accumulates TrOOP that exceeds the DS deductible amount. When the claim adjudication begins, the TGCDC Accumulator is \$490.00, and the TrOOP Accumulator is \$490.00. This EA plan has a plan-defined deductible of \$540.00 and has a \$25.00 copay in the ICP. Because the beneficiary meets their plan-defined deductible midway through the processing of this claim, the beginning benefit phase is the Deductible Phase and the ending benefit phase is the ICP (the plan reports the benefit phase indicators in alignment with the plan-defined phase). The remaining TrOOP amount required for the beneficiary to meet the definition of an applicable beneficiary and be eligible for the Discount Program is calculated by subtracting the TrOOP Accumulator from the DS deductible amount and is \$100.00 (\$590.00 - \$490.00).

The Delta TrOOP on this claim is the greater of beneficiary liability under the DS benefit or beneficiary liability under the plan’s benefit design. Under the plan’s benefit design, the beneficiary pays 100% of the drug cost until the plan-defined deductible is met ($\$50.00 * 1.00 = \50.00) plus a \$25.00 copay in the plan’s ICP, which equals \$75.00. Under the DS benefit, the beneficiary pays 100% of the drug cost until the DS deductible is met ($\$100.00 * 1.00 = \100.00) plus 25% coinsurance in the ICP ($\$150.00 * 0.25 = \37.50), which equals \$137.50. Therefore, Delta TrOOP on this PDE is equal to \$137.50, which exceeds the \$100.00 of remaining TrOOP required for the beneficiary to be eligible for the Discount Program.

Because beneficiary eligibility for the Discount Program is dependent on a beneficiary’s TrOOP exceeding the DS deductible amount, the drug cost used to calculate the manufacturer discount amount is equal to total drug cost minus the TrOOP amount needed to meet the DS deductible.¹⁴ The manufacturer discount is \$15.00 ($(\$250.00 - \$100.00) * 0.10$). The Patient Pay Amount, as previously calculated, is \$75.00. CPP is mapped to the DS benefit and is equal to \$97.50 ($\$100.00 * 0.00 + \$150.00 * 0.65$). NPP is calculated as the total drug cost minus manufacturer discount, patient pay amount, and CPP ($\$250.00 - \$15.00 - \$75.00 - \97.50), which equals \$62.50.

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

After the claim is processed, the TGCDC Accumulator increases by \$250.00, and the TrOOP Accumulator increases by \$137.50. The table below illustrates how the Part D sponsor would populate the PDE record.

PDE Field	Value
Drug Coverage Status Code	C
Ingredient Cost Paid	\$250.00
Dispensing Fee Paid	\$0.00
Total Amount Attributed to Sales Tax	\$0.00
Vaccine Administration Fee or Additional Dispensing Fee	\$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	\$250.00
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	\$0.00
Patient Pay Amount	\$75.00
Other TrOOP Amount	\$0.00
Low Income Cost Sharing Subsidy Amount (LICS)	\$0.00
Patient Liability Reduction Due to Other Payer Amount (PLRO)	\$0.00
Covered D Plan Paid Amount (CPP)	\$97.50
Non Covered Plan Paid Amount (NPP)	\$62.50
Reported Manufacturer Discount	\$15.00
Total Gross Covered Drug Cost Accumulator	\$490.00
True Out-of-Pocket Accumulator	\$490.00
Beginning Benefit Phase	D
Ending Benefit Phase	N

Example #15: EA Plan – Deductible Phase to ICP with a Reduced Plan-Defined Tier-Based Deductible that also Straddles into the DS Benefit’s ICP (Applicable Drug)

This example demonstrates how to report a PDE for a beneficiary in an EA plan that purchases a \$650.00 covered Part D applicable drug on Tier 1 of the EA plan’s formulary. Although the deductible does not apply to this drug, the TrOOP accumulation on this claim exceeds the DS deductible and, therefore, the plan-defined deductible is satisfied during the processing of this claim. When the claim adjudication begins, the TGCDC Accumulator is \$480.00, and the TrOOP Accumulator is \$480.00. This EA plan has a plan-defined deductible of \$500.00, does not charge a deductible for Tier 1 drugs, and has 20% coinsurance in the ICP for Tier 1 drugs. Because this drug does not apply to the plan’s deductible, the beginning and ending benefit phase is the ICP (the plan reports the benefit phase indicators in alignment with the plan-defined phase). The remaining TrOOP amount required for the beneficiary to meet the definition of an applicable beneficiary and be eligible for the Discount Program is calculated by subtracting the TrOOP Accumulator from the DS deductible amount and is \$110.00 (\$590.00 - \$480.00).

The Delta TrOOP on this claim is the greater of beneficiary liability under the DS benefit or beneficiary liability under the plan’s benefit design. Under the plan’s benefit design, the

beneficiary pays 20% coinsurance in the plan’s ICP ($\$650.00 * 0.20 = \130.00). Under the DS benefit, the beneficiary pays 100% of the drug cost until the DS deductible is met ($\$110.00 * 1.00 = \110.00) plus 25% coinsurance in the ICP ($\$540.00 * 0.25 = \135.00), which equals $\$245.00$. Therefore, Delta TrOOP on this PDE is equal to $\$245.00$, which exceeds the $\$110.00$ of remaining TrOOP required for the beneficiary to be eligible for the Discount Program.

Because beneficiary eligibility for the Discount Program is dependent on a beneficiary’s TrOOP exceeding the DS deductible amount, the drug cost used to calculate the manufacturer discount amount is equal to total drug cost minus the TrOOP amount needed to meet the DS deductible. The manufacturer discount is $\$54.00$ ($(\$650.00 - \$110.00) * 0.10$). The Patient Pay Amount, as previously calculated, is $\$130.00$. CPP is mapped to the DS benefit and is equal to $\$351.00$ ($\$110.00 * 0.00 + \$540.00 * 0.65$). NPP is calculated as the total drug cost minus manufacturer discount, patient pay amount, and CPP ($\$650.00 - \$54.00 - \$130.00 - \351.00), which equals $\$115.00$.

After the claim is processed, the TGCDC Accumulator increases by $\$650.00$, and the TrOOP Accumulator increases by $\$245.00$. After this claim is processed, the beneficiary’s total TrOOP is equal to $\$725.00$ ($\$480.00 + \245.00). Because the beneficiary’s total TrOOP exceeds the DS deductible amount, the beneficiary is deemed to have satisfied the plan deductible of $\$500.00$, even though this drug was not subject to the plan’s deductible.¹⁵ All subsequent PDEs for this beneficiary will be reported in the ICP or the Catastrophic Phase. The table below illustrates how the Part D sponsor would populate the PDE record.

PDE Field	Value
Drug Coverage Status Code	C
Ingredient Cost Paid	\$650.00
Dispensing Fee Paid	\$0.00
Total Amount Attributed to Sales Tax	\$0.00
Vaccine Administration Fee or Additional Dispensing Fee	\$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	\$650.00
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	\$0.00
Patient Pay Amount	\$130.00
Other TrOOP Amount	\$0.00
Low Income Cost Sharing Subsidy Amount (LICS)	\$0.00
Patient Liability Reduction Due to Other Payer Amount (PLRO)	\$0.00

¹⁵ As stated in Section 40 of the Final CY 2025 Part D Redesign Program Instructions, TrOOP-eligible costs for drugs not subject to the DS deductible, specifically covered insulin products, as well as TrOOP-eligible costs for drugs not subject to a non-DS plan deductible or drugs subject to a reduced deductible under non-DS plans, all count towards a beneficiary satisfying the DS deductible. As a result, in CY 2025, if a beneficiary has not satisfied their plan deductible but has incurred sufficient TrOOP-eligible costs to satisfy the DS deductible, they will be both an applicable beneficiary under the Discount Program, as defined at section 1860D-14C(g)(1)(C) of the Act, and deemed to have satisfied their plan deductible.

Covered D Plan Paid Amount (CPP)	\$351.00
Non Covered Plan Paid Amount (NPP)	\$115.00
Reported Manufacturer Discount	\$54.00
Total Gross Covered Drug Cost Accumulator	\$480.00
True Out-of-Pocket Accumulator	\$480.00
Beginning Benefit Phase	N
Ending Benefit Phase	N

Example #16: EA Plan – ICP where the EA Plan’s Beneficiary Cost-Sharing exceeds the DS Beneficiary Cost-Sharing (Applicable Drug)

This example demonstrates how to report a PDE for a beneficiary in an EA plan that purchases a \$100.00 covered Part D applicable drug in the ICP and the beneficiary cost-sharing under the EA plan’s benefit design exceeds the beneficiary cost-sharing under the DS benefit. When the claim adjudication begins, the TGDCD Accumulator is \$1,200.00, and the TrOOP Accumulator is \$675.00. The beneficiary is in the ICP of the benefit (TrOOP Accumulator ≥ \$590.00 and TrOOP Accumulator + Delta TrOOP < \$2,000.00); the ICP is the beginning and ending benefit phase. The EA plan has a \$30.00 copay in the ICP for this drug.

In the ICP, the manufacturer discount is 10% of the total drug cost ($\$100.00 * 0.10 = \10.00), the beneficiary pays their ICP copay of \$30.00, and CPP is mapped to the DS benefit ($\$100.00 * 0.65 = \65.00). NPP is calculated as the total drug cost minus manufacturer discount, patient pay amount, and CPP ($\$100.00 - \$10.00 - \$30.00 - \65.00), which equals -\$5.00.

After the claim is processed, the TGDCD Accumulator increases by \$100.00, and the TrOOP Accumulator increases by \$30.00 (although NPP is a TrOOP-eligible field, *negative NPP is not counted against* TrOOP accumulation¹⁶). The table below illustrates how the plan sponsor would populate the PDE record.

PDE Field	Value
Drug Coverage Status Code	C
Ingredient Cost Paid	\$100.00
Dispensing Fee Paid	\$0.00
Total Amount Attributed to Sales Tax	\$0.00
Vaccine Administration Fee or Additional Dispensing Fee	\$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	\$100.00

¹⁶ As stated in section 30 of the Final CY 2025 Part D Redesign Program Instructions, under section 1860D-2(b)(4)(C)(iii)(II) of the Act, only amounts reimbursed by supplemental coverage will be newly included in the calculation of TrOOP. For EA plans, plan liability is mapped to the DS benefit to distinguish between basic and supplemental benefits provided by the Part D sponsor. Because of this, if beneficiary cost-sharing is greater than it would have been under the DS benefit, a negative value is recorded on a PDE record for the field representing the value of the supplemental coverage. Such negative values will be disregarded (i.e., treated as zero) when calculating TrOOP because they do not represent reimbursement to the beneficiary.

Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	\$0.00
Patient Pay Amount	\$30.00
Other TrOOP Amount	\$0.00
Low Income Cost Sharing Subsidy Amount (LICS)	\$0.00
Patient Liability Reduction Due to Other Payer Amount (PLRO)	\$0.00
Covered D Plan Paid Amount (CPP)	\$65.00
Non Covered Plan Paid Amount (NPP)	-\$5.00
Reported Manufacturer Discount	\$10.00
Total Gross Covered Drug Cost Accumulator	\$1,200.00
True Out-of-Pocket Accumulator	\$675.00
Beginning Benefit Phase	N
Ending Benefit Phase	N

Example #17: EA Plan – ICP where the EA Plan’s Beneficiary Cost-Sharing exceeds the DS Beneficiary Cost-Sharing for an LIS Beneficiary (Applicable Drug)

This example demonstrates how to report a PDE for a category 1 LIS beneficiary in an EA plan that purchases a \$100.00 covered Part D applicable drug and the cost-sharing under the EA plan’s benefit design exceeds the cost-sharing under the DS benefit. When the claim adjudication begins, the TGDCD Accumulator is \$1,200.00, and the TrOOP Accumulator is \$675.00. The beneficiary is in the ICP of the benefit (TrOOP Accumulator \geq \$590.00 and TrOOP Accumulator + Delta TrOOP $<$ \$2,000.00); the ICP is the beginning and ending benefit phase. The EA plan has a \$30.00 copay in the ICP for this drug.

In the ICP, the manufacturer discount is 10% of the total drug cost ($\$100.00 * 0.10 = \10.00). To determine the beneficiary liability and LICS amount, the non-LIS beneficiary cost-sharing (\$30.00) is compared to the LIS statutory cost-sharing amount (\$12.15). Because the LIS statutory cost-sharing amount is less than the non-LIS beneficiary cost-sharing amount, the beneficiary pays \$12.15. LICS is calculated as the difference between the non-LIS and LIS beneficiary cost-sharing amounts ($\$30.00 - \$12.15 = \$17.85$). CPP is mapped to the DS benefit ($\$100.00 * 0.65 = \65.00). NPP is calculated as the total drug cost minus manufacturer discount, patient pay amount, LICS, and CPP ($\$100.00 - \$10.00 - \$12.15 - \$17.85 - \$65.00$), which equals -\$5.00.

After the claim is processed, the TGDCD Accumulator increases by \$100.00, and the TrOOP Accumulator increases by \$30.00 (although NPP is a TrOOP-eligible field, negative NPP is not counted against TrOOP accumulation¹⁷). The table below illustrates how the plan sponsor would populate the PDE record.

¹⁷ As stated in section 30 of the Final CY 2025 Part D Redesign Program Instructions, under section 1860D-2(b)(4)(C)(iii)(II) of the Act, only amounts reimbursed by supplemental coverage will be newly included in the calculation of TrOOP. For EA plans, plan liability is mapped to the DS benefit to distinguish between basic and supplemental benefits provided by the Part D sponsor. Because of this, if beneficiary cost-sharing is greater than it would have been under the DS benefit, a negative value is recorded on a PDE record for the field representing the

PDE Field	Value
Drug Coverage Status Code	C
Ingredient Cost Paid	\$100.00
Dispensing Fee Paid	\$0.00
Total Amount Attributed to Sales Tax	\$0.00
Vaccine Administration Fee or Additional Dispensing Fee	\$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	\$100.00
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	\$0.00
Patient Pay Amount	\$12.15
Other TrOOP Amount	\$0.00
Low Income Cost Sharing Subsidy Amount (LICS)	\$17.85
Patient Liability Reduction Due to Other Payer Amount (PLRO)	\$0.00
Covered D Plan Paid Amount (CPP)	\$65.00
Non Covered Plan Paid Amount (NPP)	-\$5.00
Reported Manufacturer Discount	\$10.00
Total Gross Covered Drug Cost Accumulator	\$1,200.00
True Out-of-Pocket Accumulator	\$675.00
Beginning Benefit Phase	N
Ending Benefit Phase	N

Example #18: EA Plan – ICP to Catastrophic Phase (Applicable Drug)

This example demonstrates how to report a PDE when a purchase of a \$500.00 covered Part D applicable drug moves a beneficiary, who is in an EA Plan, from the ICP to the Catastrophic Phase. When the claim adjudication begins, the TGCDC Accumulator is \$6,200.00, and the TrOOP Accumulator is \$1,925.00. Because the beneficiary meets the annual OOP threshold midway through the processing of this claim, the beginning benefit phase is the ICP and the ending benefit phase is the Catastrophic Phase. This EA Plan has a \$45.00 copay in the ICP. The TrOOP amount remaining in the ICP is \$75.00 (\$2,000.00 - \$1,925.00). When a claim begins in the ICP, the following formula can be used to determine the drug cost remaining in the ICP:

$$\text{Remaining TrOOP Amount} / \text{TrOOP-eligible cost-sharing percentage in the ICP}$$

In the ICP of an EA Plan, the Delta TrOOP is equal to the greater of beneficiary liability under the DS benefit or beneficiary liability under the plan's benefit design. Therefore, because both beneficiary cost-sharing and NPP are TrOOP-eligible, the Delta TrOOP in the ICP must be calculated first to determine the TrOOP-eligible cost-sharing percentage in the ICP. To determine the Delta TrOOP in the ICP, the beneficiary liability in the ICP under the plan's

value of the supplemental coverage. Such negative values will be disregarded (i.e., treated as zero) when calculating TrOOP because they do not represent reimbursement to the beneficiary.

benefit design is calculated by converting it to a cost-sharing percentage using the following formula:

$$\text{Beneficiary cost-sharing percentage in the ICP}^{18} = \text{plan-specified ICP copay/TGCDC}$$

The beneficiary cost-sharing percentage in the ICP for this example is 9% (\$45.00 / \$500.00). Because 9% is less than the 25% DS cost-sharing, the DS cost-sharing percentage of 25% is used to calculate the drug cost remaining in the ICP (\$75.00 / 0.25) and yields \$300.00, which is reported as GDCB. The remaining drug cost of \$200.00 falls in the Catastrophic Phase and is reported as GDCA.

The manufacturer discount is 10% of the drug cost falling in the ICP (\$300.00 * 0.10 = \$30.00) plus 20% of the drug cost falling in the Catastrophic Phase (\$200.00 * 0.20 = \$40.00), which equals \$70.00. The beneficiary pays their entire \$45.00 copay in the ICP and 0% coinsurance in the Catastrophic Phase, which equals \$45.00. CPP is mapped to the DS benefit and is 65% of drug costs in the ICP (\$300.00 * 0.65 = \$195.00) plus 80% of drug costs falling in the Catastrophic Phase (\$200.00 * 0.80 = \$160.00), which equals \$355.00. NPP is calculated as the total drug cost minus manufacturer discount, patient pay amount, and CPP (\$500.00 - \$70.00 - \$45.00 - \$355.00), which equals \$30.00.

After the claim is processed, the TGCDC Accumulator increases by \$500.00, and the TrOOP Accumulator increases by \$75.00. The table below illustrates how the Part D sponsor would populate the PDE record.

PDE Field	Value
Drug Coverage Status Code	C
Ingredient Cost Paid	\$500.00
Dispensing Fee Paid	\$0.00
Total Amount Attributed to Sales Tax	\$0.00
Vaccine Administration Fee or Additional Dispensing Fee	\$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	\$300.00
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	\$200.00
Patient Pay Amount	\$45.00
Other TrOOP Amount	\$0.00
Low Income Cost Sharing Subsidy Amount (LICS)	\$0.00
Patient Liability Reduction Due to Other Payer Amount (PLRO)	\$0.00
Covered D Plan Paid Amount (CPP)	\$355.00
Non Covered Plan Paid Amount (NPP)	\$30.00

¹⁸ This value must be capped at 1 minus the manufacturer discount percentage in the ICP (equal to 0.9 in this example, but would be 0.99 for a phase-in eligible applicable drug and 1.0 for a non-applicable drug) because the beneficiary can never pay more than the drug cost in the ICP minus the manufacturer discount in the ICP. The manufacturer discount must be applied to the negotiated price that falls below the annual OOP threshold and must be applied prior to beneficiary cost sharing. See § 1860D-14C(g)(4)(A) of the Act.

Reported Manufacturer Discount	\$70.00
Total Gross Covered Drug Cost Accumulator	\$6,200.00
True Out-of-Pocket Accumulator	\$1,925.00
Beginning Benefit Phase	N
Ending Benefit Phase	C

Example #19: EA Plan – ICP to Catastrophic Phase where the EA Copay exceeds the DS Benefit Coinsurance (Applicable Drug)

This example demonstrates how to report a PDE when a purchase of a \$25.00 covered Part D applicable drug moves a beneficiary, who is in an EA Plan, from the ICP to the Catastrophic Phase and the beneficiary cost-sharing in the ICP under the EA plan’s benefit design exceeds the cost-sharing in the ICP under the DS benefit. When the claim adjudication begins, the TGDCDC Accumulator is \$6,200.00, and the TrOOP Accumulator is \$1,980.00. Because the beneficiary meets the annual OOP threshold midway through the processing of this claim, the beginning benefit phase is the ICP and the ending benefit phase is the Catastrophic Phase. This EA Plan has a \$35.00 copay in the ICP. The TrOOP amount remaining in the ICP is \$20.00 (\$2,000.00 - \$1,980.00). When a claim begins in the ICP, the following formula can be used to determine the drug cost remaining in the ICP:

$$\text{Remaining TrOOP Amount} / \text{TrOOP-eligible cost-sharing percentage in the ICP}$$

In the ICP of an EA Plan, the Delta TrOOP is equal to the greater of beneficiary liability under the DS benefit or beneficiary liability under the plan’s benefit design. Therefore, because both beneficiary cost-sharing and NPP are TrOOP-eligible, the Delta TrOOP in the ICP must be calculated first to determine the TrOOP-eligible cost-sharing percentage in the ICP. To determine the Delta TrOOP in the ICP, the beneficiary liability in the ICP under the plan’s benefit design is calculated by converting it to a cost-sharing percentage using the following formula:

$$\text{Beneficiary cost-sharing percentage in the ICP}^{19} = \text{plan-specified ICP copay} / \text{TGDCDC}$$

The beneficiary cost-sharing percentage in the ICP for this example is calculated to be 1.4 (\$35.00 / \$25.00) and is set to 0.90. Because 90% is greater than the 25% DS cost-sharing, the beneficiary liability under the plan benefit design of 90% is used to calculate the drug cost remaining in the ICP (\$20.00 / 0.90) and yields \$22.22, which is reported as GDCB. The remaining drug cost of \$2.78 falls in the Catastrophic Phase and is reported as GDCA.

¹⁹ This value must be capped at 1 minus the manufacturer discount percentage in the ICP (equal to 0.9 in this example, but would be 0.99 for a phase-in eligible applicable drug and 1.0 for a non-applicable drug) because the beneficiary can never pay more than the drug cost in the ICP minus the manufacturer discount in the ICP. The manufacturer discount must be applied to the negotiated price that falls below the annual OOP threshold and must be applied prior to beneficiary cost sharing. See § 1860D–14C(g)(4)(A) of the Act.

The manufacturer discount is 10% of the drug cost falling in the ICP ($\$22.22 * 0.10 = \2.22) plus 20% of the drug cost falling in the Catastrophic Phase ($\$2.78 * 0.20 = \0.56), which equals $\$2.78$. Although under the EA plan's benefit design, the beneficiary's ICP copay is $\$35.00$, there is only $\$20.00$ of remaining TrOOP left in the ICP, so the beneficiary pays this amount to meet the annual OOP threshold. CPP is mapped to the DS benefit and is 65% of drug costs in the ICP ($\$22.22 * 0.65 = \14.44) plus 80% of drug costs falling in the Catastrophic Phase ($\$2.78 * 0.80 = \2.22), which equals $\$16.66$. NPP is calculated as the total drug cost minus manufacturer discount, patient pay amount, and CPP ($\$25.00 - \$2.78 - \$20.00 - \16.66), which equals $-\$14.44$.

After the claim is processed, the TGCDC Accumulator increases by $\$25.00$, and the TrOOP Accumulator increases by $\$20.00$. The table below illustrates how the Part D sponsor would populate the PDE record.

PDE Field	Value
Drug Coverage Status Code	C
Ingredient Cost Paid	\$25.00
Dispensing Fee Paid	\$0.00
Total Amount Attributed to Sales Tax	\$0.00
Vaccine Administration Fee or Additional Dispensing Fee	\$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	\$22.22
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	\$2.78
Patient Pay Amount	\$20.00
Other TrOOP Amount	\$0.00
Low Income Cost Sharing Subsidy Amount (LICS)	\$0.00
Patient Liability Reduction Due to Other Payer Amount (PLRO)	\$0.00
Covered D Plan Paid Amount (CPP)	\$16.66
Non Covered Plan Paid Amount (NPP)	$-\$14.44$
Reported Manufacturer Discount	\$2.78
Total Gross Covered Drug Cost Accumulator	\$6,200.00
True Out-of-Pocket Accumulator	\$1,980.00
Beginning Benefit Phase	N
Ending Benefit Phase	C

Section 3 - Calculating and Reporting for Employer Group Waiver Plans (EGWPs)

Example #20: EGWP – \$0.00 Plan Deductible (Applicable Drug)

This example demonstrates how to report a PDE when a beneficiary, who is enrolled in an EGWP, purchases a $\$200.00$ covered Part D applicable drug that falls entirely within the DS Deductible Phase, but the EGWP OHI does not charge a deductible and the beneficiary does not accumulate TrOOP exceeding the DS deductible amount. When the claim adjudication begins, the TGCDC Accumulator is $\$0.00$, and the TrOOP Accumulator is $\$0.00$. Under the EGWP OHI

benefit, the beneficiary does not have a deductible and has a \$30.00 copay for this drug. The plan reports the benefit phase indicators in alignment with the DS benefit; the Deductible Phase is the beginning and ending benefit phase (TrOOP Accumulator + Delta TrOOP ≤ \$590.00). The remaining TrOOP amount required for the beneficiary to meet the definition of an applicable beneficiary and be eligible for the Discount Program is calculated by subtracting the TrOOP Accumulator from the DS deductible amount, which is \$590.00 (\$590.00 - \$0.00).

The Delta TrOOP on this claim is the greater of beneficiary liability under the DS benefit or beneficiary liability under the EGWP OHI benefit. Under the EGWP OHI benefit, the beneficiary pays a \$30.00 copay for this drug. Under the DS benefit, the beneficiary pays 100% of the drug cost until the DS deductible is met (\$200.00 * 1.00), which equals \$200.00. Therefore, Delta TrOOP on this PDE is equal to \$200.00, which does not exceed the \$590.00 of remaining TrOOP required for the beneficiary to be eligible for the Discount Program. Therefore, a manufacturer discount is not calculated for this claim. Because the DS plan liability is 0% in the Deductible Phase, CPP is \$0.00 (\$200.00 * 0.00). NPP is calculated as the total drug cost minus manufacturer discount, patient pay amount, and CPP (\$200.00 - \$0.00 - \$30.00 - \$0.00), which equals \$170.00.

After the claim is processed, the TGCDC Accumulator and the TrOOP Accumulator increase by \$200.00. The table below illustrates how the Part D sponsor would populate the PDE record.

PDE Field	Value
Drug Coverage Status Code	C
Ingredient Cost Paid	\$200.00
Dispensing Fee Paid	\$0.00
Total Amount Attributed to Sales Tax	\$0.00
Vaccine Administration Fee or Additional Dispensing Fee	\$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	\$200.00
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	\$0.00
Patient Pay Amount	\$30.00
Other TrOOP Amount	\$0.00
Low Income Cost Sharing Subsidy Amount (LICS)	\$0.00
Patient Liability Reduction Due to Other Payer Amount (PLRO)	\$0.00
Covered D Plan Paid Amount (CPP)	\$0.00
Non Covered Plan Paid Amount (NPP)	\$170.00
Reported Manufacturer Discount	\$0.00
Total Gross Covered Drug Cost Accumulator	\$0.00
True Out-of-Pocket Accumulator	\$0.00
Beginning Benefit Phase	D
Ending Benefit Phase	D

Example #21: EGWP – Deductible Phase to ICP (Applicable Drug)

This example demonstrates how to report a PDE for a beneficiary, who is enrolled in an EGWP, that purchases a \$280.00 covered Part D applicable drug that straddles from the DS Deductible Phase to the ICP. When the claim adjudication begins, the TGDCDC Accumulator is \$400.00, and the TrOOP Accumulator is \$400.00. Under the EGWP OHI benefit, the beneficiary has a \$500.00 deductible and has a \$40.00 copay for this drug. The plan reports the benefit phase indicators in alignment with the DS benefit. Because the beneficiary would satisfy the DS benefit deductible midway through the processing of this claim, the beginning benefit phase is the Deductible Phase and the ending benefit phase is the ICP. The remaining TrOOP amount required for the beneficiary to meet the definition of an applicable beneficiary and be eligible for the Discount Program is calculated by subtracting the TrOOP Accumulator from the DS deductible amount, which is \$190.00 (\$590.00 - \$400.00).

The Delta TrOOP on this claim is the greater of beneficiary liability under the DS benefit or beneficiary liability under the EGWP OHI benefit. Under the EGWP OHI benefit, the beneficiary pays 100% of the drug cost until the OHI deductible is met ($\$100.00 * 1.00 = \100.00) plus a \$40.00 copay for this drug, which equals \$140.00. Under the DS benefit, the beneficiary pays 100% of the drug cost until the DS deductible is met ($\$190.00 * 1.00 = \190.00) plus 25% coinsurance in the ICP ($\$90.00 * 0.25 = \22.50), which equals \$212.50. Therefore, Delta TrOOP on this PDE is equal to \$212.50, which exceeds the \$190.00 of remaining TrOOP required for the beneficiary to be eligible for the Discount Program.

Because beneficiary eligibility for the Discount Program is dependent on a beneficiary's TrOOP exceeding the DS deductible amount, the drug cost used to calculate the manufacturer discount amount is equal to total drug cost minus the TrOOP amount needed to meet the DS deductible.²⁰ The manufacturer discount is \$9.00 ($(\$280.00 - \$190.00) * 0.10$). The Patient Pay Amount, as previously calculated, is \$140.00. Because the DS plan liability is 0% in the Deductible Phase ($\$190.00 * 0.00 = \0.00) and 65% in the ICP ($\$90.00 * 0.65 = \58.50), CPP is \$58.50. NPP is calculated as the total drug cost minus manufacturer discount, patient pay amount, and CPP ($\$280.00 - \$9.00 - \$140.00 - \58.50), which equals \$72.50.

After the claim is processed, the TGDCDC Accumulator increases by \$280.00, and the TrOOP Accumulator increases by \$212.50. The table below illustrates how the Part D sponsor would populate the PDE record.

PDE Field	Value
Drug Coverage Status Code	C
Ingredient Cost Paid	\$280.00
Dispensing Fee Paid	\$0.00

²⁰ As stated in the Medicare Part D Manufacturer Discount Program Final Guidance Section 50.3 (Nov. 17, 2023), in the case of a claim for an applicable drug for an applicable beneficiary that straddles multiple phases of the benefit, section 1860D-14C(g)(4)(E) of the Act requires that for claims that do not fall entirely above the annual deductible specified in section 1860D-2(b)(1) of the Act, the manufacturer provides the applicable discount on only the portion of the negotiated price that falls above the DS deductible.

Total Amount Attributed to Sales Tax	\$0.00
Vaccine Administration Fee or Additional Dispensing Fee	\$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	\$280.00
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	\$0.00
Patient Pay Amount	\$140.00
Other TrOOP Amount	\$0.00
Low Income Cost Sharing Subsidy Amount (LICS)	\$0.00
Patient Liability Reduction Due to Other Payer Amount (PLRO)	\$0.00
Covered D Plan Paid Amount (CPP)	\$58.50
Non Covered Plan Paid Amount (NPP)	\$72.50
Reported Manufacturer Discount	\$9.00
Total Gross Covered Drug Cost Accumulator	\$400.00
True Out-of-Pocket Accumulator	\$400.00
Beginning Benefit Phase	D
Ending Benefit Phase	N

Example #22: EGWP – ICP where EGWP OHI Cost-Sharing exceeds the DS Benefit’s Cost-Sharing (Applicable Drug)

This example demonstrates how to report a PDE when a beneficiary, who is enrolled in an EGWP, purchases a \$100.00 covered Part D applicable drug and the beneficiary cost-sharing under the EGWP OHI exceeds the beneficiary cost-sharing under the DS benefit. The TGDCDC Accumulator is \$1,200.00, and the TrOOP Accumulator is \$675.00. Under the EGWP OHI benefit, the beneficiary has a \$30.00 copay for this drug. The plan reports the benefit phase indicators in alignment with the DS benefit; the ICP is the beginning and ending benefit phase (TrOOP Accumulator \geq \$590.00 and TrOOP Accumulator + Delta TrOOP $<$ \$2,000.00).

In the ICP, the manufacturer discount is 10% of the total drug cost ($\$100.00 * 0.10 = \10.00). Under the EGWP OHI benefit, the beneficiary pays a \$30.00 copay. Because the DS plan liability is 65% in the ICP ($\$100.00 * 0.65$), CPP is \$65.00. NPP is calculated as the total drug cost minus manufacturer discount, patient pay amount, and CPP ($\$100.00 - \$10.00 - \$30.00 - \65.00), which equals $-\$5.00$.

After the claim is processed, the TGDCDC Accumulator increases by \$100.00, and the TrOOP Accumulator increases by \$30.00 (although NPP is a TrOOP-eligible field, *negative NPP is not counted against* TrOOP accumulation).²¹ The table below illustrates how the Part D sponsor would populate the PDE record.

²¹ As stated in section 30 of the Final CY 2025 Part D Redesign Program Instructions, under section 1860D-2(b)(4)(C)(iii)(II) of the Act, only amounts reimbursed by supplemental coverage will be newly included in the calculation of TrOOP. Because of this, if beneficiary cost-sharing is greater than it would have been under the DS benefit, a negative value is recorded on a PDE record for the field representing the value of the supplemental coverage. Such negative values will be disregarded (i.e., treated as zero) when calculating TrOOP because they do not represent reimbursement to the beneficiary.

PDE Field	Value
Drug Coverage Status Code	C
Ingredient Cost Paid	\$100.00
Dispensing Fee Paid	\$0.00
Total Amount Attributed to Sales Tax	\$0.00
Vaccine Administration Fee or Additional Dispensing Fee	\$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	\$100.00
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	\$0.00
Patient Pay Amount	\$30.00
Other TrOOP Amount	\$0.00
Low Income Cost Sharing Subsidy Amount (LICS)	\$0.00
Patient Liability Reduction Due to Other Payer Amount (PLRO)	\$0.00
Covered D Plan Paid Amount (CPP)	\$65.00
Non Covered Plan Paid Amount (NPP)	-\$5.00
Reported Manufacturer Discount	\$10.00
Total Gross Covered Drug Cost Accumulator	\$1,200.00
True Out-of-Pocket Accumulator	\$675.00
Beginning Benefit Phase	N
Ending Benefit Phase	N

Example #23: EGWP – LIS Beneficiary in the ICP where the EGWP OHI has greater Beneficiary Cost-Sharing than the DS Benefit and the DS Benefit is Applied (Applicable Drug)

This example demonstrates how to report a PDE for an LIS category 2 beneficiary, who is enrolled in an EGWP, that purchases a \$100.00 covered Part D applicable drug where the EGWP OHI beneficiary cost-sharing exceeds the beneficiary cost-sharing under the DS benefit. When the claim adjudication begins, the TG CDC Accumulator is \$1,200.00, and the TrOOP Accumulator is \$675.00. The beneficiary is in the ICP of the DS benefit (TrOOP Accumulator \geq \$590.00 and TrOOP Accumulator + Delta TrOOP $<$ \$2,000.00); the ICP is the beginning and ending benefit phase. Under the EGWP OHI, the beneficiary has a \$30.00 copay for this drug. An LIS category 2 beneficiary has a \$4.80 copay.

In the ICP, the manufacturer discount is 10% of the total drug cost ($\$100.00 * 0.10 = \10.00). To determine the LICS amount for an EGWP, the LIS statutory cost-sharing amount (\$4.80) is subtracted from the DS non-LIS beneficiary cost-sharing amount ($\$100.00 * 0.25 = \25.00), which equals \$20.20 ($\$25.00 - \4.80). The plan applies the DS LIS beneficiary cost-sharing, which is equal to the LIS category 2 statutory copay, and the beneficiary pays \$4.80.

Because the DS plan liability is 65% in the ICP ($\$100.00 * 0.65$), CPP is \$65.00. NPP is calculated as the total drug cost minus manufacturer discount, patient pay amount, LICS and CPP ($\$100.00 - \$10.00 - \$4.80 - \$20.20 - \$65.00$), which equals \$0.00.

After the claim is processed, the TGCDC Accumulator increases by \$100.00, and the TrOOP Accumulator increases by \$25.00. The table below illustrates how the Part D sponsor would populate the PDE record.

PDE Field	Value
Drug Coverage Status Code	C
Ingredient Cost Paid	\$100.00
Dispensing Fee Paid	\$0.00
Total Amount Attributed to Sales Tax	\$0.00
Vaccine Administration Fee or Additional Dispensing Fee	\$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	\$100.00
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	\$0.00
Patient Pay Amount	\$4.80
Other TrOOP Amount	\$0.00
Low Income Cost Sharing Subsidy Amount (LICS)	\$20.20
Patient Liability Reduction Due to Other Payer Amount (PLRO)	\$0.00
Covered D Plan Paid Amount (CPP)	\$65.00
Non Covered Plan Paid Amount (NPP)	\$0.00
Reported Manufacturer Discount	\$10.00
Total Gross Covered Drug Cost Accumulator	\$1,200.00
True Out-of-Pocket Accumulator	\$675.00
Beginning Benefit Phase	N
Ending Benefit Phase	N

Example #24: EGWP - ICP to Catastrophic Phase (Applicable Drug)

This example demonstrates how to report a PDE when a purchase of a \$500.00 covered Part D applicable drug moves a beneficiary, who is enrolled in an EGWP, from the ICP to the Catastrophic Phase. When the claim adjudication begins, the TGCDC Accumulator is \$6,200.00, and the TrOOP Accumulator is \$1,925.00. Because the beneficiary meets the annual OOP threshold midway through the processing of this claim, the beginning benefit phase is the ICP and the ending benefit phase is the Catastrophic Phase. Under the EGWP OHI, the beneficiary has a \$45.00 copay for this drug. The TrOOP amount remaining in the DS benefit's ICP is \$75.00 ($\$2,000.00 - \$1,925.00$). When a claim begins in the DS benefit's ICP, the following formula can be used to determine the drug cost remaining in the ICP:

$$\text{Remaining TrOOP Amount} / \text{TrOOP-eligible cost-sharing percentage in the ICP}$$

The Delta TrOOP in the ICP is equal to the greater of beneficiary liability under the DS benefit or beneficiary liability under the EGWP OHI. Because both beneficiary cost-sharing and NPP are TrOOP-eligible, the Delta TrOOP in the ICP must be calculated first to determine the TrOOP-eligible cost-sharing percentage in the ICP. To determine the Delta TrOOP in the ICP, the beneficiary liability in the ICP under the EGWP OHI is calculated by converting it to a cost-sharing percentage using the following formula:

$$\text{Beneficiary cost-sharing percentage in the ICP}^{22} = \text{plan-specified ICP copay/TGCDC}$$

The beneficiary cost-sharing percentage in the ICP for this example is 9% (\$45.00 / \$500.00). Because 9% is less than the 25% DS cost-sharing, the DS cost-sharing percentage of 25% is used to calculate the drug cost remaining in the ICP (\$75.00 / 0.25) and yields \$300.00, which is reported as GDCB. The remaining drug cost of \$200.00 falls in the Catastrophic Phase and is reported as GDCA.

The manufacturer discount is 10% of the drug cost falling in the ICP (\$300.00 * 0.10 = \$30.00) plus 20% of the drug cost falling in the Catastrophic Phase (\$200.00 * 0.20 = \$40.00), which equals \$70.00. The beneficiary pays their EGWP OHI \$45.00 copay in the ICP and 0% coinsurance in the Catastrophic Phase, which equals \$45.00. CPP is 65% of drug costs in the ICP (\$300.00 * 0.65 = \$195.00) plus 80% of drug costs falling in the Catastrophic Phase (\$200.00 * 0.80 = \$160.00), which equals \$355.00. NPP is calculated as the total drug cost minus manufacturer discount, patient pay amount, and CPP (\$500.00 - \$70.00 - \$45.00 - \$355.00), which equals \$30.00.

After the claim is processed, the TGCDC Accumulator increases by \$500.00, and the TrOOP Accumulator increases by \$75.00. The table below illustrates how the Part D sponsor would populate the PDE record.

PDE Field	Value
Drug Coverage Status Code	C
Ingredient Cost Paid	\$500.00
Dispensing Fee Paid	\$0.00
Total Amount Attributed to Sales Tax	\$0.00
Vaccine Administration Fee or Additional Dispensing Fee	\$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	\$300.00
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	\$200.00
Patient Pay Amount	\$45.00
Other TrOOP Amount	\$0.00

²² This value must be capped at 1 minus the manufacturer discount percentage in the ICP (equal to 0.9 in this example, but would be 0.99 for a phase-in eligible applicable drug and 1.0 for a non-applicable drug) because the beneficiary can never pay more than the drug cost in the ICP minus the manufacturer discount in the ICP. The manufacturer discount must be applied to the negotiated price that falls below the annual OOP threshold and must be applied prior to beneficiary cost sharing. See § 1860D-14C(g)(4)(A) of the Act.

Low Income Cost Sharing Subsidy Amount (LICS)	\$0.00
Patient Liability Reduction Due to Other Payer Amount (PLRO)	\$0.00
Covered D Plan Paid Amount (CPP)	\$355.00
Non Covered Plan Paid Amount (NPP)	\$30.00
Reported Manufacturer Discount	\$70.00
Total Gross Covered Drug Cost Accumulator	\$6,200.00
True Out-of-Pocket Accumulator	\$1,925.00
Beginning Benefit Phase	N
Ending Benefit Phase	C

Example #25 Non-Calendar Year EGWP – Catastrophic Phase (Applicable Drug)

This example demonstrates how to report a PDE for a beneficiary, who is enrolled in a non-calendar year EGWP that began on 7/1/2024, that purchases a \$900.00 covered Part D applicable drug on 1/1/2025. On 12/31/2024, the beneficiary was in the Coverage Gap Phase of the 2024 Part D benefit and had a TGDCDC Accumulator of \$7,100.00 and a TrOOP Accumulator of \$3,300.00. On 1/1/2025, the beneficiary’s TrOOP Accumulator is reset to \$2,000.00²³ and the TGDCDC Accumulator remains unchanged. The beneficiary is in the Catastrophic Phase of the benefit (TrOOP Accumulator = \$2,000.00) in 2025; the Catastrophic Phase is the beginning and ending benefit phase. In the Catastrophic Phase, the manufacturer discount is 20% of the total drug cost ($\$900.00 * 0.20 = \180.00), the beneficiary pays 0% coinsurance ($\$900.00 * 0.00 = \0.00) and CPP is 80% ($\$900.00 * 0.80 = \720.00).

After the claim is processed, the TGDCDC Accumulator increases by \$900.00, and the TrOOP Accumulator is unchanged. The table below illustrates how the Part D sponsor would populate the PDE record.

PDE Field	Value
Drug Coverage Status Code	C
Ingredient Cost Paid	\$900.00
Dispensing Fee Paid	\$0.00
Total Amount Attributed to Sales Tax	\$0.00
Vaccine Administration Fee or Additional Dispensing Fee	\$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	\$0.00
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	\$900.00
Patient Pay Amount	\$0.00
Other TrOOP Amount	\$0.00

²³ As stated in Section 140 of the Final CY 2025 Part D Redesign Program Instructions, enrollees who have a beginning TrOOP balance carried over from 2024 that is equal to or greater than \$2,000 as of January 1, 2025 will start in the 2025 Part D catastrophic phase when their first claim is adjudicated in 2025. If the 2024 TrOOP balance exceeds \$2,000, the TrOOP balance must be reset to \$2,000 on January 1, 2025. Enrollees whose TrOOP reaches \$2,000 in the 2024 portion of the NCY plan year cannot enter the catastrophic coverage phase in 2024 unless their TrOOP reaches the 2024 requirement of \$8,000.

Low Income Cost Sharing Subsidy Amount (LICS)	\$0.00
Patient Liability Reduction Due to Other Payer Amount (PLRO)	\$0.00
Covered D Plan Paid Amount (CPP)	\$720.00
Non Covered Plan Paid Amount (NPP)	\$0.00
Reported Manufacturer Discount	\$180.00
Total Gross Covered Drug Cost Accumulator	\$7,100.00
True Out-of-Pocket Accumulator	\$2,000.00
Beginning Benefit Phase	C
Ending Benefit Phase	C

Section 4 - Calculating and Reporting ACIP-Recommended Vaccines & Covered Insulin Products

Example #26: Covered Insulin Product in the ICP of a Basic Plan or an EA Plan with TrOOP-Eligible Costs below the DS Deductible Amount (Applicable Drug)

This example demonstrates how to report a PDE for a beneficiary that purchases a \$200.00 covered insulin product and does not accumulate TrOOP exceeding the DS deductible amount. The beneficiary pays a \$35.00 copay for this covered insulin product and the deductible does not apply. When the claim adjudication begins, the TGDCDC Accumulator is \$0.00, and the TrOOP Accumulator is \$0.00. The beneficiary is in the ICP of the benefit (TrOOP Accumulator + Delta TrOOP < \$2,000.00 for a covered insulin product); the ICP is the beginning and ending benefit phase. The remaining TrOOP amount required for the beneficiary to meet the definition of an applicable beneficiary and be eligible for the Discount Program is calculated by subtracting the TrOOP Accumulator from the DS deductible amount and is \$590.00 (\$590.00 - \$0.00).

The beneficiary pays their \$35.00 covered insulin product copay. The Delta TrOOP on this claim is equal to \$35.00, which does not exceed the \$590.00 of remaining TrOOP required for the beneficiary to be eligible for the Discount Program. Therefore, a manufacturer discount is not calculated for this claim. The Patient Pay Amount is \$35.00, and the plan pays the remaining \$165.00 and reports this amount as CPP.

After the claim is processed, the TGDCDC Accumulator increases by \$200.00, and the TrOOP Accumulator increases by \$35.00. The table below illustrates how the Part D sponsor would populate the PDE record.

PDE Field	Value
Drug Coverage Status Code	C
Ingredient Cost Paid	\$200.00
Dispensing Fee Paid	\$0.00
Total Amount Attributed to Sales Tax	\$0.00
Vaccine Administration Fee or Additional Dispensing Fee	\$0.00

Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	\$200.00
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	\$0.00
Patient Pay Amount	\$35.00
Other TrOOP Amount	\$0.00
Low Income Cost Sharing Subsidy Amount (LICS)	\$0.00
Patient Liability Reduction Due to Other Payer Amount (PLRO)	\$0.00
Covered D Plan Paid Amount (CPP)	\$165.00
Non Covered Plan Paid Amount (NPP)	\$0.00
Reported Manufacturer Discount	\$0.00
Total Gross Covered Drug Cost Accumulator	\$0.00
True Out-of-Pocket Accumulator	\$0.00
Beginning Benefit Phase	N
Ending Benefit Phase	N

Example #27: Covered Insulin Product in the ICP of a Basic Plan or an EA Plan with TrOOP-Eligible Costs straddling the DS Deductible Amount (Applicable Drug)

This example demonstrates how to report a PDE for a beneficiary that purchases a \$100.00 covered insulin product and accumulates TrOOP that exceeds the DS deductible amount. The beneficiary pays a \$35.00 copay for this covered insulin product and the deductible does not apply. When the claim adjudication begins, the TGDCD Accumulator is \$560.00, and the TrOOP Accumulator is \$560.00. The beneficiary is in the ICP of the benefit (TrOOP Accumulator + Delta TrOOP < \$2,000.00 for a covered insulin product); the ICP is the beginning and ending benefit phase. The remaining TrOOP amount required for the beneficiary to meet the definition of an applicable beneficiary and be eligible for the Discount Program is calculated by subtracting the TrOOP Accumulator from the DS deductible amount and is \$30.00 (\$590.00 - \$560.00).

The beneficiary pays their \$35.00 covered insulin product copay. The Delta TrOOP on this claim is equal to \$35.00, which exceeds the \$30.00 of remaining TrOOP required for the beneficiary to be eligible for the Discount Program. Because beneficiary eligibility for the Discount Program is dependent on a beneficiary's TrOOP exceeding the DS deductible amount, the drug cost used to calculate the manufacturer discount amount is equal to total drug cost minus the TrOOP amount needed to meet the DS deductible.²⁴ The manufacturer discount is \$7.00 $((\$100.00 - \$30.00) * 0.10)$. The Patient Pay Amount is \$35.00, and the plan pays the remaining \$58.00 $(\$100.00 - \$35.00 - \$7.00)$ and reports this amount as CPP.

After the claim is processed, the TGDCD Accumulator increases by \$100.00, and the TrOOP Accumulator increases by \$35.00. After this claim is processed, the beneficiary's total TrOOP is

²⁴ As stated in the Medicare Part D Manufacturer Discount Program Final Guidance Section 50.3 (Nov. 17, 2023), in the case of a claim for an applicable drug for an applicable beneficiary that straddles multiple phases of the benefit, section 1860D-14C(g)(4)(E) of the Act requires that for claims that do not fall entirely above the annual deductible specified in section 1860D-2(b)(1) of the Act, the manufacturer provides the applicable discount on only the portion of the negotiated price that falls above the DS deductible.

equal to \$595.00 (\$560.00 + \$35.00). Because the beneficiary’s total TrOOP exceeds the DS deductible amount, the beneficiary is deemed to have satisfied the plan deductible.²⁵ All subsequent PDEs for this beneficiary will be reported in the ICP or the Catastrophic Phase. The table below illustrates how the Part D sponsor would populate the PDE record.

PDE Field	Value
Drug Coverage Status Code	C
Ingredient Cost Paid	\$100.00
Dispensing Fee Paid	\$0.00
Total Amount Attributed to Sales Tax	\$0.00
Vaccine Administration Fee or Additional Dispensing Fee	\$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	\$100.00
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	\$0.00
Patient Pay Amount	\$35.00
Other TrOOP Amount	\$0.00
Low Income Cost Sharing Subsidy Amount (LICS)	\$0.00
Patient Liability Reduction Due to Other Payer Amount (PLRO)	\$0.00
Covered D Plan Paid Amount (CPP)	\$58.00
Non Covered Plan Paid Amount (NPP)	\$0.00
Reported Manufacturer Discount	\$7.00
Total Gross Covered Drug Cost Accumulator	\$560.00
True Out-of-Pocket Accumulator	\$560.00
Beginning Benefit Phase	N
Ending Benefit Phase	N

Example #28: ACIP-Recommended Vaccine in the ICP of a Basic Plan or an EA Plan (Applicable Drug)

This example demonstrates how to report a PDE for a beneficiary that purchases a \$100.00 ACIP-recommended vaccine. Because this is an ACIP-recommended vaccine, there is no beneficiary cost-sharing in any phase of the Part D Benefit. When the claim adjudication begins, the TGDCDC Accumulator is \$700.00, and the TrOOP Accumulator is \$625.00. The beneficiary is in the ICP of the benefit (TrOOP Accumulator + Delta TrOOP < \$2,000.00 for an ACIP-recommended vaccine); the ICP is the beginning and ending benefit phase. In the ICP, the manufacturer discount is 10% of the total drug cost (\$100.00 * 0.10 = \$10.00), the beneficiary

²⁵ As stated in Section 40 of the Final CY 2025 Part D Redesign Program Instructions, TrOOP-eligible costs for drugs not subject to the DS deductible, specifically covered insulin products, as well as TrOOP-eligible costs for drugs not subject to a non-DS plan deductible or drugs subject to a reduced deductible under non-DS plans, all count towards a beneficiary satisfying the DS deductible. As a result, in CY 2025, if a beneficiary has not satisfied their plan deductible but has incurred sufficient TrOOP-eligible costs to satisfy the DS deductible, they will be both an applicable beneficiary under the Discount Program, as defined at section 1860D-14C(g)(1)(C) of the Act, and deemed to have satisfied their plan deductible.

pays \$0.00, and the plan pays the remaining drug cost of \$90.00 (\$100.00 - \$10.00) and reports this amount as CPP.

After the claim is processed, the TGCDC Accumulator increases by \$100.00, and the TrOOP Accumulator is unchanged. The table below illustrates how the Part D sponsor would populate the PDE record.

PDE Field	Value
Drug Coverage Status Code	C
Ingredient Cost Paid	\$100.00
Dispensing Fee Paid	\$0.00
Total Amount Attributed to Sales Tax	\$0.00
Vaccine Administration Fee or Additional Dispensing Fee	\$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	\$100.00
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	\$0.00
Patient Pay Amount	\$0.00
Other TrOOP Amount	\$0.00
Low Income Cost Sharing Subsidy Amount (LICS)	\$0.00
Patient Liability Reduction Due to Other Payer Amount (PLRO)	\$0.00
Covered D Plan Paid Amount (CPP)	\$90.00
Non Covered Plan Paid Amount (NPP)	\$0.00
Reported Manufacturer Discount	\$10.00
Total Gross Covered Drug Cost Accumulator	\$700.00
True Out-of-Pocket Accumulator	\$625.00
Beginning Benefit Phase	N
Ending Benefit Phase	N

Example #29: Covered Insulin Product straddling the ICP and Catastrophic Phase of a Basic Plan or an EA Plan (Applicable Drug)

This example demonstrates how to report a PDE when a purchase of a \$500.00 applicable covered insulin product with a \$492.00 ingredient cost and an \$8.00 dispensing fee moves a beneficiary from the ICP to the Catastrophic Phase. The beneficiary has a \$35.00 copay for this covered insulin product. When the claim adjudication begins, the TGCDC Accumulator is \$9,800.00, and the TrOOP Accumulator is \$1,980.00. Because the beneficiary meets the annual OOP threshold midway through the processing of this claim, the beginning benefit phase is the ICP and the ending benefit phase is the Catastrophic Phase. The TrOOP amount remaining in the ICP is \$20.00 (\$2,000.00 - \$1,980.00). When a claim begins in the ICP, the following formula can be used to determine the drug cost remaining in the ICP:

$$\text{Remaining TrOOP Amount} / \text{TrOOP-eligible cost-sharing percentage in the ICP}$$

For a covered insulin product in the ICP, only the beneficiary cost-sharing percentage is TrOOP-eligible. The covered insulin product copay must first be converted to a cost-sharing percentage. The TrOOP-eligible cost-sharing percentage can be determined using the following formula:

$$\text{TrOOP-eligible cost-sharing percentage in the ICP}^{26} = \text{plan-specified ICP copay} / \text{TGCDC}$$

Therefore, the TrOOP-eligible cost-sharing percentage in the ICP for this example is 7% (\$35.00 / \$500.00). This amount is used to calculate the drug cost remaining in the ICP based on the amount of TrOOP remaining (\$20.00 / 0.07) and yields \$285.71, which is reported as GDCB. The remaining drug cost of \$214.29 falls in the Catastrophic Phase and is reported as GDCA.

The manufacturer discount is 10% of the drug cost falling in the ICP (\$285.71 * 0.10 = \$28.57) plus 20% of the drug cost falling in the Catastrophic Phase (\$214.29 * 0.20 = \$42.86), which equals \$71.43. Although the beneficiary's ICP copay is \$35.00, there is only \$20.00 of remaining TrOOP left in the ICP, so the beneficiary pays this amount to meet the annual OOP threshold. The plan reports the remaining drug cost in the ICP (\$285.71 - \$28.57 - \$20.00 = \$237.14) and 80% of drug costs in the Catastrophic Phase (\$214.29 * 0.80 = \$171.43), which is \$408.57, as CPP.

After the claim is processed, the TGCDC Accumulator increases by \$500.00, and the TrOOP Accumulator increases by \$20.00. The table below illustrates how the Part D sponsor would populate the PDE record.

PDE Field	Value
Drug Coverage Status Code	C
Ingredient Cost Paid	\$492.00
Dispensing Fee Paid	\$8.00
Total Amount Attributed to Sales Tax	\$0.00
Vaccine Administration Fee or Additional Dispensing Fee	\$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	\$285.71
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	\$214.29
Patient Pay Amount	\$20.00
Other TrOOP Amount	\$0.00
Low Income Cost Sharing Subsidy Amount (LICS)	\$0.00
Patient Liability Reduction Due to Other Payer Amount (PLRO)	\$0.00
Covered D Plan Paid Amount (CPP)	\$408.57
Non Covered Plan Paid Amount (NPP)	\$0.00

²⁶ This value must be capped at 1 minus the manufacturer discount percentage in the ICP (equal to 0.9 in this example, but would be 0.99 for a phase-in eligible applicable drug and 1.0 for a non-applicable drug) because the beneficiary can never pay more than the drug cost in the ICP minus the manufacturer discount in the ICP. The manufacturer discount must be applied to the negotiated price that falls below the annual OOP threshold and must be applied prior to beneficiary cost-sharing. See § 1860D-14C(g)(4)(A) of the Act.

Reported Manufacturer Discount	\$71.43
Total Gross Covered Drug Cost Accumulator	\$9,800.00
True Out-of-Pocket Accumulator	\$1,980.00
Beginning Benefit Phase	N
Ending Benefit Phase	C

Section 6 - Calculating and Reporting Miscellaneous PDE Scenarios

Example #30: DS Plan – ICP with a Pharmacy Price Concession (Applicable Drug)

This example demonstrates how to report a PDE when a beneficiary in a DS plan purchases a \$350.00 covered Part D applicable drug with a \$340.00 ingredient cost and a \$10.00 dispensing fee and a pharmacy price concession is applied. When the claim adjudication begins, the TGDCDC Accumulator is \$700.00, and the TrOOP Accumulator is \$625.00. The beneficiary is in the ICP of the benefit (TrOOP Accumulator \geq \$5\$4.8090.00 and TrOOP Accumulator + Delta TrOOP $<$ \$2,000.00); the ICP is the beginning and ending benefit phase. A maximum pharmacy price concession of \$15.00 applies to this drug. The sponsor must apply this pharmacy price concession at the POS to arrive at the negotiated price, which must equal the lowest possible reimbursement to the pharmacy.

The pharmacy price concession of \$15.00 first reduces the ingredient cost of \$340.00 to \$325.00. Because the Part D sponsor has not elected to apply any other remuneration to the POS price, the dispensing fee, vaccine administration fee, and sales tax remain unaffected. The Part D sponsor uses the negotiated price of \$335.00 to determine the manufacturer discount, the patient pay amount, and CPP.

In the ICP, the manufacturer discount accounts for 10% of the total drug cost which equals \$33.50 ($\$335.00 * 0.10$), the beneficiary pays 25% coinsurance which equals \$83.75 ($\$335.00 * 0.25$), and the plan pays 65% which equals \$217.75 ($\$335.00 * 0.65$).

The pharmacy price concession of \$15.00 is reported in the Pharmacy Price Concession at POS²⁷ field and does not count towards TrOOP or total gross covered drug costs.

After the claim is processed, the TGDCDC Accumulator increases by \$335.00, and the TrOOP Accumulator increases by \$83.75. The table below illustrates how the Part D sponsor would populate the PDE record.

PDE Field	Value
Drug Coverage Status Code	C
Ingredient Cost Paid	\$325.00

²⁷ Beginning in 2025, all Pharmacy Price Concessions are reported in the Pharmacy Price Concession at POS field on the PDE rather than the Estimated Remuneration at POS Amount (ERPOSA) field.

Dispensing Fee Paid	\$10.00
Total Amount Attributed to Sales Tax	\$0.00
Estimated Remuneration at POS Amount (ERPOSA)	\$0.00
Pharmacy Price Concessions at POS	\$15.00
Vaccine Administration Fee or Additional Dispensing Fee	\$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	\$335.00
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	\$0.00
Patient Pay Amount	\$83.75
Other TrOOP Amount	\$0.00
Low Income Cost Sharing Subsidy Amount (LICS)	\$0.00
Patient Liability Reduction Due to Other Payer Amount (PLRO)	\$0.00
Covered D Plan Paid Amount (CPP)	\$217.75
Non Covered Plan Paid Amount (NPP)	\$0.00
Reported Manufacturer Discount	\$33.50
Total Gross Covered Drug Cost Accumulator	\$700.00
True Out-of-Pocket Accumulator	\$625.00
Beginning Benefit Phase	N
Ending Benefit Phase	N

Example #31: DS Plan - Medicare Prescription Payment Plan

This example demonstrates how to report a PDE for a beneficiary, who is in a DS Plan, that purchases a \$200.00 covered Part D drug and is participating in the Medicare Prescription Payment Plan. When the claim adjudication begins, the TGDCD Accumulator is \$0.00, and the TrOOP Accumulator is \$0.00. The beneficiary is in the Deductible Phase of the benefit (TrOOP Accumulator + Delta TrOOP ≤ \$590.00); the Deductible Phase is the beginning and ending benefit phase. In the Deductible Phase, the beneficiary pays 100% coinsurance and the plan pays nothing. The beneficiary liability is \$200.00 ($\$200.00 * 1.00$) and CPP is \$0.00 ($\$200.00 * 0.00$).

The beneficiary has elected to participate in the Medicare Prescription Payment Plan prior to filling this prescription. Therefore, the beneficiary pays \$0.00 at the pharmacy and the Part D sponsor pays the pharmacy the amount the beneficiary would otherwise owe. The Medicare Prescription Payment Plan Indicator field is to be populated with ‘Y’ to indicate the PDE was included as part of the Medicare Prescription Payment Plan billing process. Financial field reporting on the PDE is otherwise unaffected and is to be reported the same regardless of participation in the payment plan.²⁸

After the claim is processed, the TGDCD Accumulator and the TrOOP Accumulator increase by \$200.00. The table below illustrates how the plan sponsor would populate the PDE record.

²⁸ See Section 50.1 of the Medicare Prescription Payment Plan: Final Part One Guidance on Select Topics, Implementation of Section 1860D-2 of the Social Security Act for 2025, and Response to Relevant Comments for a detailed discussion regarding the impact of Medicare Prescription Payment Plan participation on PDE reporting.

PDE Field	Value
Drug Coverage Status Code	C
Medicare Prescription Payment Plan Indicator	Y
Ingredient Cost Paid	\$200.00
Dispensing Fee Paid	\$0.00
Total Amount Attributed to Sales Tax	\$0.00
Vaccine Administration Fee or Additional Dispensing Fee	\$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	\$200.00
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	\$0.00
Patient Pay Amount	\$200.00
Other TrOOP Amount	\$0.00
Low Income Cost Sharing Subsidy Amount (LICS)	\$0.00
Patient Liability Reduction Due to Other Payer Amount (PLRO)	\$0.00
Covered D Plan Paid Amount (CPP)	\$0.00
Non Covered Plan Paid Amount (NPP)	\$0.00
Reported Manufacturer Discount	\$0.00
Total Gross Covered Drug Cost Accumulator	\$0.00
True Out-of-Pocket Accumulator	\$0.00
Beginning Benefit Phase	D
Ending Benefit Phase	D

Example #32: DS Plan – ICP where the Beneficiary has OHI (Applicable Drug)

This example demonstrates how to report a PDE for a beneficiary with OHI that purchases a \$320.00 covered Part D applicable drug with a \$315.00 ingredient cost and a \$5.00 dispensing fee. The beneficiary is in a DS plan and has OHI that charges a \$25.00 copay for this drug. When the claim adjudication begins, the TGCDC Accumulator is \$700.00, and the TrOOP Accumulator is \$625.00. The beneficiary is in the ICP of the benefit (TrOOP Accumulator \geq \$590.00 and TrOOP Accumulator + Delta TrOOP $<$ \$2,000.00); the ICP is the beginning and ending benefit phase. In the ICP, the manufacturer discount is 10% of the total drug cost ($\$320.00 * 0.10 = \32.00), the beneficiary would have a 25% coinsurance liability ($\$320.00 * 0.25 = \80.00), and CPP is 65% of the total drug cost ($\$320.00 * 0.65 = \208.00). The OHI reduces the patient pay from \$80.00 to \$25.00. Because supplemental coverage is counted as incurred costs beginning in 2025 and is therefore TrOOP eligible, the \$55.00 reduction in beneficiary cost-sharing due to the OHI payer is reported in the Other TrOOP Amount²⁹ field on the PDE.

²⁹ Beginning in CY 2025, the definition of incurred costs at section 1860D-2(b)(4)(C) of the Act will include other health insurance. Therefore, because other health insurance is TrOOP-eligible, it will be reported in the Other TrOOP field on the PDE.

After the claim is processed, the TGDCDC Accumulator increases by \$320.00, and the TrOOP Accumulator increases by \$80.00. The table below illustrates how the Part D sponsor would populate the PDE record.

PDE Field	Value
Drug Coverage Status Code	C
Ingredient Cost Paid	\$315.00
Dispensing Fee Paid	\$5.00
Total Amount Attributed to Sales Tax	\$0.00
Vaccine Administration Fee or Additional Dispensing Fee	\$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	\$320.00
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	\$0.00
Patient Pay Amount	\$25.00
Other TrOOP Amount	\$55.00
Low Income Cost Sharing Subsidy Amount (LICS)	\$0.00
Patient Liability Reduction Due to Other Payer Amount (PLRO)	\$0.00
Covered D Plan Paid Amount (CPP)	\$208.00
Non Covered Plan Paid Amount (NPP)	\$0.00
Reported Manufacturer Discount	\$32.00
Total Gross Covered Drug Cost Accumulator	\$700.00
True Out-of-Pocket Accumulator	\$625.00
Beginning Benefit Phase	N
Ending Benefit Phase	N

Example #33: Medicaid Subrogation

In the case of Medicaid subrogation (instances when Medicaid has paid for a covered Part D drug and then seeks reimbursement from the Part D sponsor of record), the Part D sponsor is to refund Medicaid the lesser of the sponsor’s out-of-network pharmacy allowed amount or the amount sought by Medicaid, while applying no beneficiary cost-sharing or LICS (or otherwise, TrOOP).³⁰ The full drug cost submitted on the PDE is to be represented in the CPP field.³¹ Additionally, Medicaid subrogation PDEs are excluded from the Discount Program.³²

The following example represents a claim where Medicaid is seeking \$200.00 from the Part D sponsor of record for a covered Part D brand drug that Medicaid paid as primary for a beneficiary enrolled in Part D. The Part D sponsor’s out-of-network pharmacy allowed amount

³⁰ See Section 50.14.4 – Resolution Directly with Other Non-Part D Payers in Chapter 14 of the Prescription Drug Benefit Manual. <https://www.cms.gov/Medicare/Prescription-Drug-Coverage/PrescriptionDrugCovContra/Downloads/Chapter-14-Coordination-of-Benefits-v09-14-2018.pdf>.

³¹ For additional information on submitting Medicaid subrogation PDEs, please see the September 15, 2023 HPMS memorandum, September 2023 Updates to the Drug Data Processing System (DDPS).

³² As stated in the Medicare Part D Manufacturer Discount Program Final Guidance Section 60.1.4 (Nov. 17, 2023), Medicaid subrogation claims are excluded from the Discount Program.

for the drug is \$190.00. The TGCDC Accumulator for the beneficiary is \$6,260.00 and the TrOOP Accumulator is \$1,940.00; the beginning and ending benefit phase is the ICP. The Non-Standard Format Code is populated with “A” (A = Medicaid subrogation claim). As Medicaid subrogation PDEs are excluded from the Discount Program, the manufacturer discount amount is \$0.00 and CPP is the total drug cost of \$190.00.

After the claim is processed, the TGCDC Accumulator increases by \$190.00, and the TrOOP Accumulator increases by \$0.00. The table below illustrates how the Part D sponsor would populate the PDE record.

PDE Field	Value
Drug Coverage Status Code	C
Non-Standard Format Code	A
Ingredient Cost Paid	\$190.00
Dispensing Fee Paid	\$0.00
Total Amount Attributed to Sales Tax	\$0.00
Vaccine Administration Fee or Additional Dispensing Fee	\$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	\$190.00
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	\$0.00
Patient Pay Amount	\$0.00
Other TrOOP Amount	\$0.00
Low Income Cost Sharing Subsidy Amount (LICS)	\$0.00
Patient Liability Reduction Due to Other Payer Amount (PLRO)	\$0.00
Covered D Plan Paid Amount (CPP)	\$190.00
Non Covered Plan Paid Amount (NPP)	\$0.00
Reported Manufacturer Discount	\$0.00
Total Gross Covered Drug Cost Accumulator	\$6,260.00
True Out-of-Pocket Accumulator	\$1,940.00
Beginning Benefit Phase	N
Ending Benefit Phase	N

Example #34: DS Plan – ICP where Medicare is the Secondary Payer (Applicable Drug)

This example demonstrates how to report a PDE for a beneficiary in a DS plan that purchases a covered Part D applicable drug, with a negotiated price of \$250.00 and Medicare pays secondary. Medicare is a secondary payer for this claim and the primary payer has paid \$220.00. When the claim adjudication begins, the TGCDC Accumulator is \$700.00, and the TrOOP Accumulator is \$625.00. The beneficiary is in the ICP of the benefit (TrOOP Accumulator \geq \$590.00 and TrOOP Accumulator + Delta TrOOP < \$2,000.00); the ICP is the beginning and ending benefit phase.

The plan has priced this claim at its negotiated price of \$250.00. The \$220.00 that the primary paid is reported in the PLRO³³ field. Although this is an applicable drug, a manufacturer discount is not calculated because this is an MSP claim.³⁴ The beneficiary is responsible for the lesser of the cost-sharing under the Part D plan ($\$250.00 * 0.25 = \62.50) or the difference between the negotiated price and the amount paid by the primary payer ($\$250.00 - \$220.00 = \$30.00$). The plan reports \$30.00 in the Patient Pay Amount field.

The Part D plan is responsible for any amount remaining after the primary payment and the beneficiary’s cost-sharing under the Part D plan have been applied, up to the Part D plan’s negotiated price. The sum of the primary payment (\$220.00) and the beneficiary’s liability (\$30.00) is \$250.00. Because the primary payer paid \$220.00 and the beneficiary liability is \$30.00, the full negotiated price has been covered and CPP is zero. The plan reports “M” in the Pricing Exception field.

After the claim is processed, the TGDCDC Accumulator increases by \$250.00, and the TrOOP Accumulator increases by \$30.00. The table below illustrates how the Part D sponsor would populate the PDE record.

PDE Field	Value
Drug Coverage Status Code	C
Pricing Exception Code	M
Ingredient Cost Paid	\$250.00
Dispensing Fee Paid	\$0.00
Total Amount Attributed to Sales Tax	\$0.00
Vaccine Administration Fee or Additional Dispensing Fee	\$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	\$250.00
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	\$0.00
Patient Pay Amount	\$30.00
Other TrOOP Amount	\$0.00
Low Income Cost Sharing Subsidy Amount (LICS)	\$0.00
Patient Liability Reduction Due to Other Payer Amount (PLRO)	\$220.00
Covered D Plan Paid Amount (CPP)	\$0.00
Non Covered Plan Paid Amount (NPP)	\$0.00
Reported Manufacturer Discount	\$0.00
Total Gross Covered Drug Cost Accumulator	\$700.00
True Out-of-Pocket Accumulator	\$625.00
Beginning Benefit Phase	N
Ending Benefit Phase	N

³³ CMS has determined that primary payer amounts paid on MSP claims are not TrOOP-eligible. See section 30 of the Final CY 2025 Part D Redesign Program Instructions for a detailed discussion of changes to TrOOP.

³⁴ As stated in the Medicare Part D Manufacturer Discount Program Final Guidance Section 60.1 (Nov. 17, 2023), Medicare as Secondary Payer (MSP) claims are excluded from the Discount Program.

