

30.1 - Costs that Count as Incurred Costs

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Costs are considered incurred costs and can be added to an enrollee's TrOOP balance if **all** of the following conditions are met:

1. Costs are incurred against any annual deductible, any applicable cost-sharing for costs above the deductible and up to the initial coverage limit, and any applicable cost-sharing for costs above the initial coverage limit and up to the annual out-of-pocket threshold.
2. Costs are incurred with respect to covered Part D drugs that are either included in a PDP or MA-PD plan's formulary or treated as being included in a plan's formulary as a result of a coverage determination, redetermination, or appeal under [chapter 18](#).
3. Costs are:
 - Incurred by the enrollee;
 - Incurred by another person (including charities, if they are not otherwise excluded as TrOOP-eligible payers as provided in section 30.2) on behalf of the enrollee other than costs reimbursed by a group health plan, insurance or otherwise (including a government-funded health program), or another third party payment arrangement;
 - Paid by Medicare on behalf of a low-income individual under the Part D subsidy provisions described in [42 CFR 423.782](#);
 - *Discounts paid by manufacturers as part of the Medicare Coverage Gap Discount program;*
 - Paid on behalf of the enrollee under a qualified State Pharmaceutical Assistance Program (SPAP) described in [42 CFR 423.454](#).
 - *Paid by the Indian Health Service (IHS), an Indian tribe or tribal organization, or an urban Indian organization (as defined in section 4 of the Indian Health Care Improvement Act); and*
 - *Paid by AIDS Drug Assistant Program (ADAP) under Part B of title XXVI of the Public Health Service Act.*
4. Costs are incurred at a network pharmacy or an out-of-network (OON) pharmacy, consistent with the sponsor's out-of-network access policy (refer to section 60 for more information on out-of-network access requirements).

Following are examples of costs considered incurred costs for purposes of TrOOP calculations:

Example 1: Any differential charged to a beneficiary between a network retail pharmacy's contracted rate and a network mail-order pharmacy's contracted rate for an extended (for example, 90-day) supply of a covered Part D drug purchased at a retail pharmacy, as described in section 50.10.

Example 2: For a covered Part D drug obtained OON consistent with the sponsor's OON policy, any differential charged to the beneficiary between an OON pharmacy's usual and

customary price for the covered Part D drug and the plan allowance for that covered Part D drug.

Example 3: As provided in section 50.4.2 of [chapter 14](#), costs incurred by enrollees by using a discounted cash price, and not their Part D benefit, provided the purchase is for a covered Part D drug; the purchase is made at a network pharmacy; the discounted cash price is lower than the negotiated price offered by the enrollee's Part D plan; the enrollee is in any applicable deductible or coverage gap phase of his or her benefit; and the enrollee submits appropriate documentation to his or her Part D plan to be credited for the purchase.

Example 4: Covered Part D drug cost-sharing waived or reduced by a pharmacy that is not a group health plan, insurance, government-funded health program, or party to a third party payment arrangement with an obligation to pay for covered Part D drugs, as described in section 30.4.