

1 the \$50 deductible imposed by the preceding sentence, there
 2 shall not be included any expenses incurred for any drug or
 3 biological which is in excess of the allowable expenses (as
 4 defined in section 1845(a)(2)) of such drug or biological."

5 (d) Part B of title XVIII of such Act is amended by
 6 adding at the end thereof the following new sections:

7 "ALLOWABLE EXPENSES FOR QUALIFIED DRUGS

8 "SEC. 1845. (a) For purposes of this part—

9 "(1) The term 'qualified drug' means a drug or
 10 biological which is included among the items approved
 11 by the Formulary Committee (established pursuant to
 12 section 1846(a)).

13 "(2) The term 'allowable expense', when used in
 14 connection with any quantity of a qualified drug, means
 15 the amount established with regard to such quantity of
 16 such drug by the Formulary Committee and approved
 17 by the Secretary.

18 "(b) Amounts to which an individual is entitled by
 19 reason of the provisions of section 1832(a)(3) shall be paid
 20 directly to such individual or, if such individual has assigned
 21 his right to receive any such amount to another person, the
 22 amount so assigned shall be paid to such other person. No
 23 individual shall be paid any amount by reason of the pro-
 24 visions of section 1832(a)(3) prior to the presentation by