

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*
 25 *him (or by another on his behalf) of documentary or other*