
CMS Updates RxDC Reporting Instructions

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The Centers for Medicare & Medicaid Services (CMS) has issued a new manual of reporting instructions for the Prescription Drug Data Collection (RxDC) submission process. This Aon bulletin discusses the more significant changes and clarifications in the Instructions, which will affect future RxDC submissions starting with the filing due June 1, 2023.

- **Multiple Submissions Permitted.** Reporting entities may upload multiple submissions, but each submission must have mutually exclusive data. Employers with multiple plans can separately submit for each plan, or the employer can include all plans in a single submission. If there are multiple submissions, a plan cannot be included on more than one of the submissions. CMS will permit editing and deleting incomplete or overlapping submissions.
- **D1 Files.** CMS would prefer not to have more than one D1 file. Instead, premium/premium equivalent data should be submitted by a single entity. If that is not possible, then it's important that the files are coordinated and do not duplicate each other.
- **Reporting of Average Monthly Premium Paid by Employer/Member Required.** CMS granted relief for the first RxDC submission and did not require reporting entities to include data for the Average Monthly Premium Paid by Employer and Average Monthly Premium Paid by Member (employee). This relief no longer applies, and employers must provide this information to their medical third-party administrators or insurers, or else they must submit this information in their own D1 submission to CMS.
- **Definition of Premium Equivalent.** The Departments of Treasury, Labor, and Health and Human Services acknowledged that the calculation of premium equivalent is not always straightforward. CMS does not want "budget rates" or COBRA rates. Entities must report amounts that best represent the total cost of providing and maintaining coverage for the reference year. Therefore, actual costs on a retrospective basis must be used instead of funding levels whenever possible. In addition, the Instructions clearly spell out what should be included, e.g.; claims costs, administrative costs, network access fees, and stop loss premiums, and excluded, e.g.; amounts related to flexible spending accounts, health savings accounts, and health reimbursement arrangements such as contributions, reimbursements, or administrative costs. An important footnote states that it is acceptable to account for claims costs using paid amounts or incurred amounts as long as the same approach is used consistently across years.
- **Benefit Carve-Outs.** CMS has changed column C in the P2 file to allow for a carve-out description, such as prescription drug benefit or a behavioral health benefit. Examples of a short description include "medical except for mental health services only" or "prescription drug benefit carve-out." This column is optional for 2022.
- **Exclusion of Retiree-Only Plans.** The Instructions confirm that retiree-only plans are excluded from the RxDC submission. To be classified as a retiree-only plan, the retiree plan requires a

separate plan document and summary plan document from active employees and, for employers subject to ERISA, an Internal Revenue Service (IRS) Form 5500 that reports participation solely by retirees. If an employer sponsors a retiree medical option that is included in the same plan document (and if applicable, IRS Form 5500) with its active employee medical options, the retiree medical option is not exempt from the RxDC submission, subject to other exclusions such as Medicare Advantage and Part D plans. This rule parallels the traditional retiree-only plan exemptions applicable to group health plan requirements contained in ERISA, the Internal Revenue Code, and the Public Health Service Act, such as the Affordable Care Act group market reforms.

- **U.S. Territories.** RxDC submission applies to plans in all 50 states, the District of Columbia, and the U.S. territories: American Samoa, Guam, Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands.
- **Plan Sponsor Designation.** CMS confirms that designating the plan sponsor and federal employment identification number of the plan sponsor is very important to their reconciliation process. The Instructions highlight that employers should not enter more than one plan sponsor name in the same cell unless the plan sponsorship changed during the reference year. In that case, separate the plan sponsor names with a semicolon or use separate rows. Presumably, this could occur in the case of a mid-reference year acquisition.

Resources

The RxDC Reporting Instructions can be found [here](#).



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