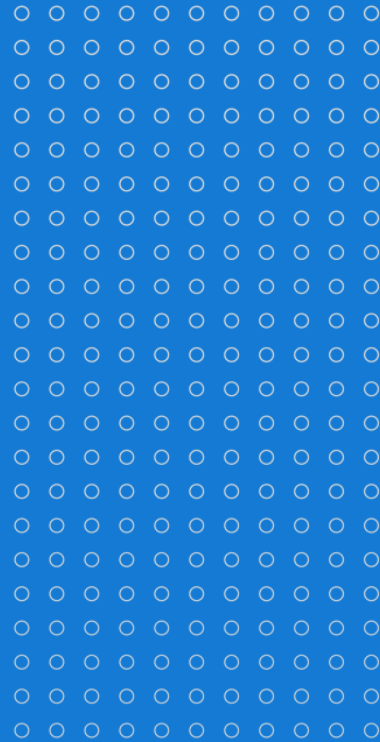


2023 RxDC Reporting

NEW DEVELOPMENTS





2023 RxDC Reporting – New Developments

Under the Prescription Drug Data Collection (RxDC) reporting requirements, employers must submit certain group health plan and prescription drug data to the Centers for Medicare and Medicaid Services (CMS) by June 1, 2024. To comply with this deadline, employers should determine which of their benefit plans require reporting and familiarize themselves with changes in the federal reporting requirements. They should also be ready to complete the questionnaire or survey sent by their medical carrier, third-party administrator (TPA), and/or pharmacy benefits manager (PBM) to gather plan and premium information for the 2023 calendar year.

Which plans are subject to RxDC reporting?

All insured, self-insured, or level-funded plans that provide medical or prescription drug coverage are subject to the RxDC reporting requirements, including plans that cover only preventive care (MEC plans), regardless of an employer's size. The reporting requirements extend to private and public employers, including tribes and their governmental and commercial enterprises. The only plans exempt from reporting are retiree-only plans, plans offered outside of the U.S. for foreign nationals, church plans that are not subject to the Internal Revenue Code, Health Savings Accounts (HSAs), Health Reimbursement Arrangements (HRAs), health Flexible Spending Arrangements (FSAs), and excepted benefits (dental, vision, critical illness, hospital confinement, and others).

Who is responsible for reporting?


The employer or sponsor of a self-insured plan is responsible for reporting the RxDC data unless the insurance carrier, TPA, or PBM assumes responsibility for reporting on their behalf. Insurance carriers will usually file all reports (P2, D-1 through D-8 and the narrative report) on behalf of fully insured medical plans, but they may require employers to complete a questionnaire to capture information they cannot access on their own.

If the PBM or TPA has assumed reporting responsibilities, the employer similarly must provide the necessary plan and employee data to the PBM or TPA through a questionnaire. Failing to complete the questionnaire on time means the employer must file the missing data files directly with CMS.

What are plans required to report?

Reporting entities for fully insured or self-insured or level-funded plans will need to submit the following data reports for their plans to CMS:

- P2 - Information about the plan, plan year, and plan information
- D1 - Plan enrollment, employer/employee premiums, employee cost-sharing information, etc.
- D2 - Medical information
- D3 - Top 50 Most Frequently Dispensed Brand Drugs

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- D4 - Top 50 Most Costly Drugs
 - D5 - Top 50 Drugs by Spending Increase
 - D6 - Rx Totals
 - D7 - Rx Rebates by Therapeutic Class
 - D8 - Rx Rebates for the Top 25 Drugs.
 - Narrative Response

How will reporting entities file 2023 RxDC reports?

Under the CMS regulations, all reporting entities must use the Health Insurance and Oversight System (HIOS) portal to submit one or more RxDC reports, including the P2 or D1-D8 files or the narrative response. If a TPA, PBM, or carrier is not filing one or more of the required data files, the employer will need to file those reports themselves and must register in HIOS to submit their 2023 RxDC reports directly. The HIOS registration process can be complex and may take up to two weeks to complete; therefore, employers submitting reports directly should register in HIOS as soon as possible. Alternatively, employers may consider retaining the services of a third-party vendor to report on their behalf.

When are the 2023 RxDC reports due?

The 2023 RxDC reports must be filed with CMS by **June 1, 2024**. Employers who sponsor fully insured, self-insured, and/or level-funded plans should consult with their medical insurance carrier, TPA, or PBM to determine if they will be filing all reports (P2, D1-D8, and the narrative) on their behalf or if the employer will be required to file one or more of the reports directly with CMS. Note that insurance carriers, TPAs, and PBMs may establish a separate deadline for employers to provide necessary plan data through a survey or questionnaire that vendors will use to file the P2 and D1 reports with CMS.

How do I calculate premium amounts for the D1 report?

We have developed a brief guide that explains how to calculate the average monthly premium paid by both plan members and employers and where employers can find the information they need to perform these calculations. Please note that different rules apply depending on whether the plan is fully insured, level-funded, or self-insured.

Calculating Average Monthly Premiums for Fully-Insured Plans

2023 Annual Premiums Paid to Medical Carrier	Average Monthly Premium Paid by Members	Where is this information found?	Which plans require reporting?
<p>Annual Total (Fully Insured Plans)</p> <ul style="list-style-type: none"> • Add all medical premiums paid to the carrier during the 2023 calendar year. • Include premiums paid to the medical carrier for all plans offered by the carrier for the 2023 calendar year (e.g., HMO, PPO, and EPO). • The employer must report on all plans offered for any part of 2023, even if a plan was not available for the entire 2023 calendar year. 	<p>Monthly Average</p> <ul style="list-style-type: none"> • Identify annual premium amounts paid by members covered under the plan(s) during the 2023 calendar year. • Include all premiums paid by employees, dependents, COBRA QBs (including the 2% administrative fee), retirees, and tobacco and spousal surcharges. • Divide the total premiums paid by members by 12. Divide by 12 even if the plan was not in effect for all 12 months in 2023. 	<ul style="list-style-type: none"> • The plan’s insurance carrier or accounting software. • Payroll/HRIS system can provide contributions paid by members for the 2023 calendar year. 	<ul style="list-style-type: none"> • All insured medical plans offered during 2023 are reported under the same plan number (if they are an ERISA plan) or treated as a single plan if the employer is exempt from ERISA. • Do not include HRA or HSA contributions made by the employer. • If the employer offered plan options from multiple carriers, they must complete the survey for each carrier. • Combine the premiums paid for all sponsored through the carrier.

Calculating Average Premium Equivalents – D1 for Self-Insured and Level-Funded Plans

How to calculate Premium Equivalents for level-funded and self-insured medical plans	Average Monthly Premium Paid by Employers	Where is this information found?	Which plans require reporting?
<p style="text-align: center;">Annual Total (Self-Funded Plans)</p> <p>Premium equivalents may be reported on a cash basis or a retrospective basis. <u>Groups may not use COBRA accrual rates.</u></p> <p>Include:</p> <ul style="list-style-type: none"> • Medical and pharmacy claim costs (you may use either paid or incurred claim amounts). • Administrative costs, including fees that self-funded plans paid to an ASO, TPA, PBM, or any other entity administering a plan. • Stop-loss premiums. • Network access fees, such as preferred provider organization (PPO) fees. • Payments made under capitation contracts with providers for benefits covered under the plan. <p>Subtract:</p> <ul style="list-style-type: none"> • Stop-loss reimbursements. • Prescription drug rebates that the plan received and retained during the 2023 calendar year, regardless of whether the payment is retrospective or prospective. 	<p style="text-align: center;">Monthly Average</p> <ul style="list-style-type: none"> • Identify your total premium equivalents for the 2023 calendar year. • Subtract the total amount paid by members in 2023 from the total premium equivalents to determine the employer contribution. • Divide the employer-paid premium equivalent amounts by 12. Divide by 12 even if the plan was not in effect for the full 12 months. 	<ul style="list-style-type: none"> • The TPA can provide claim payment data for the 2023 calendar year and potentially provide Rx information and stop-loss reimbursement amounts. • If the employer's Rx benefit is carved out, the PBM can provide claims and prescription drug rebate information. • Total stop-loss premiums paid can be obtained from the group's HRIS or accounting systems, the TPA, or stop-loss carrier. • The employer's payroll/HRIS system can provide member contribution payments for the 2023 calendar year. 	<ul style="list-style-type: none"> • All self-insured medical plans and prescription drug plans offered by the employer during 2023 • Do not include HRA or HSA contributions made by the employer • Combine all claims and fixed costs for all plans offered in 2023 under the same plan number.



Next Steps

The 2023 RxDC reporting obligations impact employers of all sizes and funding arrangements; therefore, employers should consider taking the following steps:

- Determine if their medical insurance carrier, TPA, or PBM will file the RxDC reports on their behalf. If the vendor assumes the reporting responsibility, confirm the information the vendor will require to file reports and the deadline by which the employer must provide that information.
- The employer will be required to calculate the dollar amount paid by members vs. the employer for the 2023 calendar year. To calculate this amount, the employer will need the total member count for the 2023 calendar year. Note that if the employer sponsors multiple plans with the same insurance carrier or TPA, the amount to report is the aggregate premium members pay for all plans.
- If the vendor does not assume some or all of the RxDC reporting obligations, they should register in HIOS as soon as possible and gather the necessary plan and Rx information to submit the requisite reports by June 1, 2024. Alternatively, the employer may choose to contract with a vendor to submit the RxDC reports on their behalf, to bypass the HIOS registration process.
- If you have received such a questionnaire from your carrier, TPA, or PBM or were informed that you must submit the RxDC reports directly with CMS, we encourage you to review our [RxDC Reporting series](#). The Reporting series covers **how to respond to a carrier/TPA/PBM RxDC questionnaire**, register a HIOS account, and submit the RxDC reports in HIOS.

If you have any questions, please contact your [HUB Advisor](#). You can also view more compliance articles in our [Compliance Directory](#).

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