



# Compliance Brief

## CAA: RXDC REPORT

February 2023

### SUMMARY

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EFFECTIVE DATE: June 1, 2023

Under Section 204 (of Title II, Division BB) of the [Consolidated Appropriations Act, 2021](#) (CAA), insurance companies and employer-based health plans offering group or individual health coverage and self-funded or Administrative Services Only (ASO) group health plans are required to report information about prescription drugs and health care spending to the Departments of Health and Human Services, Labor, and Treasury (Tri-Agencies). This data submission is called the RxDC report. The Rx stands for prescription drug and the DC stands for data collection. This report is due to CMS by June 1, 2023 for the 2022 reference year. CMS has allowed the insurance carriers to file these reports on behalf of employers. However, some of the data, required in the report, is data that the insurance companies do not have. The carriers are in the process of sending out “surveys” to our clients asking them to complete and send them back to the carriers. With the completed data the insurers submit all of the requested data to CMS by the June 1<sup>st</sup> due date.

### OVERVIEW

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Under the Consolidated Appropriations Act, 2021 (CAA), health issuers offering group or individual health coverage and self-funded group health plans must submit detailed data on prescription drug pricing and healthcare spending.

This report titled, The RxDC report is due June 1st each year. The reporting requirements include information intended to identify the significant drivers of increases in prescription drug and healthcare costs, increase understanding of how prescription drug rebates impact premiums and out-of-pocket costs, and improve prescription drug pricing transparency.

In the original version of this legislation employers were required to report this data to CMS. In the most recent FAQs, the agency simplified the requirements for employers by allowing most of this data to be reported in aggregate by the individual plan or insurer. This was designed to alleviate some of the challenges an employer might face in gathering this data.



### Periods to be reported

The reporting periods are calendar years and are referred to as "reference years". The first report due data for reference years 2020 and 2021 was due by the carriers on January 21, 2023. The 2022 2022 reference year data is due on June 1, 2023 and on June 1st each of each subsequent year. Required entities must submit the report through a web portal managed by the Centers for Medicare & Medicaid Services (CMS), which will collect the data on behalf of the Departments of Health and Human Services, the Department of Labor, and the Department of the Treasury (the "Departments").

### Who must report

Insurers are in the process of gathering data from employers for the upcoming June 1, 2023 report filing deadline for reference year 2022. Some of the data that CMS is asking for is not data that the insurers have and, in order to complete the report are asking employers to assist with this process by completing electronic "surveys". Insurers are in the process of sending out notifications to employers asking them to complete the survey by a specific deadline. This disclosure requirement covers all insured groups with coverage at any time in 2022 including fully insured, level funded and ASO groups.

### How is the Reporting Done?

Plans, issuers, and carriers must submit one or more plan lists, eight data files, and a narrative response. Data is reported through the RxDC module in the Health Insurance Oversight System ("HIOS"). An account must be created unless the employer meets the following criteria: already has an HIOS account or, is not reporting because a vendor is handling the filing, or the employer is uploading partial data, not including any files.

**For all Parrott Benefit Group clients who are either fully or partially (level or balanced funded) insured, the insurance carrier i.e., BCBSNC, Aetna, UHC will be handling the filing on your behalf after you have returned the completed survey(s) to the carrier(s).**



## WHAT YOU NEED TO KNOW

### Insurer Survey Questions

Each insurer has created their own unique survey for employers to complete. Each company will have their own look to the survey the questions asked within the survey will be similar if not the same. Much of the data being asked for in the survey is easily accessible and widely known (by the employer) data such as EIN and whether the policy in place is either fully insured, self-insured or level funded. There are however two questions that employers will need to be prepared to answer that include a calculation they must use. The two questions are:

- Average monthly premium paid by members
- Average monthly premium paid by employer

CMS has provided specific criteria and a formula for calculating these two numbers. In order for this number to be accurately reported employers will need to use this calculation.

### Average monthly premium paid by members

For the purposes of this report, the term "member" means a person who has health coverage, regardless of whether the coverage is associated with an insurance policy, or a group health plan. For example, enrollees, dependents, participants, beneficiaries are all considered members.

#### **Formula:**

$$\text{Average monthly premium paid by members} = \frac{\text{Total premium paid by members}}{\text{Total member months}}$$

Also from CMS is an example of how to calculate the member months:

1. Count the number of members covered on a given day of each month of the reference year



2. Add the number of members from Step 1 to calculate total member months for the reference year

**Example: Calculating member months and life-years**

Date	Members covered by the plan on the given date
January 1, 2020	882
February 1, 2020	872
March 1, 2020	884
April 1, 2020	921
May 1, 2020	924
June 1, 2020	923
July 1, 2020	925
August 1, 2020	916
September 1, 2020	907
October 1, 2020	906
November 1, 2020	902
December 1, 2020	869
<b>Total Member Months</b>	<b>10,831</b>
<b># of Life-Years</b> (Total member months / 12)	<b>902.58333333</b>

3. to calculate the life years, divide the member months by 12
4. round the resulting number to the 8th decimal place
5. please do not include the following
  1. any part of the premium paid by the employer or other plan sponsors on behalf of the member

**Average monthly premium paid by the employer**

For group health plans employers must report the average monthly premium paid by the employers on behalf of members.

**Formula:**

$$\text{Average monthly premium paid by employers} = \frac{\text{Total premium paid by employers}}{\text{Total member months}}$$

For this calculation employers should include:

- Premiums paid by employers and other plan sponsors on behalf of members (including dependents)



For this calculation they should exclude:

- Any premiums paid by members

#### ACTION ITEMS

United Healthcare Deadline: March 3, 2023

- UHC will not be sending new links to clients so clients will have to keep their eyes open for the email coming from UHC
- This includes any clients with a UHC plan at any time during 2022
- Once the survey has been completed you will not be able to go modify or make changes.
- Please use the UHC worksheet to prepare your responses PRIOR to clicking on the survey link

Blue Cross Blue Shield Deadline: March 17, 2023

- Clients can access the survey by clicking [here](#)

Aetna: March 1, 2023

- Clients can access the survey [here](#)

Cigna: TBA

#### ENFORCEMENT

If a group does not submit the data requested by the applicable deadlines the carriers will submit to CMS an incomplete record for that group. The group data will not be complete without the required information gathered in the survey and the group will need to submit this data directly to CMS through the HIOS platform no later than June 1, 2023 to avoid any potential penalties.



CLIENT WORKSHEET

Please complete this worksheet prior to clicking on the link to the carrier survey.



Carrier Question	Your Answer	Question Guidance
Plan sponsor unique ID		(Optional) This will be your unique ID #, sometimes this will be your account number.
Plan sponsor name		Your legal name
EIN		Your EIN
Form 5500 Number		This is a 3-digit number only applicable to plans with over 100 lives
What is the average premium paid by members?		Please see the formula above for the calculation
What is the average monthly premium paid by the employer?		Please see the formula above for the calculation
Funding arrangement		Please indicate if your plan is fully insured, level-funded or self-insured. For most clients this answer will be fully insured
Issuer name/legal entity		Refer to your contract to locate the Legal Entity where products are offered and/or underwritten
Submitter name		Your name
Submitter email		Your email address



Carrier Question	Your Answer	Question Guidance
Legal Company Name		Your legal company name
EIN		Your EIN
Is your health plan... Self-Funded Group Fully Insured Group		Please indicate if your plan is fully insured or self-insured. For most clients this answer will be fully insured. If you have a level funded plan please select self-funded
2022 Form 5500 plan number		Not applicable to groups with under 100 employees.
What is the average premium paid by members?		Please see the formula above for the calculation
What is the average monthly premium paid by the employer?		Please see the formula above for the calculation
<ul style="list-style-type: none"><li>If you are asked any further questions about "premium equivalent" or "carved out stop loss premium"</li></ul>		These questions are strictly for those clients who are self-insured (not level-funded) clients. Fully insured clients will not be required to complete these questions



<b>Carrier Question</b>	<b>Your Answer</b>	<b>Question Guidance</b>
Legal Company Name		Your legal company name
EIN		Your EIN
Insurance policy number		You can find your policy number at the top of a 2022 invoice
Do you file a form 5500 with the IRS?		For groups under 50 employees the answer will be “no”
What is your group health plan name?		
What is the average premium paid by members?		Please see the formula above for the calculation
What is the average monthly premium paid by the employer?		Please see the formula above for the calculation
Do you offer another health plan insurer or vendor to your employees?		Unless you have a medical policy with two different carriers such as a MEC plan in conjunction with a fully insured policy your answer will be “no”
A) What is the health plan insurer or vendor name?		
B) What is the health plan insurer or vendor EIN?		
Do you offer other pharmacy benefit plans to your employees?		This is applicable if you are contracting directly with a pharmacy vendor that is not integrated into your medical insurance policy. For most clients the answer to this is “no”
A) What is the vendor’s name?		
B) What is the vendor’s EIN?		
Do you offer other/carveout/external wellness benefits where claims are paid by an external TPA?		This is only applicable if you are a self-insured client and/or use a third-party administrator to manage any part of your benefits. For most clients the answer to this is “no”
A) What is the vendor’s name?		
B) What is the vendor’s EIN?		
Do you offer other/carveout/external behavioral health benefits?		This is applicable if you are contracting directly with a vendor not integrated into your medical plan for behavioral health services.





**CLIENT BRIEF**

		For most clients the answer to this is "no"
A) What is the vendor 's name?		
B) What is the vendor's EIN?		