

RDS

Retiree Drug Subsidy

Plan Sponsor Application Instructions



CENTERS FOR MEDICARE & MEDICAID SERVICES

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0938-0957. The time required to complete this information collection is estimated to average ~~64 hours per response~~, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection. If you have comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to: CMS, 7500 Security Boulevard, Attn: PRA Reports Clearance Officer, Mail Stop C4-26-05, Baltimore, Maryland 21244-1850.

Deleted: 40.5

RDS Application Instructions

Overview

The Centers for Medicare & Medicaid Services' (CMS) Retiree Drug Subsidy (RDS) Program represents a particularly important strengthening of health care coverage for Medicare-eligible retirees. The RDS Program is designed to encourage employers, unions, and other Plan Sponsors to continue providing high quality prescription drug coverage. It has highly flexible rules that permit Plan Sponsors to continue providing drug coverage to their Medicare-eligible retirees at a lower cost while retaining their current plan designs that are at least equivalent to the value of the defined standard Medicare Part D drug benefit. CMS' RDS Program will pay 28 percent of the retiree's allowable Part D drug costs (as defined by the regulation) between the applicable cost threshold and cost limit. The payments are exempt from Federal tax, which increases their value to Plan Sponsors that are subject to taxation. To qualify for the subsidy, the Plan Sponsor must show that its coverage is as generous as, or more generous than, the defined standard coverage under the Medicare Part D prescription drug benefit. The final regulation includes a two-part test for Plan Sponsors to determine whether this standard, referred to as "actuarial equivalence," has been met. The subsidy only applies to qualifying covered retirees who are eligible for but not enrolled in a Medicare Part D plan.

- Deleted:** Medicare
- Deleted:** program
- Deleted:** retiree drug subsidy
- Deleted:** and
- Deleted:** employers and unions to
- Deleted:** The retiree drug subsidy
- Deleted:** \$250 and \$5000 in 2006.
- Deleted:** -free
- Deleted:** new

General Instructions for Submitting the RDS Application

The RDS application has been designed by CMS to assist in the efficient administration of the RDS Program in compliance with federal regulatory requirements at 42 C.F.R. §423 Subpart R. The RDS Program is administered in a paperless environment via the RDS Secure Web Site. Plan Sponsors must submit this application to participate in the RDS Program. The following is an overview of the application process:

- Deleted:** the Centers for Medicare & Medicaid Services (
- Deleted:**)
- Deleted:** program
- Deleted:** program will be
- Deleted:** secure RDS website.
- Deleted:** program.
- Deleted:** (described in Part I)
- Deleted:** website
- Deleted:** . However, Part III (
- Deleted:**)
- Deleted:** . Part VII
- Deleted:** website

1. The Account Manager must go to the RDS Program Web Site at http://rds.cms.hhs.gov to establish a Plan Sponsor account (if one does not already exist).
2. The Account Manager will be notified when a new Plan Sponsor Account is established.
3. The Account Manager or Authorized Representative may start a new application and will receive an application identification number.
4. The Account Manager, Authorized Representative, or Designee(s) must complete ALL parts of the application, except for the Attestation of Actuarial Equivalence, which must be completed by a qualified actuary or actuaries, and the Plan Sponsor Agreement which must be signed by the Plan Sponsor's Authorized Representative.
5. The completed application is submitted electronically via the RDS Secure Web Site.
6. Plan Sponsors will be notified electronically about the status of their application.

Only one RDS application can be submitted for each qualified retiree prescription drug plan for which the Plan Sponsor is seeking the subsidy. The application must be completed in its entirety in order to participate in the RDS Program. Omission of any required information may delay the processing of your request.

- Deleted:** program.

Deadlines for Submitting

For information about the application deadline, including what is required to be submitted by the application deadline, go to Important Application Deadline Information, at www.rds.cms.hhs.gov.

Deleted: For plan years ending in 2006, RDS applications **must be submitted on or before September 30, 2005**. For subsequent years, applications must be submitted at least 90 days prior to the start of the plan year. Plan Sponsors may request a 30 day extension for submitting their RDS application. This extension must be requested online prior to the filing deadline.†

Where to go for more information

Visit the RDS Program Web Site at http://rds.cms.hhs.gov for detailed information on the RDS Program, including CMS guidance and Common Questions. Additionally, you may contact CMS' RDS Center Help Line at (877) RDS-HELP, or (877) 737-4357 (TTY for the hearing impaired: (877) RDS-TTY0 or (877) 737-8890) for further assistance.

- Deleted:** website
- Deleted:** program
- Deleted:** Frequently Asked
- Deleted:** (FAQs)
- Deleted:** the
- Deleted:** customer service center

NOTE: The RDS application will be submitted online and not in hard copy. Only sections relevant to the applicant will be displayed online. Some sections of the application that are present in this Notice may not actually be presented at the time the application is being completed. Each section of the online application form contains links to instructions and other helpful guidance to assist you in completing the application.

Deleted: Application

Complete the items in Parts I through VIII. All fields marked with an asterisk (*) are required. The following are specific instructions for each Part.

Deleted: unless designated as "optional"

Deleted: Certain items will be explained with greater detail.

Deleted: General Contact Information

PART I

A. Plan Sponsor Account Registration

Deleted: Information

Complete the required information in items 1-7 for the Plan Sponsor Account

Deleted: 9

#1 The Plan Sponsor Organization Name must be the same as that associated with its Federal Employer Tax Identification Number (EIN).

Deleted: Information.

#3 – When completing this application online, this field will be pre-populated with the number used when the Plan Sponsor RDS ID was requested.

#6 – Organization address must be the address associated with the EIN.

Deleted: ¶

#7 - Plan Sponsor's FAX number is an optional field. ¶
#8 – Company

Deleted: #9 - Plan Sponsor website address is an optional field.

B. Authorized Representative Invitation

An Authorized Representative is an individual to whom the Plan Sponsor has granted the legal authority to bind the Sponsor to the terms of the Plan Sponsor Agreement in the RDS application. Examples of the Authorized Representative include the Sponsor's general partner, CFO, CEO, president, Human Resource Director, or an individual who holds a position of similar status and authority within the Plan Sponsor's organization. Only one individual at a time can serve in the role of Authorized Representative. For multi-employer plans, the Authorized Representative does not have to be an employee of the Plan Sponsor, but may be a member of the jointly appointed board of trustees, which includes both labor and management trustees. An Authorized Representative of the requesting Plan Sponsor must sign the Plan Sponsor Agreement in the completed application and certify that the information contained in the application is true and accurate to the best of the Plan Sponsor's knowledge and belief. (42 C.F.R. §423.884(c)(4)).

Deleted: ¶
¶

Deleted: Complete

Deleted: 9

Deleted: . Certain data elements in this section may be pre-populated based on information provided at the time the Account Manager requested a Plan Sponsor ID. ¶

¶
#7 – Authorized Representative's FAX is optional. ¶

¶
#9 - NOTE: The

Deleted: application process is role-based. Only certain individuals at the Plan Sponsor may be authorized to view Protected Health Information (PHI) under the Health Insurance Portability and Accountability Act (HIPAA). Indicate whether the Authorized Representative is authorized to view HIPAA PHI. The answer will affect which sections on the RDS application that the Authorized Representative may access. The Authorized Representative must answer this question each time s/he attempts to access a section of the RDS Application that contains HIPAA PHI.

The Account Manager must complete the required information in items 1-5 for the Authorized Representative to be invited to register as an RDS Secure Web Site user.

C. Authorized Representative Information

The Authorized Representative invited in Part 1B must complete the required information in items 1-11.

D. Account Manager Information

The Account Manager is an individual that is authorized to begin the application process on behalf of the Plan Sponsor. An Account Manager may be an employee of the Plan Sponsor, or a non-employee, such as a consultant, with whom the Plan Sponsor has an arrangement to assist with the application process. This individual has full access rights to the RDS application. The Account Manager has the authority to assign an Authorized Representative, Actuaries, and Designees. Although an Account Manager has the ability to designate a replacement Account Manager, there can be only one Account Manager per RDS application at a time. In addition, once designated as Account Manager, this individual will have to serve

Deleted: an individual

Deleted: Benefit Option Administrators,

Deleted: Application

in this role across applications (i.e. Individual cannot serve as Account Manager for one application and as a Designee for another application.)

Complete the required information in items 1-10 for the Account Manager Information.

E. Designee Invitation

A Designee(s) is any individual chosen by either the Authorized Representative or Account Manager to assist with the management of the RDS application, including data submission and payment processing. The Designee(s) is only able to perform functions that have been delegated by the Authorized Representative or Account Manager.

Complete the required information in items 1-8 to invite/assign a Designee to the application.

Item 6 – Pass Phrase: The Pass Phrase is created by the Authorized Representative/Account Manager, and should be communicated directly to the Designee by the Authorized Representative/Account Manager.

Item 8 – Privileges that may be assigned to a Designee include but are not limited to the following examples:

- Complete Electronic Funds Transfer Information
- Choose Retiree Data Electronic Data Interchange (EDI) Method
- Report Costs
- Request Payment

Multiple Designees may be added as the Plan Sponsor requires. If you need to add additional Designees, follow the instructions in the online application.

F. Designee Information

A Designee(s) is any individual chosen by either the Authorized Representative or Account Manager to assist with the management of the RDS application, including data submission and payment processing. The Designee(s) is only able to perform functions that have been delegated by the Authorized Representative or Account Manager.

The Designee must complete the required information in items 1-11 to register as an RDS Secure Web Site user.

Item 1 - If the Designee does not know the Pass Phrase, s/he should contact the Authorized Representative/Account Manager. The Authorized Representative/Account Manager created the Pass Phrase at the time they assigned you as the Designee in the RDS Secure Web Site.

G. User Agreement and Privacy Policy

The Authorized Representative, Account Manager, Designee(s), and Actuary(s) must review and indicate acceptance of the terms of this User Agreement and Privacy Policy as part of registration.

PART II.

A. Plan Information

Complete the required information in items 1-2 for the prescription drug plan for which you are requesting RDS payments.

Deleted: 9

Deleted: Certain data elements in this section may be pre-populated based on information provided at the time the Account Manager requested a Plan Sponsor ID.

Deleted: #7 -

Deleted: Account Manager's FAX is optional. ¶
¶
#9 - NOTE: The RDS application process is role-based. Only certain individuals at the Plan Sponsor may

Deleted: authorized to view Protected Health Information (PHI) under the Health Insurance Portability and Accountability Act (HIPAA). Indicate whether the Account Manager is authorized to view HIPAA PHI. The answer will affect which sections on the RDS application that the Account Manager may access. The

Deleted: must answer this question each time s/he attempts to access a section of the RDS Application that contains HIPAA PHI.

Deleted: ¶
D. Application

Deleted: ¶
A "Designee(s)"

Deleted:

Deleted: completion

Deleted: ,

Deleted: request process.

Deleted: Complete

Deleted: a-o for the Application Designee Information

Deleted: Item "g" - Designee's FAX number is optional.

Deleted: ¶
Item "r" - NOTE:

Deleted: RDS application process is role-based. Only certain individuals at the Plan Sponsor may be authorized to view Protected Health Information (PHI) under the Health Insurance Portability and Accountability Act (HIPAA). Indicate whether the

Deleted: is authorized to view HIPAA PHI. The answer will affect with sections of the RDS application that the

Deleted:) may access. The Designee

Deleted: answer

Deleted: question each time s/he attempts to access a section of the RDS Application that contains HIPAA PHI. ¶
¶
... [1]

Deleted: the application.

Deleted: Plan Information

Deleted: 3

Deleted: Item #3 - For information about the actuarial equivalence tests, includ... [2]

B. Benefit Option(s) Provided Under This Plan

Complete the required information in items 1a-d for each benefit option in the plan for which you are requesting the RDS subsidy payment.

Item 1b - Unique Benefit Option Identifier is required to uniquely identify each benefit option under the plan. If the RX Group Number uniquely identifies each option under the plan, then that number should be used. If the RX Group Number does not uniquely identify each benefit option, then the Plan Sponsor must assign an identifier to each option. Plan Sponsors may use existing internal identifiers, or can develop one specifically for purposes of completing the RDS application.

Item 1d. Specify the name of the insurer, TPA, or other entity that is administering the benefit option.
If you need to add benefit options, follow the instructions in the online application.

C. Actuary Invitation

An Actuary is chosen by the Authorized Representative, Account Manager, or Designee to attest the actuarial equivalence of the group health plan that is the subject of the application, as outlined in Part III A and B.

Complete the required information in items 1-6 to invite/assign an Actuary to the application.

D. Actuary Information

The Actuary must complete the required information in Items 1-12.

PART III

A. Benefit Option Combination Question

NOTE: When logging into the RDS Secure Web Site Actuaries will be presented with a list of applications and benefit options for which they've been designated by the Plan Sponsor as the Attesting Actuary

Item 1 - The qualified Actuary must indicate, by checking the appropriate box, whether 2 or more benefit options are being combined to meet the Net Value test, as set forth below..

1) In calculating the actuarial Net Value of the benefit option(s) listed in this Plan Sponsor Application (Please select one of the following:

(i) Each Benefit Option individually meets the Net Value test as set forth at 42 C.F.R. §423.884(d)

(ii) Two or more Benefit Options have been combined in order to meet the Net Value test as set forth at 42 C.F.R. 423.884(d), and each option not so combined individually meets the Net Value test as set forth in 42 C.F.R. §884

Based on the answer to the above question, the actuary will be presented with the corresponding Actuarial Attestation agreement in Section B of Part III. (B (i) or B(ii)).

NOTE: The Plan Sponsor (or a designee), as applicable, must maintain, and furnish to CMS or the U.S. Department of Health and Human Services Office of Inspector General upon request, certain records, including reports and working documents of the actuary/actuaries who wrote the attestation. See 42 CFR §423.888(d).

Deleted: a-p

Deleted: 'b'

Deleted: Item "k" - FAX number is optional

Deleted: ¶

Deleted: Contact Information for the

Deleted: Attesting to the Net Value of the Combined Benefit Options

Deleted: You will only be prompted to complete this section if you answered "Yes" to question 3 in Part II(A).

Deleted: 7 for the Actuary for the Net Value.¶
¶
#

Deleted: - Attesting Actuary's FAX number is optional.¶
¶
¶
PART III. Attestation of Actuarial Equivalence¶
For Plan Sponsors that are combining benefit options, a Qualified

Deleted: must attest

Deleted: Gross Value of each benefit option (see Part

Deleted: (

Deleted:)(i). In addition, a Qualified Actuary must attest to the Net Value of the combined options (see Part III(A)(i)).

Deleted: For Plan Sponsors that are NOT combining benefit options, a Qualified Actuary must attest to both the Gross and Net Value of each option (see Part (B)).

Deleted: If you answered "Yes" to question 3 in Part II(A), then a Qualified Actuary (or Qualified Actuaries) must complete Part III(A). If you answered "No" to question 3 in Part II(A) then a Qualified Actuary must only complete Part III(B) for each benefit option.

Deleted: NOTE: When signing onto the RDS website Actuaries will be presented with a list of Application and benefit options for which they've been designated by the Plan Sponsor as the Attesting Actuary.

Deleted: A. Actuarial Attestations Used When Benefit Options are Combined

Deleted: ¶
(A)(i). Actuarial Attestation for the Gross Value Test¶
The Qualified Actuary(s) who is listed as a contact in section II(B) of this application must read and attest to the statement in section III(A)(i). A Qualified Actuary(s) must attest to the Gross Value of each benefit option(s) by providing an electronic signature. ¶
¶
(A)(ii). Actuarial Attestation for the Net Value Test¶

Deleted: The Qualified Actuary who is listed as a contact in section II(C) of this application must read the attestation statement in section III(A)(ii) of this ... [3]

B. Actuarial Attestation for the Gross Value and Net Value Test

NOTE Based on the answer to item 1 in Section A of Part III, the actuary will be presented with the corresponding Actuarial Attestation agreement in (B(i) or B(ii)). This single attestation agreement includes each of the Gross Value and Net Value Tests.

Actuarial Attestation for the Gross Value Test: A qualified Actuary must attest that each benefit option listed in the application separately meets the Gross Value test required by 42 C.F.R. §423.884(d) and in other CMS guidance.

Actuarial Attestation for the Net Value Test: A qualified Actuary must attest that each benefit option or a combination of some/all of the benefit options listed in the application meets the Net Value test required by 42 C.F.R. 423.884(d) and in other CMS guidance.

The qualified Actuary must attest by providing an electronic signature.

NOTE: The Plan Sponsor (or a designee), as applicable, must maintain, and furnish to CMS or the U.S. Department of Health and Human Services Office of Inspector General upon request, certain records, including reports and working documents of the actuary/actuaries who wrote the attestation. See 42 CFR §423.888(d).

Deleted: B. Actuarial Attestation for the Gross Value and Net Value Tests When the Benefit Options are Not Combined

PART IV.

All RDS payments will be paid via electronic funds transfer. In order to receive payments, all information in this section must be provided.

Deleted: Each Qualified Actuary listed in Part III(B) for a benefit option must attest to the Gross Value and Net Value of the benefit option(s) for which they are listed. Each Qualified Actuary must attest by providing an electronic signature.

Please provide the required information for items 1-9 for the Plan Sponsor's bank and related information.

Deleted: Electronic Funds Transfer (EFT) Information

Deleted: retiree drug subsidies

Deleted: Bank.

PART V.

42 C.F.R. §423.888(b)(1)(i) through (iii) provides Plan Sponsors the option to elect the maximum frequency for which to receive payments. Please elect in this section of the application the maximum frequency for which the Plan Sponsor wants to receive the subsidy payment. NOTE: The payment frequency cannot be changed mid-year.

Deleted: Payment Frequency

Deleted: with

Deleted: with

PART VI.

A. Retiree Data Electronic Data Interchange (EDI) Method

The Plan Sponsor must complete items 1-10 as applicable for each benefit option. These fields may be applied to multiple benefit options or may be filled in for each benefit option individually. The following methods are available:

Deleted: List Submission
A. Retiree List File Submission

Deleted: Plan Sponsors must submit a list of proposed qualifying covered retirees with the application. There are three methods available to plan sponsors to submit their list of retirees to the RDS Center.

I. Hypertext Transfer Protocol Secure (HTTPS) to RDS Center

Deleted: include

a. If Hypertext Transfer Protocol Secure (HTTPS) to RDS Center is the chosen method, complete items 3-9. The method of retiree notification file transmission may only be Hypertext Transfer Protocol Secure (HTTPS)

Deleted: the

II. Plan Sponsor or Vendor Mainframe to RDS Center Mainframe.

Deleted: (NOTE: If you elect this option please provide the necessary information in 2a – 2c so a representative from the RDS Center can contact the Plan Sponsor Technical Contact.)

- a. If Plan Sponsor or Vendor Mainframe to RDS Center Mainframe is the chosen method, complete item 2 to provide the Vendor or Plan Sponsor Mainframe ID, and complete items 3-9. Complete item 10 to provide the method of retiree notification file transmission. The following methods are available:
 - i. Hypertext Transfer Protocol Secure (HTTPS) from RDS Center
 - ii. RDS Center Mainframe to Plan Sponsor or Vendor Mainframe

III. Voluntary Data Sharing Agreement (VDSA) via the Coordination of Benefits (COB) Contractor

- a. If Voluntary Data Sharing Agreement (VDSA) via the Coordination of Benefits (COB) Contractor is the chosen method, complete item 2 to provide the VDSA Contractor ID, and complete items 3-9. Complete item 10 to provide the method of retiree notification file transmission. The following methods are available:
 - i. Hypertext Transfer Protocol Secure (HTTPS) from RDS Center
 - ii. Voluntary Data Sharing Agreement (VDSA) via the Coordination of Benefits (COB) Contractor

Deleted: s

Deleted: ¶
For specific step-by-step instructions for each submission method, please visit the RDS Center website at <http://rds.cms.hhs.gov>¶

B. Retiree List

Plan Sponsors must submit an electronic list of the retirees for whom they are seeking subsidy payments. For each retiree the following data elements must be provided:

- Application ID (assigned to you by the RDS Center)
- Unique Benefit Option Identifier – required to uniquely identify each benefit option under the plan. If the RX Group Number uniquely identifies each option under the plan, then that number should be used. If the RX Group Number does not uniquely identify each benefit option, then the Plan Sponsor must assign an identifier (alpha or numeric) to each option. Plan Sponsors may use existing internal identifiers, or can develop one specifically for purposes of completing the RDS application.
- Effective Date – This should either be the first day of the Plan Year or the first date of coverage for the Retiree under the Plan, whichever is later.
- Termination Date – The last date of coverage for the Retiree under the plan, if known. If unknown, leave it blank.
- First name
- Last name
- Middle initial (optional)
- Social Security Number (SSN) – This field may be left blank if the Medicare Health Insurance Claim Number (HICN) is known. However, please provide the SSN and HICN if both are known to ensure the most accurate data match.
- Medicare Health Insurance Claim Number (HICN) – This field may be left blank if the Social Security Number (SSN) is known. However, please provide the SSN and HICN if both are known to ensure the most accurate data match.
- Date of Birth
- Gender
- Relationship to the Retiree (self, spouse, dependent)
- Type of record (add, update, delete)

Deleted: ,

Deleted: Plan

For instructions and information on file specifications, please go to the RDS Program Web Site at <http://rds.cms.hhs.gov>.

Deleted: website

PART VII.

The Authorized Representative of the Plan Sponsor must indicate acceptance of the terms of this Plan Sponsor Agreement by providing an electronic signature.

Deleted: Plan Sponsor Agreement and Electronic Signature

Deleted: in

Part VIII.

To ~~submit~~ this RDS ~~application~~, the Authorized Representative of the Plan Sponsor must provide his/her electronic signature.

~~Deleted: ¶
¶
Part VIII. Plan Sponsor Electronic
Signature¶~~

~~Deleted: authorize~~

~~Deleted: Application~~

question each time s/he attempts to access a section of the RDS Application that contains HIPAA PHI.

If you need to add additional designees, follow the instructions in the online application.

NOTE: While an affirmative answer to the HIPAA PHI question is required by at least one individual assigned to completing the application, an affirmative answer by all individuals is not a prerequisite to approval

Item #3 - For information about the actuarial equivalence tests, including the ability to combine options under the Net Test, see 42 C.F.R. 423.884(d)(5) and any other guidance provided by CMS. Links to this information can be found at <http://rds.cms.hhs.gov>.

The Qualified Actuary who is listed as a contact in section II(C) of this application must read the attestation statement in section III(A)(ii) of this application. A Qualified Actuary must attest to the Net Value of the combined option(s) by