

RDS

Retiree Drug Subsidy

Payment 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 0938-0977. The time required to complete this information collection is estimated to average 151 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.

RDS Payment Instructions

Overview

The Medicare Retiree Drug Subsidy (RDS) program represents a particularly important strengthening of health care coverage for certain Medicare-eligible retirees. RDS is designed to encourage group health Plan Sponsors such as employers and unions to continue providing high quality prescription drug coverage. It has highly flexible rules that permit 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 Medicare defined standard Part D drug benefit. The retiree drug subsidy will pay 28 percent of the retiree's drug costs (as defined by the regulation) between the applicable cost threshold and cost limit and is exempt from federal taxation. To qualify for the subsidy, the Plan Sponsor must show that its coverage is as generous as, or more generous than, defined standard coverage under the Medicare 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 retirees eligible for but not enrolled in a Part D plan and who are covered under a qualified retiree prescription drug plan.

General Instructions for Submitting the RDS Payment Request

The RDS payment process has been designed by the Centers for Medicare & Medicaid Services (CMS) to assist in the efficient administration of the RDS program in compliance with federal regulatory requirements at 42 CFR §423 Subpart R. The RDS Program will be administered in a paperless environment via the secure RDS Web Site.

The Plan Sponsor elects a payment frequency when completing the RDS application. There are four choices for payment frequency: monthly, quarterly, interim annual, and annual. For monthly, quarterly or interim annual payments, the Plan Sponsor may submit cost data and receive a maximum of 12, 4, or one interim payment(s), respectively, based on the payment frequency elected. Within 15 months of the end of the plan year, the Plan Sponsor must submit final cost data if it has received any interim payments, or if it has not, but wishes to receive subsidy. If a Plan Sponsor elects the annual payment option, the Plan Sponsor will submit all cost data within the deadline for submitting reconciliation (within 15 months following the end of the plan year) and will receive a single payment.

Roles in the payment process:

Cost Reporter: The first step in the payment process, whether for interim payments, a one-time final payment, or for reconciliation, is to report cost data. The Cost Reporter reports that data. All cost data must be reported in aggregate by benefit option and plan month. This role may be filled by a Vendor, the Account Manager, or a Designee that has been given cost reporting privileges for one or more benefit option(s). (The Plan Sponsor can assign one Cost Reporter to all benefit options or assign different Cost Reporters for one or more benefit options.) A Cost Reporter must be assigned to each Benefit Option. If a Vendor or Designee is not specified as the Cost Reporter for a benefit option, the Account Manager must be assigned as the Cost Reporter. CMS will enforce separation of duties with regard to cost reporting and payment requests; therefore, an individual cannot fulfill both the role of Cost Reporter and Payment Requester on a single application. If an Account Manager or a Designee is assigned as a Cost Reporter for a benefit option, they cannot fulfill the role of Payment Requester on

the application. After cost data have been reported for the benefit option(s) within an RDS application, the data are totaled by CMS for the payment request.

Payment Requester: The Payment Requester is responsible for reviewing cost data that have been reported for the benefit option(s), selecting the benefit option(s) for which payment will be requested, and submitting the payment request to CMS. The Payment Requester role for interim payments may be filled by any of the following: the Authorized Representative, the Account Manager, or a Designee that has been granted Payment Request privileges. Only the Authorized Representative may submit a final annual payment or final reconciliation payment request.

Overview of Interim Payment Process:

The following is an overview of the interim payment process (monthly, quarterly, interim annual)

1. On the RDS Secure Web Site at <https://www.rds.cms.hhs.gov>, the Account Manager or the Authorized Representative must specify how cost data will be reported for each benefit option. Cost data may be reported by the following methods: data entry on the Secure Web Site, file upload on the Secure Web Site, or transmission to the CMS' RDS Center mainframe. The methods do not have to be the same for all benefit options.
2. The Cost Reporter must aggregate the required data based on actual costs or the estimated premium cost to be claimed for qualified covered retirees. (See 42 CFR 423.888(b)(5) for the special rule allowing the use of estimated premium costs in determining interim payments for fully insured benefit options.) Then, the Cost Reporter may sign on to the RDS Secure Web Site and submit the required data on the cost reporting page. Alternatively, the Cost Reporter may transmit the cost data file to the RDS Center mainframe. In the future, the Cost Reporter may be able to upload the cost data file to the RDS Secure Web Site.
3. The Payment Requester must then review the cost data submitted. The Payment Requester may exclude one or more of the various benefit options from the payment request if it is believed there was an error in the data reported. Cost data excluded from a payment request may be submitted on a future payment request. For example, if no cost report is submitted for a particular benefit option, that cost data will be eligible for inclusion in the next payment request.
4. After the Payment Requester has identified the cost data to be included in the payment request, CMS will create a payment request summary, which must be reviewed by the Payment Requester.
5. After review of the payment request summary and the decision to submit a payment request is made, the Payment Requester will accept the terms of the payment request agreement, provide his or her electronic signature and submit the payment request.
6. The payment request will be processed by CMS.
7. If money is due to the Plan Sponsor, CMS will deposit any monies owed using an Automated Clearing House (ACH) transaction to the bank account specified by the Plan Sponsor on the application. An E-mail notifying the Plan Sponsor of payment will be sent to the Account Manager and Authorized Representative.
8. If a self-reported adjustment of cost data included in a prior payment submission results in the amount due to the Plan Sponsor to be less than zero, the next payment request submitted on any of the Plan Sponsor's applications will be adjusted for the difference.

Overview of Reconciliation Process

Reconciliation is the process by which a Plan Sponsor that had received any interim payment must submit to CMS, after the end of the plan year, the total gross covered retiree plan-related prescription drug cost and actual cost adjustments for the application. The sum of the interim payments is compared with the final subsidy payment determination for the application. If the sum of the actual allowable retiree costs (ARC) attributable to gross costs between cost threshold and cost limit, submitted with the reconciliation payment request, was less than the sum of ARC attributable to such costs, submitted with the interim payment request(s); then, the amount of retiree drug subsidies received from the interim payments was greater than what should have been received. This constitutes an overpayment. CMS will initiate immediate overpayment recovery action.

Plan Sponsors that chose an annual RDS payment frequency, or otherwise did not receive any interim payments, and that wish to receive a subsidy, must use the reconciliation process to submit final cost reports and submit their one and only subsidy payment request. This request must be supported by data reflecting, among other data, the total gross covered retiree plan-related prescription drug costs, and actual cost adjustments for the application

1. Retiree files may be submitted to ensure that the retiree list reflects the most current data regarding qualifying covered retirees.
2. Plan Sponsors must coordinate individual retiree cost data within an application for the purpose of appropriately applying each individual retiree's cost threshold and cost limit.
3. The Cost Reporter must aggregate the required cost data based on claims experience and not estimated premium costs. All actual cost adjustments (e.g., discounts, chargebacks, rebates, and similar price concessions) for the final cost data reported must be calculated. Final cost data will be reported by the same methods as described under the Overview of Interim Payment Process.
4. The Plan Sponsor must complete all steps described in Section D: Reconciliation and Single Annual Payment on the RDS Secure Web Site.
5. The Authorized Representative will submit the final payment or reconciliation request using the RDS Secure Web Site.
6. The final payment or reconciliation request will be processed by CMS.
7. If the amount due to the Plan Sponsor is greater than zero, CMS will deposit any monies owed using an Automated Clearing House (ACH) transaction to the bank account specified during reconciliation. An E-mail notifying the Plan Sponsor of payment will be sent to the Account Manager and Authorized Representative.
8. If the Plan Sponsor owes funds to CMS, CMS will send an overpayment notification e-mail to the Plan Sponsor's Authorized Representative, Account Manager, and Designees with Appeal privileges.
9. The Plan Sponsor must maintain and furnish to CMS or the Office of Inspector General (OIG) upon request, the records enumerated in Federal regulations at 42 CFR 423.888(d). The records must be maintained for 6 years, or any other period as specified by CMS or OIG, after the expiration of the plan year in which the costs were incurred for the purposes of audits and other oversight activities conducted by CMS to assure the accuracy of the actuarial attestation and the accuracy of payments.

Deadlines for Submitting Payment Information

During the RDS application process, the payment frequency (monthly, quarterly, interim annual or annual) is selected. If the Plan Sponsor chose a payment frequency of monthly, the Plan Sponsor can submit up to twelve interim payment requests prior to submission of the reconciliation request. If a payment frequency of quarterly was chosen, up to four interim payment requests may be submitted. A payment frequency of interim annual will allow the Plan Sponsor to submit one payment request prior to submitting the final reconciliation request for the plan year. Plan Sponsors that choose the payment frequency of annual will not receive interim payments but will receive payment upon submission of their one-time payment request. Only one payment frequency can be chosen for an application.

In general, payment requests can be submitted less often than the maximum frequency selected. In that case, Plan Sponsors will still be able to claim subsidy payments for the periods for which a payment request may be delayed. For example, if a Plan Sponsor selects monthly payments but a payment request for January cost data is not ready to be submitted until April, that January data may be included as part of the April payment request.

Reconciliation, or a final payment request, must be completed no later than the Plan Sponsor's reconciliation deadline. That deadline is the last day of the fifteenth month following the last day of the RDS plan year specified in the application unless otherwise specified by CMS.

If a Plan Sponsor fails to meet the reconciliation deadline for the application(s) and has received interim payments, the sum of those payments will become overpayments.

Note: CMS will initiate immediate overpayment recovery action.

Note: The above deadlines are for RDS payment processing only. Plan Sponsors must be mindful of other RDS programmatic deadlines.

Where to go for more information

Visit the RDS Center Web Site at <https://www.rds.cms.hhs.gov> for detailed information on the RDS program. Additionally, you may contact the RDS Center customer service center at (877) RDS-HELP for further assistance.

Note: RDS Payment request(s) will be submitted electronically and not in hard copy.

Part I. Payment

Section A. Payment Setup

Prior to the Plan Sponsor reporting cost data or requesting payment, either the Authorized Representative or Account Manager must assign specific cost-related and payment-related privileges to the Account Manager, Designees, or Vendors using the RDS Secure Web Site. The user must select the Plan Sponsor ID and Application ID, and then elect to complete payment setup. A single individual may not have both the report costs and request payment privileges on a given application. A

cost reporter cannot request payments, and a payment requester cannot report cost data. The Authorized Representative is automatically granted the Request Payment privilege and is not permitted to report cost data. One or more individuals or entities may be assigned to report cost data for a specific Benefit Option. At least one cost reporter must be assigned to each Benefit Option. The Account Manager or Authorized Representative will be prompted to review all assignments before completing Payment Setup.

1. The Plan Sponsor must (a) Assign one of the listed privileges to the Account Manager. (b) Select a Cost Reporting Method if assigning the Report Costs privilege to the Account Manager. (c) Specify the Benefit Options for which the Account Manager can report cost data.

2. The Plan Sponsor must (a) State if it wishes to specify one or more vendors to report cost data for the application. If question (a) is answered “no” then no further action is required. If question (a) is answered “yes” then items (b-d) are also required. The user must (b) Enter the Vendor ID, and (c) specify each Benefit Option for which the Vendor is permitted to report cost data.

3. The Plan Sponsor must (a) State if it wishes to specify one or more Designees to report cost data or request payment for the application. If question (a) is answered “no” then no further action is required. If question (a) is answered “yes” then item (b-g) are conditionally required as described here. (b) If the Designee exists on the application, select the Designee Name to assign a privilege. Otherwise, enter the E-mail address of the Designee. (c) If the Designee is not already a registered user of the RDS Secure Web Site, the Designee Information must be provided. This Designee Information will be pre-populated if the Designee has been previously established as an RDS Secure Web Site user (d) Select one of the listed privileges for the Designee. (e) Optionally select the Vendor name for which the Designee is permitted to report and/or view cost data. (f-g) If the Designee is reporting cost data directly for the Plan Sponsor, specify the cost reporting method and Benefit Options for which the Designee will report cost data. (f-g) Are not required if the Designee is associated with a vendor in item (e).

4. Items (a-k) are required on the Authorized Representative Verification form which must be submitted for each Plan Sponsor ID prior to requesting payment for an application.

The Authorized Representative Verification form is written documentation from the Plan Sponsor verifying that the individual listed on the RDS application as the Authorized Representative is authorized to act on the Plan Sponsor's behalf.

The Authorized Representative Verification form must be completed by a Verifier who is defined as an individual, other than the Authorized Representative, with sufficient authority from the Plan Sponsor to verify that the Authorized Representative, listed on the RDS application, is permitted to act on the Plan Sponsor's behalf for purposes of the RDS Program. If this individual **IS NOT** an employee of the company, they **MUST** be listed as the Account Manager in the RDS Secure Web Site to be accepted as the Verifier; otherwise the form will not be approved

The Authorized Representative Verification form must be sent to CMS via Fax, E-mail, or US Mail.

(l) The Verifier's signature certifies that this document is a confirmation for purposes of the CMS' RDS Program, that the individual named in (b) is acting as the Authorized Representative (An Authorized Representative MUST be an individual employed by the Plan Sponsor to whom the Plan Sponsor has granted the legal authority to bind the Plan Sponsor to the terms of the Plan Sponsor Agreement in the RDS application. Examples of the Authorized Representative include the Plan Sponsor's general partner, CFO, CEO, president, Human Resources Director, or an individual who holds a position of similar status and authority within the Plan Sponsor's organization. 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).

5. Registration data is required for Vendors wishing to provide cost data to the RDS Center mainframe. Plan Sponsors wishing to provide files via mainframe must also provide the same registration data. The Vendor or Plan Sponsor must provide items (a-j). Test and Production File Names and Instructions may also be required.

Section B. Cost Data

The available methods for reporting cost data are Mainframe File Transmission and Data Entry on the RDS Secure Web Site. As of the date these instructions were published, Upload on RDS Secure Website is a possible future reporting method. The data elements required to report cost data vary based on the cost reporting method chosen in Part I Section A. Payment Setup.

The data elements required to report cost data vary slightly, based on the payment request type as is indicated in these instructions by the notation of "Interim Only" or "Final Only". The variation applies, regardless of whether cost data are submitted via data entry or file format.

All reporting methods and payment request types require the reporting of cost data by Application, Benefit Option, and Plan Month incurred. When reporting cost data for a final payment request, costs incurred or zero costs must be reported for all plan months.

1. When entering cost data on the RDS Secure Web Site, the Cost Reporter must select (a) the Plan Sponsor, Application, Benefit Option, and specific Plan Month.

1. (b) For **interim cost reporting**, the user must provide either (1) Estimated Premium Costs or (2) Gross Retiree Costs, but not both. Items (3-4) (Threshold Reduction and Limit Reduction) are required for interim cost reporting if Gross Retiree Costs are being reported. Item (5) is required if the Plan Sponsor has cost adjustments, except if the Plan Sponsor is submitting estimated premium costs and is including estimated cost adjustments into the amount of reported estimated premium costs.

1. (b) For **final cost reporting**, the user must provide (2) Gross Retiree Costs. (1) Estimated Premium Costs are not allowable during final cost reporting. Items (3-4) (Threshold Reduction and Limit Reduction) are required for final cost reporting. Item (5) is required during final cost reporting as a final cost adjustment.

When finished entering cost data, the Cost Reporter must submit the cost report to the RDS Center.

2. (a-e) When submitting cost data in a file format, additional aggregations are required by Application and File.

Plan Month

Calendar months specified by the plan year start and end dates of the application.

Estimated Premium Costs

This data item is required if reporting interim retiree costs based on a percentage of premium costs for a fully insured benefit option. Estimated premium costs represent the portion of premium costs paid by the Plan Sponsor and by the qualifying covered retirees that are associated with the gross retiree costs between the cost threshold and the cost limit for prescription drug coverage under the benefit option (exclusive of administrative costs and risk charges). It may also include estimated cost adjustments, unless the Plan Sponsor chooses to report those amounts separately. If entering estimated premium costs, do not enter any amounts in Gross Retiree Costs.

Note: The Plan Sponsor must use the same method for reporting costs throughout the plan year. Estimated Premium Costs may not be reporting for a Single Annual Payment or Reconciliation. See 42 CFR §423.888(b)(5)

Gross Retiree Costs

This data item is the sum of all Gross Retiree Costs for the plan month. Gross Retiree Costs are defined in regulation 42 CFR §423.882

Threshold Reduction

The amount below the federally defined cost threshold is not eligible for the subsidy. Therefore Plan Sponsors are not able to claim, for subsidy, this amount of gross covered retiree plan-related prescription drug costs. This ineligible amount is referred to as the threshold reduction.

The Plan Sponsor must calculate the threshold reduction at the retiree level within an application. The threshold reduction amount must be reported to CMS' RDS Center for each benefit option, for each month, and will be the sum of all threshold reductions for all retirees for that benefit option, for that month. Plan Sponsors must keep retiree-level data for audit purposes.

The threshold reduction will be adjusted annually as stated in 42 CFR §423.886(b)(3).

Limit Reduction

The amount in excess of the federally defined cost limit is not eligible for the subsidy. Therefore Plan Sponsors are not able to claim, for subsidy, this amount of gross covered retiree plan-related prescription drug costs. This ineligible amount is referred to as the limit reduction.

The Plan Sponsor must calculate the limit reduction at the retiree level within an application. The limit reduction amount must be reported to CMS' RDS Center for each benefit option, for each month, and will be the sum of all limit reductions for all retirees for that benefit option, for that month. Plan Sponsors must keep retiree-level data for audit purposes.

The limit reduction will be adjusted annually as stated in 42 CFR §423.886(b)(3).

Estimated/Actual Cost Adjustment

This amount is an estimate of the expected rebates and other price concessions attributable to the plan, for its qualifying covered retirees for Part D drug spend between the cost threshold and cost limit, and incurred during the plan year. This data item is required when reporting estimated premium costs if rebates and other price concessions are not factored into the premium costs.

NOTE: The actual (as opposed to an estimated) amount of the rebate and other price concessions will be required when reporting final cost data for Single Annual Payment or Reconciliation.

Section C. Interim Payment Request

Only an authorized Payment Requester defined in Part I. Payment Setup may submit an interim payment request.

1. When requesting payment on the RDS Secure Web Site the user must select (a) the Plan Sponsor ID and (b) Application ID. The Payment Requester will be presented with a list of Benefit Options for potential inclusion in the payment request.

2. The Payment Requester must first (a) review the reported cost data for a Benefit Option prior to including the Benefit Option in the payment request. The Payment Requester must then (b) identify which Benefit Options will be included in the payment request.

3. The Payment Requester must read the Payment Agreement. (Refer to collection instrument Part I Section D.)

4. The Payment Requester must indicate acceptance of the Payment Agreement. By submitting the requests for payment, the Plan Sponsor is submitting a claim for payment to the Federal government.

5. The Payment Requester must indicate agreement with the terms of the Payment Agreement by providing an electronic signature

Section D. Payment Agreement

Refer to collection instrument Part 1 Section D.

Section E. Reconciliation and Single Annual Payment

Plan Sponsors that chose an annual RDS payment frequency, or otherwise did not receive any interim payments, and that wish to receive a subsidy, must use the reconciliation process to submit final cost reports and submit their one and only subsidy payment request.

The reconciliation process must be completed before the application's reconciliation deadline. If the deadline is missed, any subsidies previously paid to the Plan Sponsor for the application will be considered an overpayment and the Federal government will begin proceedings to recover paid funds.

1. Upon selecting a Plan Sponsor ID and an Application ID for Reconciliation or Single Annual Payment, the Reconciliation Checklist is displayed to the user. The Reconciliation Checklist lists the steps necessary to submit a final or single annual payment request to CMS' RDS Center.

2. Step 1: Initiate Reconciliation.

The Authorized Representative or Account Manager must (a) indicate that the application is ready to proceed with reconciliation for final payment determination, (b) indicate acceptance of the warnings and instructions, and (c) confirm completion of this step.

3. Step 2: Review Payment Setup

The Authorized Representative or Account Manager must (a) accept or modify the cost-related and payment-related privileges described in Part I. Payment Setup Options to complete this step.

4. Step 3: Request List of Covered Retirees

The Authorized Representative, Account Manager, or Designee with required privilege must (a) request a file containing information for each qualifying covered retiree.

5. Step 4: Finalize Covered Retirees

An Authorized Representative, Account Manager, or Designee with required privilege must (a-c) accept the E-PHI agreement and download the covered retiree list requested in Step 3.

Federal law requires that cost data be submitted only for the qualifying covered retirees, corresponding subsidy periods, and the benefit option(s) in which each qualifying covered retiree is enrolled, as listed in the covered retiree list agreed to in Step 4. The Plan Sponsor should not complete Step 4 until it is certain that the retiree data reflected in the most recent covered retiree list is accurate.

The Authorized Representative or Account Manager must (d) indicate agreement with the finalized list of covered retirees and their associated coverage periods and (e) confirm to complete this step.

6. Step 5: Start Preparation of Reconciliation Payment Request

The Account Manager or Designee with required privilege must (a) indicate that the Plan Sponsor is ready for CMS to begin accepting final cost reports for the application to complete this step.

7. Step 6: Manage Submission of Final Cost Reports

Cost report submission dates and statuses are presented by Benefit Option and Cost Reporter in this step along with the available details of each cost report. The Account Manager or Designee with required privilege must (a) indicate that final cost reporting is accurate and complete to (b) confirm to complete this step.

8. Step 7: Review Final Costs

Reported cost data are presented for the application and individual Benefit Options. The Account Manager or Designee with required privilege must (a-b) mark all Benefit Options as reviewed to complete this step. The user is required to (c) confirm to complete this step.

9. Step 8: Enter Revisions to Final Costs

(a) If no revisions are necessary the Account Manager or Designee with required privilege may indicate that no revisions are required to complete this step.

If the user indicates that revisions are necessary in item (a) the Account Manager or Designee with required privilege must provide (b1) reason(s) for the revisions and (b2-5) relevant cost data. The user must (c) confirm to complete this step.

The ability to enter revisions to final cost data by using Step 8 is currently unavailable. Revisions must be accommodated by using final cost reporting. If no revisions are necessary, this step may be completed by the Account Manager or Designee with required privilege.

10. Step 9: Finalize Reconciliation Payment Request

The amount of the final payment request is presented in this step with a summary of cost data and calculated subsidy amount by application and by benefit option. The Account Manager or Designee with required privilege must (a) indicate that the Plan Sponsor is ready to finalize the payment request. The user is required to (b) acknowledge instructions and warnings presented on the page. The user is required to (c) confirm to complete this step.

11. Step 10: Review Electronic Funds Transfer (EFT) Information

The current EFT information is presented in this step. The Account Manager, Authorized Representative or Designee with required privilege must (a) indicate whether they agree to, or wish to change, EFT information.

If the user (a) agrees to the EFT information presented they must (e) confirm to complete this step.

If the user (a) opts to change EFT information they may update items (b-d.) The user is required to (e) confirm to complete this step

12. Step 11: Approve Electronic Funds Transfer (EFT) Information

If no changes are made to the EFT information presented in Step 10, this step is auto-completed and no further action is required in Step 11.

If EFT information was modified in Step 10, the Authorized Representative may (a) accept the EFT information to complete this step.

If the Authorized Representative (a) rejects the EFT information, Step 11 will remain incomplete and Step 10 will again be made incomplete. The Plan Sponsor would then re-complete Step 10.

13. Step 12: Review and Submit Reconciliation Payment Request

The amount of the final payment request is presented in the step with a summary of cost data and calculated subsidy amount by application and benefit option. The Authorized Representative must (a) acknowledge the instructions and warnings listed and accept the payment request to proceed with authorizing the final payment request.

The Authorized Representative must (b 1) read each clause in Reconciliation Agreement. (Refer to collection instrument Part I Section F.)

The Authorized Representative must (b 2) indicate acceptance of the Reconciliation Agreement.

The Authorized Representative must (b 3) indicate agreement with each clause in Part I Section F by providing an electronic signature. By submitting the request for payment, the Plan Sponsor is submitting a claim for payment to the Federal government.

The Authorized Representative must (c) confirm to complete this step.

Completion of Step 12: Review and Submit Reconciliation Payment Request completes the reconciliation process. At that point, the reconciliation payment request will be processed by CMS. CMS will deposit any monies owed using an Automated Clearing House (ACH)

transaction to the bank account specified in Step 10: Review EFT Information. If the sum of the actual allowable retiree costs (ARC) attributable to gross costs between cost threshold and cost limit, submitted with the reconciliation payment request, was less than the sum of ARC attributable to such costs, submitted with the interim payment request(s); then, the amount of retiree drug subsidies received from the interim payments was greater than what should have been received. That is considered an overpayment.

Note: CMS will initiate immediate overpayment recovery action.

Section F. Reconciliation Agreement

Refer to collection instrument Part 1 Section F.

Part II. Appeals

Section A. Reconsideration Requests

1. A Plan Sponsor is entitled to an informal written reconsideration of an adverse initial determination. This request should be made through the RDS Secure Web Site. This request must be made by the Plan Sponsor within 15 calendar days from the "sent" date of the e-mail notification from CMS' RDS Center that indicates the adverse initial determination. The Account Manager, Authorized Representative, or Designee with required privilege may select a Plan Sponsor and Application for which to submit an informal written reconsideration. The user must indicate (a) the application number related to the adverse initial determination, (b) findings or issues the sponsor disagrees with (i.e., the initial determination, (c) reason(s) for disagreement, (d) whether the "sent" date on the e-mail notification of the adverse initial determination is within 15 calendar days of today's date, and (e) whether any additional documentary evidence will be sent under separate cover. If the user opts to send (e) additional documentary evidence they may use (f) the additional documentary evidence cover sheet.

2. A Plan Sponsor dissatisfied with CMS' RDS Center's reconsideration decision is entitled to an informal hearing with the CMS Hearing Officer. This request for an informal hearing must be made in writing and filed with the CMS Hearing Officer within 15 calendar days from the "sent" date of the e-mail notification from CMS' RDS Center that indicates the reconsideration decision. The request for an informal hearing must (a) include a copy of CMS' RDS Center's reconsideration decision and must (b) specify the findings or issues in the decision with which the Plan Sponsor disagrees and the reasons for the disagreements. The Plan Sponsor must also provide (c) a Supporting Statement that includes a summary of its position and should be supported by references to the materials that were submitted to CMS in support of the original application and the subsequent request for reconsideration. If relevant materials were not submitted to the Hearing Officer from CMS, the Plan Sponsor may attach, subject to objection, such materials to its Supporting Statement.

3. A Plan Sponsor that has received the CMS' Hearing Officer's decision upholding CMS' RDS Center's initial or reconsidered determination may request review by the CMS Administrator within 15 days of receipt of the CMS Hearing Officer's decision. The CMS Administrator may review the CMS Hearing Officer's decision. The CMS Administrator's determination is final and binding.

Section B. Reopening

A Plan Sponsor may request that CMS reopen and revise an initial or reconsidered determination. The Plan Sponsor must provide (1) the application number related to the initial or reconsidered determination, (2) the initial determination that is the subject of the request for reopening and (3) the reason for the request. The Plan Sponsor may optionally provide (4-5) additional documentary evidence

General Information

Additional data may be collected in support of payment processing in accordance with Federal regulations at 42 CFR §423.888 (d). Such data may include reports and working documents of the actuaries who submitted the actuarial attestation for the RDS application, all documentation of costs incurred and other relevant information utilized for calculating the amount of subsidy payment made in accordance with 42 CFR §423.886, including the underlying claims data, any other records specified by CMS. CMS may issue additional guidance addressing recordkeeping requirements, including (but not limited to) the use of electronic media.

The data element choices may change as additional features become available in the RDS Secure Web Site. For instructions and information, please go to the RDS Program Web Site at <https://www.rds.cms.hhs.gov>.