

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. This information collection is used to determine the eligibility of plan sponsors to participate in the Retiree Drug Subsidy program and allows for Plan Sponsors who offer prescription drug coverage to their qualified covered retirees to receive a 28% subsidy for allowable drug costs. The time required to complete this information collection is estimated to average less than 151 hours per response, including the time to review instructions, search existing data resources, gather the data needed, to review and complete the information collection. This information collection is required under §1860D-22 of the Social Security Act (Act), added by the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) and implementing regulations at 42 CFR part 423 subpart R and that laws, regulations, and guidance associated with the Health Insurance Portability and Accountability Act (HIPAA) of 1996, and the Privacy Act of 1974 will apply to any information collected by CMS for purposes of this. 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 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. CMS' RDS Center will apply a mandatory payment reduction on applicable plan months when calculating interim payment requests and the Reconciliation Payment Request for affected Applications. 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.

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:

1. The Account Manager must go to the RDS Program Web Site at <https://www.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, 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.

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](https://www.rds.cms.hhs.gov), at <https://www.rds.cms.hhs.gov>.

Where to go for more information

Visit the RDS Program Web Site at <https://www.rds.cms.hhs.gov> for detailed information on the RDS Program, including CMS guidance and Common Questions.

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.

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

PART I.

A. Plan Sponsor Account Registration

Complete the required information in items 1-6 for the Plan Sponsor Account

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

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

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)).

The Account Manager must complete the required information in items 1-4 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 1-9.

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

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 1-6 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:

- Manage Banking Information
- Define Benefit Options
- 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 1-9 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.

H. Multi-Factor Authentication (MFA)

Updated Federal security policies require that each RDS Secure Web Site account must activate Multi-Factor Authentication (MFA) prior to accessing the RDS Secure Web Site.

All users must complete items 1-3 in order to gain access to the RDS Secure Web Site.

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.

B. Benefit Option(s) Provided Under This Plan

Complete the required information in items 1-4 for each benefit option in the plan for which you are requesting the RDS subsidy payment.

Item 2 – 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 4 Specify the method with which you will communicate retiree information with CMS' RDS Center.

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 1-4 to invite/assign an Actuary to the application.

D. Actuary Information

The Actuary must complete the required information in items 1-9.

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).

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).

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.

Please provide the required information for items 1-12 for the Plan Sponsor's bank and related information.

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. The RDS Secure Web Site defaults all applications to a Monthly frequency. Although up to twelve (12) interim payments are permitted with a Monthly Payment Frequency, a Plan Sponsor may choose to submit fewer than twelve interim payment requests. The actual frequency of payment requests is at the complete discretion of the Plan Sponsor; for example, with a Monthly Payment Frequency, a Plan Sponsor may choose to submit a payment request monthly, quarterly, or annually.

PART VI.

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 Beneficiary Identifier (MBI) is known. However, please provide the SSN and MBI if both are known to ensure the most accurate data match.
- Medicare beneficiary identifier (MBI) - This field may be left blank if the Social Security Number (SSN) is known. May contain: Medicare Beneficiary Identifier (MBI) of the beneficiary for whom you are seeking subsidy or the Medicare Health Insurance Claim Number (HICN) of the beneficiary for whom you are seeking subsidy.
- Date of Birth
- Gender
- Relationship to the Retiree (self, spouse, dependent)
- Transaction Type (add, update, delete)

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

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.

Part VIII.

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