GBS Health Benefits Compliance

# Transparency: Prescription Drug Data Collection (RxDC) Reporting

Under the Consolidated Appropriations Act (CAA) of 2021, group health plans and health insurance issuers must annually submit detailed informational reports on prescription drug and health care spending to the DOL, HHS and IRS. The actual submission is sent to HHS electronically via the Centers for Medicare & Medicaid Services (CMS) online portal. This reporting is referred to as "Prescription Drug Data Collection" or more commonly, "RxDC reporting".

RxDC reporting applies to all employers that sponsor group health plans (fully insured, self/level-funded health plans and grandfathered plans) as well as insurers of group health plans.

RxDC reports are due annually and must be submitted by June 1 each year. Reports are submitted electronically through an online portal maintained by the Centers for Medicare and Medicaid Services (CMS) called the HIOS system. The CMS RxDC website includes several resources including updated RxDC reporting instructions, FAQs, as well as links to helpful instructions for accessing the HIOS system and then navigating within the HIOS system after entering the HIOS portal.

RxDC reports are based on data from the full prior calendar year, even for non-calendar year plans. A complete RxDC report is (for most employers) comprised of the following ten files:

- One "P file" (P stands for Plan)
    - The plan file (usually P2) identifies the plan (employer) reporting and includes information such as: the beginning and end dates of the plan year, the number of members, and the states in which the plan or coverage is offered.
- Eight "D files" (D stands for Data)
    - D1 Premium and Life-Years
    - D2 Spending by Category
    - D3 Top 50 Most Frequent Brand Drugs
    - D4 Top 50 Most Costly Drugs
    - D5 Top 50 Drugs by Spending Increase
    - D6 Rx Totals
    - D7 Rx Rebates by Therapeutic Class
    - D8 Rx Rebates for the Top 25 Drugs
- One "narrative response" (full sentence answers to questions)



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## Using Third Parties to Submit RxDC Files

Employers commonly use third parties, such as issuers, third-party administrators (TPAs) and pharmacy benefit managers (PBMs), to submit RxDC reports on behalf of their health plans. Employers using third parties to submit RxDC reports should ensure that this reporting responsibility is reflected in a written agreement with the third party. Interim final rules provide some guide on this issue:

- If the issuer of a fully insured group health plan is required by written agreement with the plan (employer sponsor) to submit the RxDC report but fails to do so, then the issuer–not the plan – violates the reporting requirements.
- However, unlike fully insured plans, the legal responsibility for RxDC reporting stays with a self-funded plan (employer) even if a third party (for example, TPA or PBM) agrees to provide the report on the plan's behalf.

Employers usually receive a request several months prior to the June 1 deadline from their third-party vendor(s) to provide plan-specific information the vendor does not have, such as enrollment and premium data. This information is necessary to complete the RxDC submission. Employers should watch for these vendor surveys. data collection instructions, and other related requests and respond promptly, within the vendor's deadline, so the employer is not stuck with creating and submitting the RxDC report on its own.

Employers may need to work with multiple third parties to complete the RxDC report for their health plans. For example, a self-insured employer may use both its TPA and PBM to submit different portions of the RxDC report. Separate submissions are allowed, but note the report is considered complete only when CMS receives all required files, regardless of who submits them.

## Employer Steps

Employers should consider taking the following steps to comply with the RxDC reporting requirement:

- Reach out to issuers, TPAs or PBMs, as applicable, to confirm they will submit RxDC files for your health plan
- Respond promptly and timely to any information requests from the third party submitting the RxDC files for your health plan
- Confirm that your written agreement with the third party submitting RxDC files has been updated to include this reporting responsibility; and
- For self-insured health plans, monitor the third party's compliance with the RxDC reporting requirement.

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This document is not intended to be exhaustive, nor should any information be construed as tax or legal advice.