

EMPLOYEE BENEFITS

Centers for Medicare and Medicaid Services (CMS) Updates to Prescription Drug Data Collection (RxDC) Reporting Instructions

2023 Calendar Year Reference Year

March 2024

In January 2024, the Centers for Medicare and Medicaid Services (CMS) released updated [RxDC Reporting Instructions](#) for the 2023 calendar year/reference year. [Key material changes have been made to the 2022 reference year reporting instructions in the updated 2023 RxDC Reporting Instructions, which include the following clarifications and updates.](#)

For the 2023 reference year, CMS will begin enforcement of the aggregation restriction, which was previously suspended through the 2022 reference year. The aggregation restriction requires that the most granular aggregation level that applies to all healthcare spending other than the pharmacy benefit must be used when more than one reporting entity submits data files on behalf of the same plan, issuer or carrier. Per the instructions, “data submitted in files D3-D8 must not be aggregated at a less granular level than the aggregation level used by the reporting entity that submitted the data in file D2 Spending by Category.” (Section 5.6)

- If data reported in the D2 File is aggregated according to the plan sponsor, Files D1 and D3-D8 must also be aggregated based on the plan sponsor’s FEIN.
- If the data in File D2 is aggregated under the EIN of a TPA or issuer or another level that is not the plan sponsor FEIN (for example, the pharmacy benefit manager), the reporting entities for D1 and D3-D8 files may choose to aggregate at the same level as the D2 File or aggregate at the level of the plan sponsor’s FEIN.
- Reporting entities submitting different files are not required to aggregate at the same level. For instance, if the TPA is reporting under its EIN for D2 purposes, the D1 reporting entity (if it is different than the TPA) could aggregate at the plan sponsor aggregation level, and the entity reporting for D4 could aggregate at the same level as the TPA. However, if “...more than one reporting entity is submitting D2 reporting on behalf of the same plan, issuer, or carrier, the reporting entity that submitted D2 information at the most granular level shall serve as the aggregation level and the reporting entity for purposes of the aggregation restriction” (e.g., at the plan level).
- » As a result of this change, if multiple reporting entities are submitting D2 data files on behalf of a plan, the plan sponsor should confirm with the reporting entities that they are complying with the aggregation restriction, especially when the data in the D2 File is aggregated at the plan sponsor level.

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The updated instructions (Section 6.1) simplified calculation methods for various premium elements included in the reporting, such as:

- Clarification on how total monthly premiums should be calculated for a fully insured plan, reflecting that the total annual premium should be divided by 12 instead of reporting the average monthly premium on a per-member basis.
- Details on items that should be included in premium equivalents for a self-insured plan have been added, and restrictions on reporting on a cash basis (using paid claims) rather than on an incurred basis have been removed.

The new guidance added the following items:

- Instructions on populating the benefit carve-out field in the P2 file (Section 4.2).
- Details on how to report information in the prior years column in the D5 File and how to represent plans when the plan contributes to the prior year.

An enrollment column was added to the D6 File (Section 8.3).

- The update in the 2023 RxDC instructions also provides more information on how to report retained rebate information when exact amounts are unknown and how to submit data when the files exceed the maximum size limit in the HIOS system (Section 3.6).
- Clarified that medical devices, nutritional supplements and OTC medications are excluded from the prescription drug D3-D5, D7-D8 Files, except where the product's NDC is on the CMS Drug and Therapeutic Class Crosswalk (Section 8.1).

The deadline for submission of the RxDC reporting to CMS for the 2023 calendar year reference year is **June 1, 2024**.

With the assistance of legal counsel, employers should consider beginning discussions with their vendors regarding how they will address these changes to the RxDC instructions for the 2023 calendar year reference year.



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