



CMS Announces Three-Month Delay in Filing Deadline for Final RDS Reconciliation

On March 24, CMS posted an [announcement](#) delaying the reconciliation deadline for plan sponsors with RDS applications for plan years ending in 2006 by three months to June 30, 2008. Applications with plan years ending in the first three months of 2007 have also been granted an automatic three-month extension.

Background

Under the Medicare Retiree Drug Subsidy program (RDS program), plan sponsors that seek reimbursement from Medicare and receive at least one interim payment must go through a mandatory reconciliation process. (For plan sponsors who did not receive any interim payments, this mandatory reconciliation process would be their only payment request.) Under this reconciliation process, plan sponsors will match their enrollment and member eligibility with CMS records, validate their coverage of drug claims, “true up” their costs with Medicare’s allowable costs, adjust for rebates and compare the final reconciliation amount against the interim payments the plan sponsor received. For plan years ending in 2006, this final reconciliation was to be completed by March 31, 2008. Otherwise any interim payments received by the plan sponsor would have to be returned to CMS.

CMS Extension of Reconciliation Deadline

CMS has extended the reconciliation deadline for all RDS applications with plan years ending in 2006 to June 30, 2008. The reconciliation deadline for applications with plan years ending in the first quarter of 2007 (January, February or March 2007) has automatically been extended by three months (to July 31, August 31 or September 30, 2008, respectively) as well. The reconciliation deadline for applications with plan years ending on or after April 1, 2007 has not changed and remains the last day of the fifteenth month following the last day of the RDS plan year specified in the RDS application.

BUCK COMMENT. *The CMS announcement states that plan sponsors who fail to meet the new reconciliation deadlines will not be granted any additional time to complete the final reconciliation. Since CMS will not consider any plan sponsor requests for further extensions, plan sponsors must work with their pharmacy benefit managers to ensure that this new deadline is met.*

CMS advises that any interim payments received by an affected plan sponsor who fails to meet the revised deadline will be considered overpayments and that CMS will initiate immediate overpayment recovery actions. Plan sponsors with applications affected by the notice who fail to meet the revised deadlines and who have not received any interim payments will not be eligible for any subsidy payments for those applications. Further, CMS' decision whether or not to provide any further extension or to deny a request for an extension is not subject to appeal.

Conclusion

This new guidance is welcome news for plan sponsors and their pharmacy benefit managers who have been striving to comply with the March 31st deadline. The three-month extension will provide many plan sponsors with the additional time needed to review the reports prepared by their plan administrators and complete the final reconciliation. Buck's consultants would be pleased to discuss this CMS guidance and any other aspects of the RDS program with you.

This FYI is intended to provide general information. It does not offer legal advice or purport to treat all the issues surrounding any one topic.