

Part D Advisors Newsletter

Quarter 2, 2009

2010 LIMITS AND THRESHOLDS, REPORTING DRUG COSTS WITH MULTIPLE PBMS, CHANGING RETIREE BENEFIT PLANS CAN AFFECT YOUR ELIGIBILITY FOR FUTURE SUBSIDY

2010 LIMITS AND THRESHOLDS

On February 20th, 2009 the CMS released the adjusted cost limit and threshold amounts for all plan years ending in 2010. The new threshold and limit reduction amounts are \$310 and \$6300, respectively. These changes reflect the average increased amount of out of pocket spending for prescription drugs between 2009 and 2010. Threshold and limit reduction values for Plans years ending in 2006, 2007, 2008, and 2009 remain unaffected.

For all plan years ending in 2010, the new threshold and limit reduction are \$310 and \$6300.

When submitting all final cost reports, interim payment requests, and annual payment requests for plan years ending in 2009 the new threshold and limit reduction values must be used.

REPORTING DRUGS COSTS WITH MULTIPLE PBMS

The [CMS recently released guidance](#) admonishing plan sponsors to be very careful when reporting costs from multiple Pharmacy Benefit Managers. Plan sponsors must always report all cost data for each and every qualifying covered retiree for whom they claim the retiree drug subsidy. Switching PBMs during or between plan years is not an excuse for having gaps in the data. Likewise, after reconciliation is complete the plan sponsor must contact any PBMs who provided them with retiree data during the plan year and collect all necessary data themselves in the event they are audited for up to six years.

“All Plan Sponsors, including those that are using multiple pharmacy benefit managers (or vendors) for a given application and those that change pharmacy benefit managers (or vendors) prior to completing payment reconciliation with the RDS Center for a given plan year for an application, must report aggregated data for each and all qualifying covered retirees for whom they claim the retiree drug subsidy.”

Applications with multiple PBMs can become very complicated and confusing, and many plan sponsors end up abandoning subsidy dollars they are entitled to because of incomplete reporting. Part D Advisors, Inc. has considerable experience on applications with multiple PBMs, and can be an invaluable resource for plan

sponsors who find themselves overwhelmed. In addition to correctly reporting all retiree costs and establishing the necessary data sharing relationships, Part D Advisors will maintain all the data in house for six years ensuring complete audit protection and peace of mind to their clients.

CHANGING RETIREE BENEFIT PLANS CAN AFFECT YOUR ELIGIBILITY FOR FUTURE SUBSIDY

Many plan sponsors are faced with a difficult choice when they learn that in order to lower costs; they must increase retiree contributions, raise co-pays, or completely alter their drug plan. What is important to remember when facing these tough decisions is exactly what is at stake. The Retiree Drug Subsidy is only available to plan sponsor's whose plan design is creditable and has been attested to by an actuary. Any significant increases in contribution rates and co-pays can render a plan non-creditable as it becomes less generous than Medicare. In these tough economic times many plan sponsors will be faced with a budget shortfall and will seek to increase contributions to help make up the difference. The inherent risk is that by lowering costs to save a set amount, you may become ineligible for subsidy payments that could be worth as much or more than the amount of money saved by making the changes. Unfortunately many plan sponsors are forced to make just such a choice, and end up losing out on subsidy payments that could have bolstered their suffering budgets. Any plan sponsor who finds them self considering such plan changes should consult Part D Advisors to see how severely the changes will affect their subsidy collection. Part D Advisors can make suggestions that can help ease your budget troubles without sacrificing the retiree drug subsidy payments to which you are entitled.

Best of Luck!

Part D Advisors, Inc

(This article was prepared by Part D Advisors, Inc as a Subsidy Tip in the 2nd Quarter Newsletter. If you wish to print and share the information in this newsletter, this Part D Advisors, Inc "credit" statement must be included. For more information regarding Part D Advisors, Inc or its services, please visit www.PartDAdvisors.com or contact Part D Advisors, Inc at (888) 447-2783.)