

[Redacted]  
[Redacted]

January 8, 2019

via: Phone  
Email  
Fax Number  
Certified Mail  
RDS-9712017

First mailed 01/08/2019 01:05

The original budget for the RDS program was about \$6 billion dollars. Today, however, the program pays out about \$7.5 billion. It has never been \$7.5 billion.

[Redacted]  
[Redacted],  
[Redacted], [Redacted]  
**Personal & Confidential**  
Attn: [Redacted], Director  
[Redacted] Deputy Director

Dear Mr. [Redacted]

My name is [Redacted] and I am the National Director for Accounts at [Redacted Company Name].

[Redacted] is the Centers for Medicare and Medicaid Services Retiree Drug Subsidy program authorized administrator and submitter of choice; for retiree plan sponsors. Each year, [Redacted Company Name] reviews the more than 7.5 Billion dollars of drug subsidy payments made by the Federal Government's Retiree Drug Subsidy program. This review is to verify the sufficiency of subsidy payments made to plan sponsors participating in the Retiree Drug Subsidy program.

This statement is misleading as it implies this company has some sort of special authorized or preferred administrator status with the Centers for Medicare and Medicaid Services for the Retiree Drug Subsidy program. They do not as no such status exists for this program.

[Redacted Plan Sponsor Name]] is listed as an active retiree plan sponsor in the Retiree Drug Subsidy program. [Redacted Company Name] has just completed the semi-annual subsidy review of the [Redacted Plan Sponsor Name] account number RDS-9712017 on 01/08/2019 01:05.

This is inaccurate. The RDS program is not 28% of total plan costs. It applies only to eligible drug costs incurred by eligible members.

The subsidy payment review process is an important step that [Redacted Company Name] completes for plan sponsors. This value-added service ensures the subsidy payment that [Redacted Plan Sponsor Name] receives is optimized and [Redacted Plan Sponsor Name] is receiving the full benefit of the Retiree Drug Subsidy program. The fact is that many plan sponsors are averaging only 18% subsidy payments of total plan costs. Therefore, the review process is very important and designed to keep your retiree drug benefits financially viable by capturing the full 28% subsidy that plan sponsors should be receiving.

There is no way any one can know this without access to a plan sponsor's claims data. This is a complete shot in the dark.

I am writing you because our annual review of the Retiree Drug Subsidy Payments [Redacted Plan Sponsor Name] has received indicates there has been an underpayment on the \$ 1,098,939.00 paid by the RDS program over the last four eligible years. The underpayment of the Retiree Drug Subsidy that [Redacted Plan Sponsor Name] received is a "known variable" that will occur due to an inherent flaw in the 2003 Medicare Modernization act that authorized the Retiree Drug Subsidy program.

Be assured; that the subsidy requests that have been submitted over the last four years by [Redacted Plan Sponsor Name] are compliant and accurate. However, the statute always allows for your account to be reviewed by the Centers for Medicare and Medicaid Services for additional subsidy payment opportunities.

Again, there is no way to know something like this without having access to the plan sponsor's data and doing a thorough and complete review of their filings.

There is no "known variable" in the Retiree Drug Subsidy program or inherent flaw in the law that causes automatic underpayments to plan sponsors. This is completely made up.

Phone: [REDACTED] email: [REDACTED]

This is  
just the  
plan  
sponsor's  
2012 -  
2015  
RDS →  
filings  
multiplied  
by 10%.  
That's it.  
No fancy  
analysis  
here.

*This figure is almost certainly just a guess. There is no way for anyone to have a good RDS estimate for a plan sponsor without first collecting their claims and eligibility data. It's just not possible.*

The current amount potentially eligible in 2018 for an additional subsidy payment is \$ 1,098,939.00. This is a variation from the 2017 eligible amount of \$ 1,081,467.00. The delta in the plan years indicates a potential underpayment has occurred in the prior four years because [Redacted Plan Sponsor Name] drug benefit plan costs have not been adjusted by the equivalent percentage, as indicated on the IRS Form 5500 benefit plan filings or similar data source and registered retiree population of ???

*This is very misleading because while the CMS may not charge a fee to collect these dollars, this company certainly does.*

Furthermore, [Redacted Plan Sponsor Name] may have had a plan change that occurred in the last four years, but this will have no effect on your potential Retiree Drug Subsidy recovery in the four-year review period.

The Centers for Medicare and Medicaid Services allows you to request payment of this shortage at no cost to [Redacted Plan Sponsor Name] but, the time to recover these additional subsidy funds are limited by the Retiree Drug Subsidy statute. If there is no action to recover these subsidy funds within the statutes window of opportunity, [Redacted Plan Sponsor Name] will forfeit a projected subsidy recovery of \$ 109,000.00 or more.

*Again, this is just a 10% improvement based on a guess of what they think the plan sponsor might be eligible for. They have no concrete information to base that on.*

[Redacted Company Name] will also contact the listed consultant and or the broker listed on the Form 5500 or similar data source for [Redacted Plan Sponsor Name], but this action may result in the consultant being non-responsive due to being unfamiliar with the Retiree Drug Subsidy program. Therefore, I have scheduled a time to meet with you and present our findings, explain the steps to recovering the unpaid subsidy and how to start the process within the RDS recovery program.

*If you have a Third-Party Administrator, Broker, Consultant or Actuary that manages your Retiree Drug Subsidy program, you should have them contact the [Redacted Company Name] document control center at [REDACTED] immediately for further information related to the [Redacted Plan Sponsor Name] benchmark and subsidy recovery report.*

I will be calling your office in the near future as a follow up to this letter, but if you prefer; please call me directly at [REDACTED] to discuss the recovery of the funds and the next steps in that process. Additionally, I will also be traveling in the area of your corporate offices within the next few months and have scheduled a time to meet with you while in your area, but this appointment must be confirmed by your office. If it is easier for you to schedule an appointment sooner, please call my office and we will advance the appointment date that we have scheduled.

I am looking forward to speaking with you in the coming days on this time sensitive and financially important matter.

Sincerely,

[REDACTED]  
National Sales Director

[REDACTED]  
[https://www.linkedin.com/in/\[REDACTED\]](https://www.linkedin.com/in/[REDACTED])

Cell: [REDACTED]