RDS Reconciliation Job Aid

Plan Sponsors may use this Reconciliation Job Aid to manage reconciliation using the ***Reconciliation Checklist***. The following are some things to keep in mind during reconciliation:

- In most cases, reconciliation can be initiated one day after the end of the plan year. For details, go to: When Can Plan Sponsors Begin Reconciliation? Reconciliation **must** be completed by the application's reconciliation deadline.
- Plan Sponsors that elected an annual RDS payment frequency, or did not receive any interim payments, and wish to receive a single subsidy payment must use the ***Reconciliation Checklist*** to submit the payment request for the application.
- Although a Plan Sponsor may have multiple applications, each application must be reconciled individually.
- Reconciliation steps must be completed in numerical order by a user with the appropriate role (described below), but all steps may be accessed at any time in View Only mode.

Reconciliation Step	Purpose	User Role	Reminders	Assigned To & Due Dates
Prepare for Reconciliation	Prepare all necessary data and allocate all necessary resources.	Individuals appointed by the Plan Sponsor	• The application must be in "Approved" or "Approved Appeal" status. • All desired interim payment requests must be submitted. (The maximum number of interim payment requests does not have to be used before initiating reconciliation.) • Final rebate information must have been received. • All drug claims must have been processed and final cost data for the plan must have been determined by communicating with all cost reporters (e.g., Vendors, Pharmacy Benefit Managers, etc.) ◦ All data about individual qualifying covered retirees must have been aggregated at the application level so that the cost threshold and cost limit are appropriately applied against a retiree's cost data. For additional information, go to: Coordination of Individual Retiree Costs. • Decide who will submit final cost reports. (Will they be the same Cost Reporters that were active during interim cost	

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			reporting?) • Decide who should review and verify the final cost reports. • Decide who should finalize the reconciliation payment request in Step 9 of the Reconciliation Checklist before the AR reviews the payment request in Step 12 of the Reconciliation Checklist. • Decide who should review and/or update the existing Electronic Funds Transfer (EFT) banking information. • Communicate the RDS reconciliation roles to all individuals involved and ensure they have the proper ***RDS Secure Web Site*** access. • Plan Sponsors should validate that all qualifying covered retiree information and subsidy periods are accurate by requesting, downloading, and reviewing the Covered Retiree List using the ***Manage Retirees*** *page*.	
Step 1: Initiate Reconciliation	Indicate to CMS' RDS Center that the Plan Sponsor is ready to finalize the qualifying covered retiree list, complete all financial accounting for qualifying covered retiree cost data and rebates, and submit the final reconciliation payment request to CMS' RDS Center.	AR AM D/RP (View Only)	• 15 calendar days must have passed from the date of the last payment determination before Step 1 can be initiated. • After this step is complete, it cannot be canceled or undone. • After this step is complete, interim cost reports and interim payment requests are no longer accepted and can no longer be appealed. • Final cost reports will not be accepted by CMS' RDS Center until Step 5 is complete. • Mainframe cost reporters must be advised that final cost data may not be reported until further communication is received from the Plan Sponsor.	
Step 2: Review Payment	Review current	AR	• After Step 1 is completed, Payment Setup cannot be modified	

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Setup	payment setup options and determine who should report final cost data and prepare the reconciliation payment request, and ensure those individuals are included in the payment setup options by adding and/or deleting them as necessary.	AM D/RP (View Only)	through the ***Application List*** page; it can only be modified through Step 2. • This step may be reopened at any time during reconciliation to change payment setup options; however, the step must have a status of "Completed" in order to continue with any subsequent steps. • The Plan Sponsor should: – Determine if any additional Cost Reporters must be added for final cost reporting – Determine if any Designees that have the Request Payment privilege should not participate in the preparation of the reconciliation payment request – Determine if any additional Designees should be granted the Request Payment privilege to allow preparation of the reconciliation payment request – Determine if the Designees participating in reconciliation need Complete EFT Information privilege – Determine if the Designees participating in reconciliation need Retiree Data privilege • After final cost data has been reported, the following **cannot** be done: – Unassign a Vendor with a Mainframe Reporting Method from a benefit option if that Vendor has reported cost data. – Unassign AM or a D/RC from a benefit option if the Plan Sponsor has reported cost data using mainframe and another Cost Reporter is not assigned to that benefit option. – Change the reporting method after cost data have been reported.	
Step 3: Request Covered Retiree List	Request a current list of qualifying covered	AR AM	• The Plan Sponsor is **REQUIRED** to review this list, and may only submit cost data for the beneficiaries, benefit options, and	

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	retirees from CMS' RDS Center, download the file from the ***RDS Secure Web Site*** and verify the covered retiree list.	D/RP D/RP/Retiree- may download list	subsidy periods included in the covered retiree list. • This list is in a Comma Separated Value (CSV) format and includes the same fields currently required in RDS covered retiree reporting plus two additional fields that will give reporting source information for the convenience of the Plan Sponsor. • The list can be requested multiple times, but can only be requested once per day. • The list will be available for download using, the ***Manage Retirees*** page, within two business days after the request was made. • The covered retiree eligibility information provided in this list should be verified by the Plan Sponsor, especially if multiple sources are reporting for an individual retiree. • After Step 4 is completed, additional covered retiree lists cannot be requested and the Plan Sponsor will only be able to report final cost data for the beneficiaries, benefit options, and subsidy periods listed in the last requested covered retiree list. • A retiree may be covered under more than one benefit option within an application. If this occurs, cost reporting for individual retirees must be coordinated to appropriately report threshold reductions and limit reductions. For additional information, go to: Coordination of Individual Retiree Costs.	
Step 4: Finalize Retiree List	Agree with the beneficiaries, benefit options, and subsidy periods included in the covered retiree list.	AR AM D/RP (View Only) D/RP/Retiree - may download list but not	• The covered retiree list agreed to in this step provides the basis of the reconciliation payment request. Those retirees and their corresponding subsidy periods will be the basis for the reconciliation payment request. • If the Plan Sponsor does not agree with some or all of the records in the list, the Plan Sponsor may either resubmit the retiree records in question or submit a full retiree list to the RDS Center.	

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		complete step	• The Plan Sponsor will have the opportunity to work with CMS' RDS Center to resolve any covered retiree discrepancies.	
Step 5: Start Preparation of Reconciliation Payment Request	Indicate readiness to start sending final cost reports to CMS' RDS Center for the application.	AR (View Only) AM D/RP	• After this step is completed the **Final Costs** action can be selected from the drop down box on the ***Application List*** page. Data entry final cost reports may be entered through the **Final Costs** action much like interim costs reports were. Mainframe final cost reports will be submitted in the same file format as were interim cost reports. Final cost reports will continue to be accepted until Step 6 is completed. • If cost reports are expected from Vendors using mainframe submission, the Plan Sponsor should get the expected delivery date for the final cost file submission from their Vendors. • Make sure all Cost Reporters are prepared to submit final cost data corresponding to the agreed upon covered retiree list	
Step 6: Manage Submission of Final Cost Reports	Monitor and verify submission of final costs for the entire application and from all cost reporting sources.	AR (View Only) AM D/RP	• The Plan Sponsor should be aware of the status of cost reporting from all Cost Reporters assigned to the application. • When submitting final cost data, **all months** must be re-reported for reconciliation. Previous interim cost reports cannot be used for a given month even if there are no changes. • Every benefit option with an interim payment greater than zero must have a corresponding final cost report that includes cost data for all months of the plan year. Zero cost data will be accepted. • Pay close attention to the cost threshold and cost limit for individual beneficiaries that are covered under more than one benefit option and/or have cost data reported by more than one source to be sure that the calculation of cost data are coordinated within the application. For additional information, go to: Coordination of Individual Retiree Costs.	

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			• If submitting cost data for plan years that begin in calendar year 2005, submit 2005 drug cost data for qualifying covered retirees to be counted toward the cost threshold and cost limit for 2006. • Estimated premiums cannot be submitted during reconciliation. Actual drug cost data must be obtained and reported. • If multiple Cost Reporters are reporting final cost data, make sure the effort is coordinated since completion of this step prevents any additional final cost reporting for all benefit options. • The Plan Sponsor should be working with the Vendor to resolve all error conditions. • If cost reports are expected to be entered using Data Entry, the Plan Sponsor should be monitoring the status of each cost report to ensure that no part of the cost report is left in "Data Entry: Saved" status because that is an indication that cost reporting is not yet complete from that Cost Reporter. • When this step is in "Complete" status, cost reports will no longer be accepted.	
Step 7: Review Final Costs	Confirm all final cost reports for the application for each benefit option.	AR (View Only) AM D/RP	• If more than one Cost Reporter is reviewing final cost data, make sure the effort is coordinated to ensure accuracy. • It is expected that the Plan Sponsor will have internal supporting drug cost details and summarized data that validates all final cost data being reported. Furthermore, it is expected that the Plan Sponsor will compare the summarized data with the final cost reports that have been submitted to ensure that the final cost data that could be included in the reconciliation payment request are accurate.	

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			• If necessary, the Plan Sponsor can decide to once again allow final cost reporting using Step 6.	
Step 8: Enter Revisions to Final Costs	State whether final cost revisions are necessary as a result of: (1) coordinating individual beneficiaries' threshold and limit reductions and/or (2) rebates or other price concessions (directly from a drug manufacturer to the Plan Sponsor) that cannot be incorporated in the existing final cost reports.	AR (View Only) AM D/RP	• ***If cost revisions are necessary, reconciliation should not be initiated at this time.*** (Do not complete any of the before-mentioned reconciliation steps in the ***RDS Secure Web Site***.) The ***RDS Secure Web Site*** feature to revise final cost data will be available in Fall 2007. • Only revisions to the threshold reduction, limit reduction, and actual cost adjustment data are permitted in this step. Any changes to gross retiree cost data must be made by submitting a final cost report. • CMS' RDS Center encourages Plan Sponsors with final cost revisions to address these revisions by adjusting and resubmitting final cost reports whenever possible. Please keep in mind that Step 6 must be marked "Allow Cost Reporting" to enable cost reporters to access the **Final Costs** action for data entry and for final mainframe cost reports to be accepted. Revising cost data in this manner eliminates the need to revise cost data using Step 8.	
Step 9: Finalize the Reconciliation Payment Request	Agree that the final payment request is ready to be reviewed by the Authorized Representative.	AR (View Only) AM D/RP	• Plan Year Application Summary and Benefit Option Summary tables show the reconciliation payment request amount. If correct, select **Submit**. • If the payment request amount is not correct, the Plan Sponsor must revisit Steps 6 through 8 in order to correct the underlying cost data.	
Step 10: Review Electronic Funds Transfer (EFT) Information	Review and if necessary, update EFT information to ensure the reconciliation	AR AM D/RP/EFT D/RP (No	• If the current EFT information is not updated when completing Step 10, Step 11 is automatically completed. • EFT information provided by the Plan Sponsor must be for Automated Clearing House (ACH) deposits and NOT wire	

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	payment is deposited into the correct account.	Access)	transfers.	
Step 11: Approve Changed Electronic Funds Transfer (EFT) Information	Approve revised EFT information for reconciliation.	AR AM (View Only) D/RP(No Access)	• If EFT information was not updated when completing Step 10, no action is required for this step.	
Step 12: Review and Submit Reconciliation Payment Request	Review reconciliation payment request and submit or reject the request as appropriate.	AR AM (View Only) D/RP (View Only)	• Rejecting the payment request will require Step 9 through Step 11 to be completed again with any necessary corrections. • This step is only considered "Complete" if the AR accepts and submits the reconciliation payment request. • After this step is complete, reconciliation is final and cannot be revised or canceled. • The reconciliation request will be processed by CMS' RDS Center and any monies owed will be deposited using an ACH transaction to the bank account specified in Step 10. If the request results in an overpayment (money is owed to the RDS Center), CMS will initiate proceedings to recover the funds.	

Abbreviation Glossary

- **ACH** – Automated Clearing House
- **AM** – Account Manager
- **AR** – Authorized Representative
- **CSV** – Comma Separated Value
- **D/RC** – Designee with Report Cost privilege
- **D/RP** – Designee with the Request Payment privilege
- **D/RP/EFT** – Designee with Request Payment and Electronic Funds Transfer privilege
- **D/RP/Retiree -** Designee with Request Payment and Retiree Data privilege
- **EFT** – Electronic Funds Transfer
- **PS** – Plan Sponsor
- **RDS** – Retiree Drug Subsidy
- **SWS** – Secure Web Site