Cracking the Code on RxDC Reporting

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Prescription drug spending has been a hot topic in the benefits world for years. With the ongoing focus on transparency in healthcare costs, employers and their advisors have more reporting responsibilities than ever. One key requirement? RxDC reporting.

If you're advising employer groups on their benefits strategy, understanding RxDC reporting is critical, not just for compliance, but also for ensuring your clients aren't caught off guard by deadlines or penalties. Let's break it down.

What Is RxDC Reporting?

RxDC stands for Prescription Drug Data Collection. This reporting requirement stems from the Consolidated Appropriations Act of 2021 (CAA) and is enforced by the Centers for Medicare & Medicaid Services (CMS). The purpose is to give federal agencies a clearer picture of how prescription drug costs impact overall healthcare spending.

Employers (or their reporting entities, such as carriers and TPAs) must submit detailed data on prescription drug costs, medical spending, and plan funding arrangements. The idea is to increase transparency and help policymakers evaluate trends in drug pricing and healthcare costs.

Who Is Responsible for RxDC Reporting?

The responsibility for submitting RxDC reports largely depends on how an employer's health plan is structured.

For fully insured plans, the insurance carrier typically handles the reporting. However, employers should still confirm with their carrier that the reporting is being taken care of. Assuming the carrier is handling it without verification can lead to compliance issues.

For self-funded and level-funded plans, the employer holds ultimate responsibility for compliance. Many third-party administrators (TPAs) and pharmacy benefit managers (PBMs) assist with reporting, but it's critical that employers verify this and have clear documentation of who is handling the submission. Without written confirmation, they risk falling into a compliance gap.

What Needs to Be Reported?

RxDC reporting goes beyond just listing drug costs. It provides an in-depth look at healthcare spending patterns. The submission includes total spending on prescription drugs, the most frequently prescribed drugs, and the drugs with the highest price increases to name a few. Additionally, plans must report rebates, fees, and any other discounts received, along with overall healthcare spending. See a more detailed breakdown below:

- **Total prescription drug spending** – How much was spent on prescription drugs, both by the plan and the members.
- **Top 50 most frequently prescribed drugs** – A breakdown of the most common prescriptions within the plan.
- **Top 50 costliest drugs** – Not just what's prescribed the most, but what's taking the biggest chunk of the budget.
- **Top 50 drugs by spending increase** – A list of medications that have seen the largest jump in spending year-over-year.
- **Rebates, fees, and other compensation received** – How much money was received from pharmaceutical companies in the form of rebates or administrative fees.
- **Premium and benefit cost-sharing details** – A look at how much members are paying versus how much the employer is covering.

This level of detail requires close coordination between employers, carriers, PBMs, and TPAs. Without proper data collection and review, inaccuracies can arise, leading to potential compliance risks.

Deadlines and Submission Process

For 2025, RxDC reports are due by June 1. This annual deadline has been in place since the first submission in 2023, and it applies to data from the previous calendar year.

Reports must be submitted electronically through CMS's Health Insurance Oversight System (HIOS). Because multiple entities may be involved in compiling the data, employers must communicate with their carrier or TPA well in advance. Last-minute submissions increase the risk of errors, missed details, and compliance issues. Advising clients to start gathering necessary information months in advance is key to avoiding unnecessary complications.

Common Pitfalls and How to Avoid Them

While the reporting requirement may seem straightforward, there are a few common challenges that employers often face.

One major pitfall is assuming someone else is handling the report. Employers often believe their carrier or TPA is responsible for submission, but without explicit confirmation, no one may have actually taken ownership. This misunderstanding can lead to missed deadlines and non-compliance. Always verify who is responsible and get it in writing.

Another issue is inaccurate data. Discrepancies in reported costs or missing rebate details can cause compliance problems. Employers should ensure their reporting entity has access to complete, accurate data and conduct a thorough review before submission.

Missed deadlines are also a frequent problem. The June 1 deadline is firm, and late submissions can result in compliance violations. Employers should set internal deadlines well ahead of the submission date to allow time for troubleshooting and corrections if needed.

Legislative Updates and What's on the Horizon

Legislation surrounding healthcare transparency continues to evolve, and RxDC reporting is part of a broader push toward greater oversight of prescription drug pricing. Recent proposals in Congress aim to refine reporting requirements, possibly increasing the level of detail employers must provide or adjusting how rebates and discounts are reported.

Additionally, CMS has indicated that it will continue evaluating data collected through RxDC reports to determine if further regulatory action is needed. While no immediate changes have been announced, agents should stay informed, as adjustments to reporting requirements could impact their clients' responsibilities in the coming years.

Another area to watch is state-level initiatives. Some states are implementing their own reporting and transparency requirements that could overlap with or add to federal RxDC obligations. Employers with multi-state operations should be particularly mindful of these developments.

Why This Matters for Agents

As a benefits advisor, your role extends beyond simply helping clients choose a health plan. Compliance is becoming an increasingly critical part of the job. By proactively discussing RxDC reporting with your clients, you position yourself as a trusted expert who helps them avoid penalties and compliance headaches.

Educating your clients on RxDC reporting strengthens your relationship by providing valuable guidance that goes beyond just plan selection. Even if an employer's carrier or TPA handles the submission, your knowledge and oversight can ensure everything runs smoothly and that your clients remain compliant.

The Bottom Line

RxDC reporting is here to stay, and the sooner employers understand their responsibilities, the better. Agents who proactively bring this topic to their clients will not only help them stay compliant but also demonstrate their value as knowledgeable advisors.

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