

Monday, April 21, 2025

Frequently Asked Question about the Retiree Drug Subsidy Reopening

Q: Why did RDS Services call me about the Retiree Drug Subsidy Program?

A: You were called because RDS Services is specialist administrator for the Retiree Drug Subsidy program and conducts “reopening” on previously filed Centers for Medicare and Medicaid subsidy applications reviewed by our firm.

Q: What is a “Reopening”

A: The Retiree Drug Subsidy program has significant “Over Funding”, therefore many plans are allowed by the Centers for Medicare and Medicaid to resubmit additional data for the previous years through RDS Services proprietary Retiree Drug Subsidy submission process.

Q: Was there a mistake in the first Retiree Drug Subsidy request.

A: No. Your submission was correct as submitted. The additional subsidy recovery is a result of the proprietary software and data aggregation, eligible member’s file and drug cost reference system that RDS Services employs to recover more subsidy dollars allowed by the statute.

Q: How was the projected additional recovery determined for my group?

A: RDS Services reviews the payments made to your group from the Retiree Drug Subsidy program through the RDS Service Center and benchmarks your group size and subsidy payment against the “mean” average of other groups previously reopened by RDS Services.

Q: Can my current vendor do a RDS Services type of reopening for me?

A: No. The RDS Services software, drug cost reference and data migration systems are proprietary and cannot be used by outside vendors.

Q: What will the reopening cost my organization?

A: There is no billing or charges to your organization to have a reopening conducted by RDS Services.

Q: How is the reopening cost paid?

A: If you DO NOT conduct the reopening, you will NOT receive any additional funding from the Retiree Drug Subsidy program and there is no charge from RDS Services. If you DO conduct the reopening, RDS Services will recover a contingent fee of 25% of the total additional recovery and your organization will get 75% of the additional recovery.

Q: Why would my organization NOT reopen the previous four years of Subsidy Payments?

A: There is NO reason you would not do a reopening. WE have determined that your organization has a potential recovery. The subsidy shortage had nothing to do with your previous submission. The shortage was created by an inherent flaw in the Retiree Drug Subsidy statute. The reopening is allowed by CMS to correct the gaps created in the initial statute.

Q: Why would my organization do a reopening?

A: You should always do a reopening when the Centers for Medicare and Medicaid allow your organization to conduct one. Not conducting the reopening subjects your organization to possible implications caused by forfeiting a known subsidy that could have been recovered and was not, due to inaction.



I hope this answers some of your questions and concerns about the reopening process. Please call me as soon as possible to avoid any possible forfeiture of subsidy payments due your organization.

You may reach me at 516-361-9404 at anytime.

Sincerely,

George Fox, LUTCF
National Sales Manager
RDS Services, LLC