

MYTH 1

**The Retiree Drug Subsidy Program is Going Away**



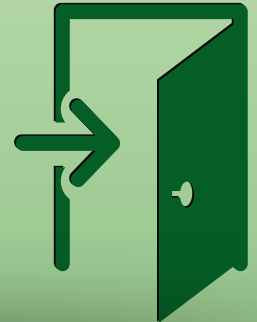
MYTH 2

**All Plan Sponsor Subsidy Payments are now Taxable**



MYTH 3

**Your RDS Obligations End When you Leave the Program**



## MEDICARE PART D RETIREE DRUG SUBSIDY

# Myth vs. Fact

### THREE OF THE MOST COMMON MISCONCEPTIONS OF THE RDS PROGRAM

Under the Retiree Drug Subsidy (RDS) program, the Centers for Medicare and Medicaid Services (CMS) reimburses Plan Sponsors the equivalent of 28% of all Allowable Retiree Drug Expenses that fall between the federally designated Cost Threshold amount and the Cost Limit after Actual Cost Adjustments are removed. This amount is limited per individual, which, like the cost threshold and cost limit, varies from year to year. Given the complexity of the RDS program and the new Federal regulations aimed at improving the U.S. Healthcare system, there are many myths about the RDS program, some of which we've dispelled here.

**FALSE**

The RDS remains a viable options for Plan Sponsors with a multi billion dollar budget for subsidy payments and administration.

**PART D**  
ADVISORS

**FALSE**

The change in taxable status only affects "for profit" entities such as private companies. It will have no affect on the majority of RDS Plan Sponsors.

**FALSE**

All RDS application have a 6 year window during which the CMS can audit old applications. Also, Plan Sponsors can reopen old applications to find additional subsidy.