Consolidated Appropriations Act (CAA) Section 204, Medical and Pharmacy Reporting

Frequently Asked Questions – Updated February 15, 2023

This document provides answers to frequently asked questions about Cigna's support for federal reporting required under CAA Section 204 (excluding SAR, Payer Solutions, Allegiance).

We closely monitor the final rulemaking and provide our clients and producer/consultant partners with information to support their compliance with CAA.

Here are some frequently asked questions (FAQs) and our responses.

1. **What is required under the Consolidated Appropriations Act, Title II, Section 204, Prescription Drug and Health Care Spending Report?**
   - The Medical and Pharmacy Reporting provision (Section 204) requires health plans and payers to report information on plan medical costs and prescription drug spending to the Secretaries of Health and Human Services, Labor, and the Treasury and the Office of Personnel Management (OPM) on an annual basis. This requirement applies to group health plans (including self-funded plans and grandfathered plans) and health insurance issuers offering group or individual health insurance coverage, with the exception of church plans that are not subject to the Revenue Code.
   - On November 17, 2021, the Departments released an interim final rule (IFR) with request for comments (IFC).
     - With the IFR, the Departments released reporting instructions that provided greater technical detail regarding each data element; the reporting instructions were updated on June 30, 2022.
     - The submission requirements pertain to "reference year," defined as the "calendar year immediately preceding the calendar year in which the Section 204 data submissions are due."
   - On June 28, 2022, additional guidance and clarification was added regarding several key report elements, including:
     - Plan list dates, Spend Categories and Total Spending
     - New Additional Categorization – Medical Benefit Known, Medical Benefit Estimated and Requirement to provide Premium Split between Member/Employer in the 2022 report
   - FAQs have been published by CMS between August 2022 and December 2022 for various topics, including:
     - Reporting handling when multiple reporting entities are involved
     - Updated handling for vaccine National Drug Codes (NDCs)
     - Inclusion of wellness services in D2 (Spending by Category data file)
     - Limited enforcement relief for aspects of the December 27, 2022, submission and a submission grace period through January 31, 2023

2. **Does this provision apply to Grandfathered Plans?**
   - Yes
3. **What steps is Cigna taking to support clients in compliance with Section 204?**
   - Cigna will produce medical and pharmacy spend reporting annually for both fully insured and self-funded (ASO) clients.
   - Cigna will directly submit these reports to the U.S. Department of Health and Human Services, Department of Labor, and Department of the Treasury and the OPM.
   - Reports for calendar year 2020 and 2021 were delivered by 12/27/22. For calendar years beginning 2022, reports will be provided by June 1 of the following year.
   - Reports we submit to the government contain information applicable to our collective set of clients and will not be made available to clients.
4. **Will clients receive a confirmation when reports are submitted?**
   - An email will be sent to clients and brokers to confirm Cigna's submission of the required information.
   - As reports we submit contain confidential information applicable to our collective set of clients, we will not provide a Health Insurance Oversight System (HIOS) submission ID to clients.
5. **How does government guidance (as of February 2023) impact Cigna's work for June 1, 2023 report submission?**
   - For the June 1, 2023, submission, which will represent reporting year 2022, Cigna's standard approach (excluding SAR, Payer Solutions, Allegiance) is to submit on our clients' behalf.
   - Cigna will collect employer versus employee premium split, as well as identification of the names and EINs of other entities (such as TPAs, other carriers or PBMs) providing services to a client's employees as part of their health benefits plans.
   - Other than employee premium split and identification of non-Cigna reporting entities, the reports submitted by June 1, 2023 will not incorporate any other data from clients or other external parties nor any data that is not maintained by Cigna.
   - All Data reports we submit will be aggregated by Legal Entity, Situs State and Market Segment.
6. **Will Cigna report on the data for new or termed clients?**
   - Yes. Cigna will report client data for new and termed clients if they were active during at least part of the reference year for which data is being submitted.
   - Reporting Cigna submits will reflect data for the service months in which a client had active coverage with Cigna and will not represent information related to a client's non-Cigna coverage before or after the period in which they had Cigna coverage.
   - Cigna will accept requested information (employee premium contribution and non-Cigna-entity identification info) from new and termed clients using the same procedures and deadlines as applicable for current clients.
7. **What do the data file indicators signify (e.g., D2)?**

PHARMACY BENEFITS AND COSTS REPORTING DATA FILES KEY
Identifiers beginning with "P" (plan) refer to files for the three plan categories:
P1: Individual and Student Markets
P2: Group Health Plans (most commercial business)
P3: FEHB Plans
Identifiers beginning with a "D" (data) reference the eight distinct data files required:
D1: Premium and Life Years
D2: Spending by Category
D3: Top 50 Most Frequent Brand Drugs
D4: Top 50 Most Costly Drugs
D5: Top 50 Drugs by Spending Increase
D6: Rx Totals
D7: Rx Rebates by Therapeutic Class
D8: Rx Rebates for the Top 25 Drugs

8. **What does the CAA Section 204 report entail?**

   The aggregated report by Legal Entity, Market Segment and Situs State includes Commercial, IFP, Cigna + Oscar and Global Health Benefits with reporting requirements across pharmacy, medical spend, rebate, premium and plan structure data.

   Reporting for 2020 and 2021 plan years was submitted by December 27, 2022 with subsequent plan year reporting due annually each June 1.

   There are 11 reports in total. The intention is to show which drugs drive pharmacy spend/trend, rebate information, and contribution to overall health care spend and premiums.

The reports will show the top 50 drugs for Cigna's combined set of clients by frequency utilized, overall spend and annual increase in spend aggregated by Legal Entity, Market Segment and State. The reports also contain high-level premium information, total spend across medical/pharmacy by category, a list of client names/tax IDs, rebate information by therapeutic class, and rebate information for the top 25 drugs aggregated by Legal Entity, Market Segment and State.

9. **Which files will Cigna submit to the government on behalf of clients?**

   - Unique to this report, the government separated the full Data report into eight different parts so that medical carriers and PBMs can each submit the applicable medical or pharmacy data for a shared client. Accordingly, for both ASO and Fully Insured clients (excluding SAR, Payer Solutions, Allegiance), Cigna will submit the applicable files to a client's plan design, inclusive of applicable narrative responses. For example:
     - For clients with both Medical and Pharmacy coverage integrated through Cigna HealthPlan, Cigna will submit the applicable Plan (P1, P2 or P3) and Data (D1–D8) files.
     - For clients with only Medical coverage through Cigna HealthPlan, Cigna will submit the applicable Plan (P1, P2 or P3) and Data (D1–D2) files. Clients should work with their carve-out Pharmacy carriers for support on the pharmacy (D3–D8) files.
   - Cigna will collect employer versus employee premium split as well as identification of the names and EINs of other entities (such as TPAs, other carriers or PBMs) providing services to a client's employees as part of their health benefits plans.
   - Other than employee premium split and identification of non-Cigna reporting entities, the reports submitted by June 1 will not incorporate any other data from clients or other external parties nor any data that is not maintained by Cigna.
   - Unless a client is approved to opt out of our standard submission, Cigna is not operationalized to provide underlying data feeds to clients and will instead report on the client's behalf.

10. **How will Cigna coordinate with a client's other carriers to complete CAA Section 204 Reporting for the 6/1/23 submission?**

    - Given that the Departments specifically set up submissions to allow multiple reporting entities to submit files on behalf of a plan, information Cigna is requesting and allowing for intake is limited to employer versus employee premium split as well as identification of the names and EINs of other entities (such as TPAs, other carriers, or PBMs) providing services to a client's employees as part of their health benefits plans.
    - Other than employee premium split and identification of non-Cigna reporting entities, the reports submitted by June 1 will not incorporate any other data from clients or other external parties nor any data that is not maintained by Cigna.
    - While a client may use one or more medical carriers for its selection of plans, each specific plan must submit its report (whether directly or through the carrier, etc.) containing that plan's medical and pharmacy data. Cigna will submit medical and/or pharmacy files on behalf of clients using a Cigna plan.

11. **Can clients opt out of Cigna's process of submitting CAA Section 204 reporting?**

    Given the complexity of the report and the extraordinary size of raw data, Cigna is submitting the required reports directly to the Departments on our clients' behalf. This includes ASO and fully insured clients.

    Cigna has enabled an opt-out capability for clients who choose to submit their own reporting to the federal government. This option is available upon client request and Cigna approval. This option is subject to an executed non-disclosure agreement (NDA) and completion of an opt-out questionnaire, both of which are available upon request from your Cigna representative.

    To be considered for approval, all steps must be completed by a February 24 deadline. We are not accommodating deadline extensions for any clients.

    Clients who opt out of Cigna's standard process will receive a data feed from Cigna to support the client's own reporting of data.

    Cigna will remove all information for self-insured clients who opt out from the report submission Cigna makes to the federal government. Cigna will submit data for our fully insured clients to the federal government, regardless of opt-out. Partial opt-outs will not be feasible.

    Beyond the standard reporting submission we are providing, capacity for non-standard data requests from clients is limited and will be subject to additional charges. Clients can work with their Cigna representative to access the non-standard client reporting team.

12. **Can clients elect a combination of Cigna submitting certain reports while opting out of other reports?**

    No. Cigna is not operationalized to allow partial opt-outs. Clients can fully opt out of Cigna submitting all reports on their behalf (subject to Cigna approval) but cannot submit a subset of reports applicable to a particular client's coverage with Cigna.

13. **Under what situations would Cigna recommend a client opt out of Cigna submitting reports on their behalf?**

    - In response to the complex reporting requirements under Title II, Section 204 of the Consolidated Appropriations Act, 2021, Cigna has established a process to assist our clients in their compliance. As part of our standard process, we will produce medical and/or pharmacy spending reports annually, at no additional cost, for both fully insured and self-funded (ASO) clients, which will be submitted to the U.S. Department of Health and Human Services, the Department of Labor, the Department of the Treasury (Tri-Agencies) and the Office of Personnel Management (OPM), as required. Cigna will aggregate client data in accordance with government specifications. Cigna will monitor ongoing regulatory changes and incorporate required updates to the reports as necessary.
    - For the majority of our clients, there is no value in opting out of Cigna's standard process to report the data on their own. This is particularly true for clients who do not have parts of their medical benefit carved out to a third party. Clients who do not have integrated medical and pharmacy benefits may also continue to utilize Cigna's standard reporting process, as the CAA Section 204 reporting is designed to allow multiple entities to report on the client's behalf.
    - For the few clients who utilize more than one medical carrier for any given plan, the client may choose to opt out of Cigna's standard process in order to consolidate the raw data across the multiple medical carriers and produce one report. Clients who opt out of Cigna's standard process will receive a data feed annually from Cigna to support the client's own reporting of data. At this time, Cigna cannot accommodate partial opt-outs. To receive the opt-out data feed, clients will need to inform Cigna of their intent to opt out and execute a nondisclosure agreement (NDA) that outlines steps to protect the proprietary data. Clients will not be able to share the data with a third party without express agreement from Cigna.

14. **If a self-insured client is approved for opt-out, do they still need to provide the requested employer versus employee premium and non-Cigna entity identifying information to Cigna?**

    - No. A client who is approved for opt-out will not be included in Cigna's report submission to the federal government, so this information would not need to be provided to Cigna.
    - A client who is approved for opt-out will be fully responsible for submitting reporting to the federal government themselves, and this employer versus employee premium and non-Cigna entity identifying information would need to be incorporated in the client's submission to the federal government

15. **What Cigna Legal Entity Name, Cigna EIN, Client Name and Client EIN will be used in completing Plan (P1–P3) reports?**

    Cigna's client-facing team members can confirm the applicable Cigna or Client Names and EINs being used for CAA Section 204 reporting using an internal listing. If a client would like to update their Client Name or Client EIN, the client service lead should use existing processes to update throughout Cigna systems. Reporting submitted for CAA Section 204 will reflect the Client Names and EINs contained within Cigna systems at the time data is pulled.

16. **What is Cigna's response to the premium contribution reporting requirement?**

    - Cigna will collect employer versus employee premium split, that is, the average employee versus employer percentage of premium across the client's medical, pharmacy and behavioral coverage (including Cigna and any non-Cigna coverage), corresponding to the population with Cigna coverage.
    - To provide this employer versus employee premium split, send an email to **CAA204@Cigna.com** by February 24, 2023, with the following information:
      - Client Name
      - Client Account Number
      - Client ID (if known/typically four to six digits)
      - Average employee % of premium
      - Average employer % of premium
    - Please note that for the June 1, 2024, (and future) submissions, Cigna intends to collect any required information through existing processes, such as case setup and renewal.

- Other than employee premium split and identification of non-Cigna reporting entities, the reports submitted by June 1 will not incorporate any other data from clients or other external parties nor any data that is not maintained by Cigna.

17. **Can clients provide Cigna with premium contribution information at a more granular level than averaged for the client ID as a whole?**
    - Cigna is not accepting employer versus employee premium split information at an account or benefit option level. For clients with multiple accounts or benefit options enabled, clients should provide an average employee versus employer percentage of premium across all of the client's population covered through Cigna.
18. **Can clients provide Cigna with premium contribution information after the 2/24 deadline?**
    - Clients may submit premium contribution or non-Cigna entity information after the February 24 deadline using instructions we've provided, but we may not be able to operationalize incorporating that information into the June 1 submission. We are not accommodating deadline extensions for any clients.
    - Cigna will not be providing client confirmations of information receipt or confirmation into Cigna's report submission.
19. **Will Cigna provide confirmation of a client's provided information being incorporated into reporting Cigna submits?**
    - Cigna will not be providing client confirmations of information receipt or confirmation into Cigna's report submission.
20. **What is Cigna's methodology for calculating premium equivalents or other data report metrics?**
    - For plans that do not use traditional premiums, we will calculate and submit the applicable premium equivalents and other data report metrics using internal Cigna data sources and in accordance with reporting instructions.
    - For methodology definitions, we recommend visiting the CMS homepage for additional information on requirements: **https://www.cms.gov/CCIIO/Programs-and-Initiatives/Other-Insurance-Protections/Prescription-Drug-Data-Collection**.
    - Given that the Departments specifically set up submissions to allow multiple reporting entities to submit files on behalf of a plan, information Cigna is requesting and allowing for intake is limited to employer versus employee premium split as well as identification of the names and EINs of other entities (such as TPAs, other carriers or PBMs) providing services to a client's employees as part of their health benefits plans.
    - Other than employee premium split and identification of non-Cigna reporting entities, the reports submitted by June 1 will not incorporate any other data from clients or other external parties nor any data that is not maintained by Cigna.
21. **Will Cigna allow clients to review, validate or edit data Cigna submits on their behalf?**
    - Other than employee premium split and identification of non-Cigna reporting entities, the reports submitted by June 1 will not incorporate any other data from clients or other external parties nor any data that is not maintained by Cigna.
    - Reports we submit to the government contain information applicable to our collective set of clients and will not be made available to clients.
    - Unless a client is approved to opt out of our standard submission, Cigna is not operationalized to provide underlying data feeds to clients, or allow reviews/validations/edits, and will instead report on the client's behalf.
22. **For fully insured and ASO carve-in clients, will Cigna be submitting the applicable reports directly to CMS on behalf of the client?**
    - Yes
23. **How is Cigna planning to report the information – in aggregate at the entity level or at the client level broken out for each state and market segment?**
    - All our reports are Aggregated by Legal Entity, Situs State and Market Segment, as required for aggregated reports.
    - Plan (P1–P3) reports will contain a list of applicable clients and high-level client identifiers (Client Name, Client EIN, plan start date/end date, number of members, etc.).
    - All information in the D reports will be aggregated for Cigna's combined set of clients by market segment and state.
    - The required market segments are as follows:
      - Individual market
      - Student market
      - Small group market
      - Large group market

- Self-funded small employer plans
- Self-funded large employer plans
- Federal Employee Health Benefit plans

› Under aggregation rules, by aggregating the D2 file, plans will have the flexibility to submit (either by themselves or through a third party or vendor) the remaining D files (D1 and D3–D8) as either aggregated files or separate (not aggregated) files. If the D2 file is submitted as a separate file and not aggregated, plans will not have the option of aggregating any of the other D files. Note that Cigna will be submitting D2 as aggregated.

24. For ASO carve-out clients, will Cigna be submitting the D2 file on behalf of the client directly to CMS?

› Yes

25. For client plans where Cigna is doing the D2 report (aggregated), is it possible that other carriers are reporting for the same client plan?

› Yes. To alleviate reporting burdens, the Departments are allowing multiple entities to report on behalf of a plan, and the overall report is separated into distinct D files to facilitate multiple submissions. This would allow a plan with medical benefits through one insurer to have their medical spending files submitted by that insurer, while the plan's separate PBM can submit the pharmacy files on behalf of the plan.

› If a client offers multiple plans through different insurers, each insurer will likely submit the report for the applicable plan offered through that insurer. Because each D file submission must be accompanied by the applicable P file, detailing the plan's information, the submissions will be appropriately tied back to the correct plan and client.

26. How will Cigna assist clients with the narrative response? What sections will Cigna be supporting based on lines of business?

› Cigna intends to complete each narrative section with any D file that Cigna is submitting on behalf of the client.

› Narrative responses we submit will apply to our book of business (aggregation of clients) rather than a specific client.

› Due to the broad applicability, we are not making draft or final versions of narrative responses available to clients.

27. How will Cigna support clients with pharmacy carve out with Express Scripts?

Clients with pharmacy carve out should contact their PBM directly. If a client uses Express Scripts, there are Evernorth internal resources who can offer information about how Express Scripts is providing CAA Section 204 reporting support.

28. How does Cigna's reporting work for clients who have pharmacy benefits carved out to another PBM?

› Cigna will submit the relevant Plan file and D1–D2 files for clients who have Medical with Cigna but Pharmacy carved out to another carrier.

› Clients should reach out to their PBM for D3–D8 reports, as applicable.

29. How does Cigna's reporting work for clients who have Stop Loss/Behavioral/other coverage carved out (i.e., coverage not purchased through the client's coverage with Cigna)?

› Cigna will submit the relevant Plan file and D files for clients who have Medical and/or Pharmacy coverage with Cigna.

› For the June 1, 2023, submission, which will represent reporting year 2022, Cigna's standard approach (excluding SAR, Payer Solutions, Allegiance) is to submit on our clients' behalf.

› Cigna will collect employer versus employee premium split as well as identification of the names and EINs of other entities (such as TPAs, other carriers or PBMs) providing services to a client's employees as part of their health benefits plans.

› A non-Cigna Behavioral vendor should be considered the same as a Medical vendor for purposes of identifying non-Cigna entities.

› A non-Cigna Stop Loss vendor should be considered as a Medical and/or Pharmacy vendor for purposes of identifying non-Cigna entities, dependent on whether the stop loss coverage is applicable to the employee's Medical and/or Pharmacy benefits.

› Other than employee premium split and identification of non-Cigna reporting entities, the reports submitted by June 1 will not incorporate any other data from clients or other external parties nor any data that is not maintained by Cigna.

› Clients should reach out to their carve-out vendors for support on reporting related to their non-Cigna coverage.

30. How does Cigna's reporting work for clients who have slice Medical or Pharmacy coverage with another carrier?

- Cigna will submit the relevant Plan file and D files for clients who have Medical and/or Pharmacy coverage with Cigna.
- For the June 1, 2023, submission, which will represent reporting year 2022, Cigna's standard approach (excluding SAR, Payer Solutions, Allegiance) is to submit on our clients' behalf.
- Cigna will collect employer versus employee premium split as well as identification of the names and EINs of other entities (such as TPAs, other carriers or PBMs) providing services to a client's employees as part of their health benefits plans.
- A non-Cigna vendor providing Medical and/or Pharmacy services under a slice arrangement should be considered as a non-Cigna Medical and/or Pharmacy vendor for purposes of identifying non-Cigna entities.
- Other than employee premium split and identification of non-Cigna reporting entities, the reports submitted by June 1 will not incorporate any other data from clients or other external parties nor any data that is not maintained by Cigna.
- Clients should reach out to their carve-out vendors for support on reporting related to their non-Cigna coverage.

31. How should a client determine whether non-Cigna coverage is connected to the client's Cigna coverage?

- If a non-Cigna entity is providing a Medical, Pharmacy, Behavioral or Stop Loss coverage option to the specific employees who have Cigna coverage, this would typically mean that coverage is connected to the client's coverage with Cigna.
- Clients should consult with their own legal counsel to determine whether coverage not provided through Cigna should be considered as connected for purposes of this reporting.

32. Will the reports include specialty pharmacy benefits that are covered under the medical benefit?

Pharmacy benefits that are covered under the medical benefit will be reported in the medical spending file (D2), as required.

33. Is there additional detail about the specifics within the required reports?

For details on what is required within the medical and pharmacy spending report, please see **https://www.cms.gov/CCIIO/Programs-and-Initiatives/Other-Insurance-Protections/Prescription-Drug-Data-Collection**.

34. What Plan Names/Numbers will Cigna submit in the P2 report?

- Plan Names/Numbers we submit will be unique to the client's coverage with Cigna, not something that would match what another carrier for the same client would submit for the separate coverage.
- Other carriers and the client should work together to determine what client identifiers to use for their non-Cigna reporting.

35. Will Cigna amend client contracts to describe reporting support?

- The contractual language below has been added to our self-insured client contract process and will be automatically incorporated at a client's next renewal if not already completed. We are operationalizing our client reporting support regardless of whether language has been incorporated through a client contract renewal yet.

  "Subject to change based on government guidance for CAA Section 204, CHLIC will submit certain prescription drug and health care spending information to HHS through Plan Lists Files (P1–P3) and Data Files (D1–D8) (D1–D2 for employers without integrated pharmacy product) aggregated at the Market Segment and State level, as outlined in guidance."
- Our commitment and support of this reporting is consistent for both fully-insured and self-insured clients.

36. What does the government intend to do with this reporting?

The primary intent of the data collection is to provide valuable information to policy makers about competition and market concentration in the pharmaceutical and health care industries. The collected data will be used in a report published on the HHS website 18 months after initial data submission and then every two years thereafter; the report will offer information on prescription drug pricing trends and employer contributions to health insurance premiums.

37. What does the government intend to do with the employer versus employee premium split and non-Cigna entity identification information?

- We expect the federal government to use this employer versus employee premium contribution information as it looks to analyze the impact of pharmacy drugs on overall health care spend by employers and employees separately.
- The federal government has stated their intent to use non-Cigna vendor identifying information to confirm complete and non-duplicative reports have been submitted on behalf of all employers.

38. Are there other details we should know?

- Multiple types of reporting entities will be allowed to submit the required information to provide plans/issuers with flexibility and to reduce administrative burden.
- The Office of Personnel Management is extending the reporting requirements and applicability dates to Federal Employees Health Benefit carriers.