

COMPLIANCE IN MOTION

April 2026

Time to Watch for 2025 RxDC Data Requests!

Each year by June 1, the Centers for Medicare and Medicaid Services (CMS) requires group medical plans to report certain prescription drug and healthcare spending data, generally known as **Prescription Drug Data Collection (RxDC) Reporting**. While carriers, TPAs, and PBMs typically offer to handle this reporting for employers, they still request the employer to provide the total contributions paid by participants versus total paid by the employer/plan sponsor over the previous calendar year.

Employers and other plan sponsors must respond to their insurer/TPA's data requests by their firm deadlines, typically in March. Employers that fail to respond timely are left to submit the missing contribution data to CMS on their own by June 1, 2026.

WHO THIS APPLIES TO:

- All size employers sponsoring major medical group health plans with prescription drug benefits
- Does **not** apply to HRAs/ICHRAs, retiree-only plans, or excepted benefits such as standalone dental, vision, FSAs, HSAs, EAPs, etc.



GO DEEPER:

Most insurers/TPAs send their data request roughly three to four months before the June 1 deadline, and each sets its own due date for the employer to respond to their request. While the terms they use to describe the needed information can vary, the key information typically required is how much the employer contributed in total versus how much participants contributed in total (including COBRA participants) toward the previous calendar year's medical/Rx coverage premiums (even if the plan does not operate on a calendar year). If self-funded, the premium "equivalent" for this is actual fixed costs plus actual claims, less stop loss rebates and pharmacy rebates retained by the plan. (For purposes of determining actual claims, employers must choose either incurred claims or paid claims for the calendar year, and stick with that choice every year.)

Most insurers/TPAs have already sent their data request communications; so, organizations that have not seen a request should check their spam folders and, if necessary, follow up with the insurer, TPA, or benefits advisors to track it down. These requests typically come either via direct email or through a newsletter or other mass communication. Some insurers/TPA's have a dedicated email address that employers should use to provide the data, while others have a portal or other online form available for this purpose.

Finally, employers who changed insurers/TPAs during the 2025 calendar year need to check for communications from both the current and prior insurer/TPA, to report to each for their part of the calendar year.

PCORI Fee Season is Coming, but it is Still Too Early to File and Pay

Employers who sponsored a self-funded health plan or Health Reimbursement Arrangement (HRA) with a plan year ending during calendar year 2025 have to file and pay the Patient Centered Outcomes Research Institute (PCORI) fee by July 31, 2026. The fee indexes each year and for reporting is multiplied by the average number enrolled over the plan year.. While employers already know their average enrollment counts for plan years ending in 2025, the employer cannot file and pay the fee until the second quarter IRS Form 720 is published, typically after Memorial Day. Filing and paying too early on the old Form 720 could result in IRS penalties..

WHO THIS APPLIES TO:

- Employers who sponsored self-funded health plans with plan years ending in 2025, including level-funded plans, HRAs, and ICHRAs.
- Note: PCORI fees for fully insured plans ending in 2025 are the carrier's responsibility, but the employer is still responsible for the fee with respect to an HRA integrated with that fully insured plan



GO DEEPER:

Each July 31, employers sponsoring certain self-funded health plans, HRAs, and ICHRAs with a plan year ending in the prior calendar year must file and pay an annual fee to the IRS to fund the Patient Centered Outcomes Research Institute (PCORI). Employers must report the fee on IRS Form 720. Unfortunately, [IRS Form 720](#) addresses not only the PCORI fee but also many other excise taxes that require periodic or annual adjustments. This means that the form is continually updated throughout the year, and even a form with a Q2 revision date does not necessarily include the needed updates on Line 133 specific to PCORI fees.

Therefore, when preparing for a 2025 PCORI fee submission (due July 31, 2026), it is important for the submitter to first review Line 133 to make sure that the correct amounts are listed. Namely, Line 133(c) must show a fee amount of \$3.47 while Line 133(d) must show \$3.84. If Line 133(c) still shows \$3.22 and Line 133(d) still shows \$3.47, the Form is not yet ready for use.

(Note, for 2025, the \$3.47 fee is for plan years ending prior to October 1, 2025 and the \$3.84 fee is for plan years ending on or after October 1, 2025.)

Penalties for Non-Compliance:

The IRS can penalize employers for using the incorrect Form 720 version for their PCORI submission. Failure to pay fees timely and/or correctly can result in interest and penalties as the fee is considered an excises tax.

Practical Impact to Employers:

While enrollment counts can be evaluated now for the plan year(s) ending in 2025 to get ready for PCORI, employers should hold off filing their IRS Form 720 until the Q2 IRS Form 720 Line 133 reflects the 2025 figures of \$3.47/\$3.84 (updated from \$3.22/\$3.47, respectively). While historically these updates occur in May of each year, there have been several years when it did not occur until early or mid-June. Employers and others sponsoring a self-funded health plan, level-funded plan, HRA, or ICHRA are encouraged to mark their calendars for mid-June and then only proceed once the Form 720 Line 133 has been updated by the IRS.



Rx Sourcing Lawsuit and New MHPAEA Settlements

Employer plan sponsors should be mindful of a recent international prescription drug (“Rx”) sourcing lawsuit and two newly announced mental health parity settlements.

In *Gilead Sciences v. Meritain Health, Inc., et al.*, the complaint addresses “the patient health and safety risks created by Meritain Health Inc.’s importation of foreign, unapproved drugs (particularly for people living with HIV), the material differences between Gilead’s U.S. product and the foreign drugs distributed by Meritain, the serious patient confusion Meritain’s alternative funding program creates, and the inadequacy of the Food and Drug Agency’s enforcement mechanism in addressing this dangerous and rapidly expanding conduct.” As mentioned in that final point, international Rx sourcing has been expanding with no meaningful guidance or enforcement, and there is concern that patients may experience adverse health effects that could be serious if these programs are left unchecked.

In February, **Kaiser Permanente** agreed to a [\\$31 million settlement](#) for alleged violations of the Mental Health Parity and Addiction Equity Act (MHPAEA), less than three years after paying \$250 million in penalties and fines in a similar case with the State of California. The Department of Labor alleged that Kaiser failed to provide timely, adequate in-network access to mental health and substance use disorder (MH/SUD) services, forcing members to seek out-of-network care and incur costs that should have been avoided under MHPAEA’s network adequacy requirements. Although Kaiser attributes these issues to COVID-era disruptions and a 10-week strike in 2023, the settlement underscores the need for plan sponsors and fiduciaries to continuously ensure adequate MH/SUD network access or cost-sharing is offered even when disruptions like COVID or strikes are the types of things negatively impacting access for a time.

Likewise, **EmblemHealth** (the parent company of Empire BlueCross BlueShield of NY) agreed to a [\\$2.5 million settlement](#) for violating mental health parity rules related to network adequacy. The New York Attorney General found that the insurer’s mental-health directories contained extensive “ghost network” listings, where in some cases greater than 80% of the in-network mental health providers listed were effectively unavailable. The settlement requires significant restitution (amount still being determined), prompt directory corrections, strict verification procedures, and ongoing monitoring.

Practical Impact to Employers:

International Rx sourcing has always operated in the gray, and plan sponsors are desperately in need of guidance. As the lawsuit mentioned shows, this issue goes beyond employee plan compliance issues and implicates international drug safety concerns that an employer should not take lightly. Before utilizing an alternative funding vendor or other program that claims to provide international Rx sourcing, employers should consult with their legal counsel about the implications of doing so.

MHPAEA settlements like the ones mentioned signal increased enforcement of network adequacy and accurate directories, and they offer concrete insight into what regulators view as acceptable access standards. For example, it appears New York expects participants to be



able to obtain in-network MH/SUD care within 24 hours for urgent needs and within 10 business days for non-urgent care. When that is not possible, plans should provide a reasonable path to see an out-of-network provider at in-network cost-sharing while increasing their efforts to attract additional MH/SUD providers through better reimbursements rates and/or less barriers to care approvals. Employers whose plans do not consistently meet these expectations should document their fiduciary oversight efforts, including raising concerns with insurers and TPAs as well as any other steps taken to promote compliance.

All employers with 50+ employees should obtain and maintain their plan's Non-Quantitative Treatment Limitation (NQTL) comparative analysis, demonstrating parity in network adequacy and other NQTLs.

While such lawsuits and settlements have focused on insurers and health plans, employers are fiduciaries with respect to all their benefit plans operations. We are monitoring these developments closely.



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