

Plan Sponsors – It's That Time Of Year Again! Medicare Creditable Coverage Notices Must Be Sent By October 15th

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If prescription drug coverage is offered under your group health plan, you must provide an annual notice by October 15th to plan participants (and their dependents) who are Medicare eligible, whether they are active employees, retirees, disabled individuals, or participants on COBRA. The notice must inform these individuals whether the coverage your plan provides is considered Creditable or Non-Creditable.

Prescription drug coverage is considered "creditable" if it is expected to pay, on average, a much as the standard coverage under Medicare Part D. In order to avoid a late enrollment penalty, individuals cannot have non-creditable coverage for more than 63 consecutive days following their initial enrollment period for Medicare Part D. Therefore, it is essential for individuals to get the Creditable Coverage notice in a timely manner so they can decide whether to enroll in a Medicare Part D prescription drug plan during the open enrollment period from October 15th to December 7th.

The Centers for Medicare and Medicaid Services ("CMS") provide model notices that can be used to ensure you meet the notice requirements. The model notices and other guidance materials can be found on the CMS website at: <https://www.cms.gov/creditablecoverage/> and <https://www.cms.gov/Medicare/Prescription-Drug-Coverage/CreditableCoverage/Model-Notice-Letters.html>.

As a reminder, in addition to the requirement to annually provide the notice by October 15th, you must also provide the notice: (1) prior to an individual's initial enrollment period for Part D; (2) prior to the effective date of enrollment in your prescription drug coverage; (3) upon any change in your plan's creditable status; and (4) upon the individual's request. The notices may be provided by your third party administrator, but keep in mind that the responsibility is ultimately yours as plan sponsor.

Looking forward, if you have any Medicare eligible individuals, you must submit a similar notice to CMS within 60 days following the first day of your plan year. The notice must be provided electronically on a form found at: <https://www.cms.gov/Medicare/Prescription-Drug-Coverage/CreditableCoverage/CCDisclosureForm.html>. Guidance on filing the form can be found at: <https://www.cms.gov/Medicare/Prescription-Drug-Coverage/CreditableCoverage/CCDisclosure.html>

If you have any questions regarding the notice requirements or have any other benefits questions, please contact Jo-Anne Mineweaser at 412-594-3920.