

October 15 Deadline for Medicare Part D Notices

It's that time again: time to send a Medicare Part D notice of creditable coverage to your eligible employees letting them know whether or not the prescription drug coverage you offer them is creditable. **All employers**, regardless of size, who sponsor group health plans with prescription drug coverage must provide notification by October 15, 2015.

The Medicare Modernization Act (MMA) requires that employers whose health care plans include prescription drug benefits must notify Medicare-eligible employees by October 15 of each year whether their drug benefit is "creditable coverage," meaning that it is expected to cover, on average, as much as the standard Medicare Part D prescription drug plan. Medicare Part D, which became effective in 2006, is a federal program that subsidizes the cost of private prescription drug plans. The federal Centers for Medicare & Medicaid Services (CMS) requires that companies notify employees before each annual Medicare Part D election period, October 15 – December 7, for coverage beginning January 1.

Who Needs to Notify Their Employees?

All employers who offer a health insurance plan with prescription drug coverage must provide a notice to employees.

Which Employees Do I Need to Notify?

- You are required to give the creditable-coverage notice to all Part D-eligible individuals who are covered under, or apply for, an employer's prescription drug benefits plan. This requirement applies to Medicare beneficiaries who are active employees and those who are retired, as well as Medicare beneficiaries who are covered as spouses under active or retiree coverage.
- To alleviate the responsibility of determining who is a "Medicare-eligible" participant, HR Knowledge recommends that you provide this notice to ALL employees enrolled in your employer-sponsored medical plans.

What Are My Specific Requirements?

There are two disclosure requirements, as follows.

Disclosure Requirement #1

The first disclosure requirement is the Part D creditable-coverage notice. The regulations require that you provide this notice:

- a) prior to October 15 of each year;
- b) prior to an individual's initial enrollment period for Medicare;
- c) prior to the effective date of coverage for any Medicare-eligible individual that joins the plan;
- d) prior to the date your prescription drug coverage changes and ceases to become creditable;
- e) upon the request of a participant.

The guidance states that notice will be considered "*prior to*" these events if provided within the 12 months preceding October 15 of each year. Therefore, you can satisfy (a) and (b) above and avoid tracking Medicare enrollment periods by providing a notice to all plan participants annually (an annual blanket



mailing), such as during open enrollment. To satisfy (c) above, we recommend that you include the notice with your initial COBRA notice.

Note: If you are one of our full-service clients, we can customize your New Hire Kits to include this notice after October 15, 2015, and post this notice to your employee portal on ADP. Please contact your Client Account Manager to learn more.

HR Knowledge has prepared a [Creditable Coverage Blanket Notice Template](#) that is available for your use. It contains all the required elements — but requires you to fill in your specific information where indicated in **red** print (employer name, plan name, contact information, etc.). The CMS website also has the template available in Spanish.

The notice **does not** have to be sent as a separate mailing — meaning it can be included with other plan participant information including open enrollment meetings, **if your open enrollment meeting occurs before October 15**. If you choose to include the mailing with other information, the notice must be prominent and conspicuous. This means that the notice, or reference to the section containing the notice, must stand out: use at least a 14-point font in a separate box, bolded, or offset on the first page of the plan participant information, as in the example below:

If you or any of your covered dependents has Medicare, or will be eligible for Medicare in the next 12 months, a new Federal law gives you more choices about your prescription drug coverage. Please see the enclosed notice for more details.

If you are aware that a covered spouse or dependent child resides at a different address from the employee, you must mail a separate notice to that address.

Disclosure Requirement #2

As a health plan sponsor, your organization must notify CMS of your plan’s credible coverage status on an annual basis. You are required to provide the disclosure notice to CMS by completing the disclosure form on the CMS webpage. The [disclosure form](#) is available in the Downloads section. Completing and submitting the form online is the only allowable way to provide CMS with the notice. You must complete the disclosure annually, no later than 60 days from the beginning of a plan year (contract year, renewal year), within 30 days after termination of a prescription drug plan, or within 30 days after any change in credible coverage status.

Next Steps for Employers

1. Use the **Creditable Coverage Blanket Notice Template** we have provided, filling in the information specific to your organization.
2. To communicate your plan(s) status, we recommend that you conduct a **blanket mailing** to all participants and their dependents (including COBRA participants), because you may not be aware of a dependent’s Medicare eligibility (such as a spouse over age 65 or disabled dependents). **This mailing must be conducted no later than the October 15, 2015, deadline.**
3. Most employers have by now been notified by their health insurance carriers as to whether or not the Prescription Drug Benefits offered as part of their Employee Medical Plan(s) are



considered “Creditable Coverage.” If you have not received a letter from your insurance carrier, contact your benefit broker. If your benefit broker is HR Knowledge, we have confirmed that all plans we offer have creditable coverage.

4. In the future, you can satisfy the notice requirements outlined above and avoid tracking Medicare enrollment periods by providing a notice to all plan participants through an annual blanket mailing or during open enrollment.
5. Complete and submit the CMS disclosure registration online.

Additional Resources

The [CMS Creditable Coverage website](#) provides the complete text of the guidance and sample disclosure notices. Plan sponsors should carefully review and customize these notices to ensure they accurately reflect their plan provisions.

You may have already received this same information from your medical carrier. If you have not received this notice, HR Knowledge is here to assist you with any questions you might have. Please email us at HRQuestions@Hrknowledge.com.

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