

Reminder: Deadline for Notices for Medicare Part D is October 15

The Medicare Modernization Act (MMA) requires that employers whose health care plans include prescription drug benefits must notify Medicare-eligible employees by Oct. 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 to subsidize the cost of private prescription drug plans. The federal Centers for Medicare & Medicaid Services (CMS) requires that companies provide the notice before the annual Medicare Part D election period, Oct. 15 to Dec. 7 each year for coverage beginning Jan. 1.

Who Needs to Notify their Employees?

All employers who offer a health insurance plans with prescription drug coverage.

Which Employees Do I Need to Notify?

The requirement is that this notice be given to all "eligible" individuals who are covered under, or apply for, an employer's prescription drug benefits plan.

- The creditable-coverage notice must be given 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.
- HR Knowledge recommends that to alleviate the employer's responsibility of determining who is a "Medicare eligible" participant that employers provide this notice to ALL employees on their medical health plan.

Disclosure Requirements #1

The first disclosure requirement is the creditable-coverage notice Part D. The regulations require this notice to be provided:

- a) prior to October 15th 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 preceding twelve months prior to October 15th of each year. Therefore, an employer 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 you include the notice with your initial COBRA notice. *Note: If you are an HR Knowledge full-service client we can customize your New Hire Kits to include this notice after October 15th 2014, please contact your Client Account Manager to discuss this process.*

HR Knowledge has prepared a [Creditable Coverage Blanket Notice Template](#) that is available for your use. It contains the required elements - but requires you to fill in your specific information shown in red print (employer name, plan name, contact information, etc.). The Centers for Medicare Medicaid Services



(CMS) has left a space in the notice for employers to enter personalized information should an employee make a specific request for a notice. The CMS website also has the templates 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 is prior to October 15th**. If you choose to incorporate 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 be prominent -- in at least 14 point font in a separate box, bolded, or offset on the first page that begins the plan participant information being provided (see example below). If you are aware that a covered spouse or dependent child resides at a different address than the employee, you must mail a separate notice to that address. Example:

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.

Disclosure Requirement #2

As a health plan sponsor, your organization must notify CMS of your plan's creditable coverage status. This disclosure must be provided on an annual basis. Entities providing prescription drug coverage are required to provide the disclosure notice to CMS through completion of the disclosure form on the CMS webpage. The [disclosure form](#) is available in the Downloads section. Completion and submission of the form online is the only method for providing CMS with the notice. The disclosure should be completed 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 creditable coverage status.

Next Steps for Employers

1. Utilize the **Creditable Coverage Notice Template** we have provided and fill in the information specific to your organization.
2. HR Knowledge recommends the best way to communicate your plan(s) status is to 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 (spouse over age 65 or disabled dependents). **This mailing must be conducted no later than the October 15, 2014 deadline.**
3. Most employers have by now received notification from their health insurance carriers to determine that the Prescription Drug Benefits offered as part of **your** Employee Medical Plan(s) **are** or **are not** 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. Going forward, an employer can satisfy the notice requirements outlines above and avoid tracking Medicare enrollment periods by providing a notice to all plan participants annually 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 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 already have received this same information from your medical carrier. In the event you have not received this notice HR Knowledge is here to assist you with any questions you might have regarding this subject. Please contact us via email HR@Hrknowledge.com.

This content is provided with the understanding that HR Knowledge is not rendering legal advice. While every effort is made to provide current information, the law changes regularly and laws may vary depending on the state or municipality. The material is made available for informational purposes only and is not a substitute for legal advice or your professional judgment. You should review applicable laws in your jurisdiction and consult experienced counsel for legal advice. If you have any questions regarding this advisory, please contact HR Knowledge at 508.339.1300 or email us at HR@hrknowledge.com.