

# COMPLIANCE ALERT

## **Reminder: Medicare Part D Creditable Coverage Notice Deadline is October 14, 2017**

**September 20, 2017**

Each year, employer group health plans including prescription drug coverage must provide a Medicare Part D creditable coverage notice to all Medicare eligible employees and dependents prior to October 15. The purpose of this annual disclosure is to inform Medicare beneficiaries whether or not their employer's prescription drug coverage provides coverage comparable to the Medicare Part D prescription drug coverage, and provide their enrollment opportunities. For 2018 plans, the annual Medicare Part D enrollment period will begin on October 15, 2017 and end on December 7, 2017.

At this time, employers should review their prescription drug plans to determine creditable coverage status and distribute the appropriate notice on or before October 14. For plans that have multiple benefit options, for example, PPO, HDHP and HMO; the creditable coverage test must be applied separately for each benefit option. In order to assist employers with Medicare Part D requirements, the remainder of this alert provides additional background details including:

- A review of the employers impacted by Part D.
- An overview of who is considered a "Medicare eligible individual".
- A review of the ongoing disclosure deadlines and acceptable delivery methods.
- Access to available guidance and the sample creditable coverage disclosure notices.

If you have any questions or need further details about the creditable coverage disclosure requirements, please contact your Trion account team.

### **Employers Subject to Medicare Part D**

Employers subject to the Medicare Part D notification guidelines are those employers who offer prescription drug coverage to their active employees or retirees, and those who have Medicare eligible employees or dependents covered under their prescription drug plan.

### **Medicare Part D Eligible Individual**

All Medicare Part D eligible individuals who are applying for, or are covered by, the employer's prescription drug benefits plan must receive the creditable coverage notification. A "Part D eligible individual" is a person who:

- Is entitled to benefits under Medicare Part A and/or is enrolled in Medicare Part B, as of the effective date of coverage under the Part D plan (even an active employee can have Medicare coverage), and
- Resides in a “service area” of a Part D plan. A “service area” is defined as a location that meets certain pharmacy access standards. Most individuals live in a service area.

Therefore, a Medicare “Part D eligible individual” may include active employees, employees who are disabled or on COBRA, and retired individuals. Additionally, Medicare beneficiaries include spouses or dependents covered under the employee’s plan. Because an employer may not know if an employee or their dependents are eligible for Medicare, it is recommended that they provide the creditable coverage notice to all eligible employees.

#### **Disclosure must be made:**

- Prior to the Medicare Part D Annual Election Period beginning on October 15.
- Prior to an individual’s initial eligibility for Medicare Part D (this begins three months prior to the month in which he or she first meets the Medicare Part B eligibility requirements and ends three months after the month of initial eligibility).
- Prior to the effective date of coverage for any Medicare-eligible individual that joins the plan.
- Whenever prescription drug coverage ends or changes so that it is no longer creditable or becomes creditable.
- Upon the request of a beneficiary.

#### **Sample Creditable Coverage Disclosure Notices**

To assist employers, the Centers for Medicaid and Medicare Services (CMS) provides guidance and sample creditable coverage disclosure notices on their website at [CMS Model Notice Letters and Guidance](#). Note that the templates are dated April 2011 and no changes have been made to the standard language since that time.

#### **Method of Delivery**

Plans may provide the creditable coverage notice with other member information materials (including new hire and open enrollment materials) or in a separate mailing.

If the notice is combined with other information such as an enrollment brochure or guide, the notice must be prominent and conspicuous as follows:

- A reference to the notice must appear on the first page of the document.
- **The reference must be in at least 14-point font in a separate box, or boldfaced or offset text, and refer to the appropriate page or section.**
- If there are multiple Medicare-eligible individuals within the same family, the plan sponsor need only supply a single notice (unless the plan sponsor knows that a Medicare-eligible individual in the family resides elsewhere).
- The notice may be hand-delivered or mailed.

Employers may also provide the notice electronically, as long as they meet the Department of Labor's (DOL) electronic disclosure requirements. The DOL requires that:

- Electronic transmissions may be relied on only for participants who can access the documents in electronic format at their work sites.
- Appropriate measures must be taken to ensure actual receipt by participants.
- Participants must be notified in writing or electronically of their right to receive a paper copy of the notice free of charge.

In addition, if an employer provides the notice electronically, it must also notify participants that they are responsible for providing a copy of the disclosure to their Medicare eligible dependents covered under the group health plan.

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