

INFOBRIEF



TOPIC: MEDICARE PART D CREDITABLE COVERAGE NOTICE

ISSUED 09/1/19

All employers, regardless of size, sponsoring group health plans with prescription drug coverage must provide notification to employees by October 15.

FREQUENTLY ASKED QUESTIONS

Q: What is creditable coverage?

A: This means the prescription drug coverage you offer is expected to pay, on average, as much as the standard Medicare prescription drug coverage.

Q: How do I determine whether my coverage is creditable?

A: You must annually review your prescription drug plan using generally accepted actuarial principles and following Centers for Medicare and Medicaid Services (CMS) guidelines. Typically carriers will perform this analysis for fully insured plans.

Q: Is there a simplified way to determine creditable coverage status?

A: Yes, CMS states that an employer plan sponsor who does not apply for a retiree drug subsidy can determine creditable coverage status by determining that the plan:

- Provides coverage for brand and generic prescriptions
- Provides reasonable access to retail providers
- Is designed to pay on average at least 60% of participants' prescription drug expenses; and
- Satisfies at least one of the following:
 - o For stand-alone prescription drug plans, either the prescription drug coverage has no annual benefit maximum or a maximum annual benefit payable by the plan of at least \$25,000, or has an actuarial expectation that the amount payable by the plan will be at least \$2,000 annually per Medicare-eligible individual; or
 - o For employers that have integrated prescription drug and health coverage, the integrated health plan has no more than a \$250 deductible per year, has no annual benefit maximum or a maximum annual benefit of at least \$25,000 and has no less than a \$1,000,000 lifetime combined benefit maximum.

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TOPIC: MEDICARE PART D CREDITABLE COVERAGE NOTICE (CONTINUED)

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Q: To whom must I provide a creditable coverage notice?

A: You must provide a creditable coverage notice to all Medicare eligible individuals who are covered under, or apply for, your prescription drug plan. This requirement applies to active Medicare beneficiaries and those who are retired, as well as Medicare-eligible spouses who are covered as actives or retirees.

Q: Can you provide a sample of what I'm supposed to send to employees?

A: Yes, use one of the CMS notices and send to all your employees via mail or email. You can customize the sample notices with your company name/carrier/contact information. We suggest sending it to all employees, since you might not know whether a spouse is Medicare eligible and an individual's status may change unexpectedly, e.g., due to disability.

Q: Is this the only time of year I must provide a creditable coverage notice?

A: No, you also must provide notice:

- Before an individual's initial opportunity to enroll in Part D (generally satisfied by the
- requirement to provide notice to all Medicare-eligible employees prior to October 15);
- Before the effective date of coverage for any Medicare-eligible individual who joins your plan;
- When, if ever, your plan's prescription drug coverage ends or its creditable coverage status changes; and
- Upon an individual's request.

Q: Do I have any other prescription drug creditable coverage reporting obligations?

A: Yes, CMS requires you to disclose the creditable coverage status of your prescription drug plan using the online portal at CMS.gov. Please note you must report to CMS within 60 days after the beginning of your plan year and within 30 days after either your prescription drug plan terminates or changes its creditable coverage status.

For more information about prescription drug creditable coverage, ask your OneDigital consultant.