



Howitt Benefit Services is pleased to provide you with periodic updates on benefit trends and legislative updates. As part of our valuable services, we want to ensure that you are in compliance and well-informed of the ongoing changes in our industry.

In this BenAlert:

- Medicare Plan D – Creditable Coverage Notices
- Complying with Medicare Part D Guidelines

Medicare Plan D -- Creditable Coverage Notices

Employers who provide prescription drug coverage to Medicare eligible individuals must provide notice annually regarding whether the offered coverage is "creditable." (Coverage is deemed creditable when the actuarial value of the coverage is equal to or exceeds the coverage provided under Medicare Part D.) If notice is provided to all plan participants annually prior to November 15 each year, CMS will consider this notice requirement met.

The Centers for Medicare & Medicaid Services (CMS) recently issued updated model creditable coverage notices containing minor organizational changes and substantive modifications relating to re-enrollment and the Medicare special enrollment period. Although employers are not required to utilize the CMS model notices, they are required to disclose the information in a manner that meets standards set forth by CMS. Our experience has shown that it is also important to include language regarding an employer's right to modify or amend benefits at any time.

Complying with Medicare Part D Guidelines.

The Medicare Modernization Act (MMA) imposes a late enrollment penalty on individuals who do not maintain Creditable Coverage for a period of 63 days or longer following their initial enrollment period for the Medicare prescription drug benefit. MMA mandates that certain entities offering prescription drug coverage, including employer and union group health plan sponsors, disclose to all Medicare eligible individuals with prescription drug coverage under the plan whether such coverage is "creditable." This information is essential to an individual's decision whether to enroll in a Medicare Part D prescription drug plan.

For 2009 you must notify the Centers for Medicare and Medicaid Services (CMS) whether your prescription drug coverage is either Creditable or Not Creditable for purposes of Medicare Part-D by November 15, 2009.

Because your prescription drug coverage is “Creditable,” you must complete three simple steps to ensure compliance for your health plans.

1. Go to:

https://www.cms.hhs.gov/CreditableCoverage/45_CCDisclosureForm.asp#TopOfPage

2. As you answer the questions on the electronic Disclosure to CMS form, an additional box will appear where you should enter the required disclosure information. This method of transmission is convenient and will take minimal time to complete, and is the only method for compliance with the requirement. You will only file one form no matter how many different plans you offer.

- Under Coverage Type choose Group Health Plan: Employer Sponsored Plan
- How many Prescription Drug Options Indicate by how many plans you offer (i.e., Blue Cross HMO, PPO and Kaiser = 3)
- Choose All Options Offered Are Creditable
- On the following page indicate the coverage period for your insurance plan.
- Indicate if any of your employees are Medicare eligible. (that you are aware of)

3. Fill out the attached Creditable Coverage Notice and distribute it to all Medicare-eligible participants. For compliance purposes, please mail a hard copy of the Notice to each one of your employees at their home address. It may be sent electronically if plan participants who have the ability to access the Plan Sponsor’s electronic information system on a daily basis as a part of their work duties. Plan Sponsors should inform participants that they are to share the electronic notice with all family members who are covered under the group health plan. Hard copies of the notice must be available upon request. If you need forms in Spanish, you can find PDF versions here:

https://www.cms.hhs.gov/CreditableCoverage/08_CCAfterJanuary1.asp#TopOfPage

4. Plan Sponsors should provide the notice to all health plan participants or Part-D eligible individuals who apply for the Plan’s drug coverage as well as to COBRA beneficiaries. As we stated above, Plan Sponsors need only to provide a single notice to a participant with covered dependents, unless the sponsor records contain a separate address for other family members.

The Deadline is November 15, 2009!

If you have questions or need help, please give us a call.

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