

BenAlert

BENEFIT TRENDS AND LEGISLATIVE UPDATES

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HOWITT
Benefit Services

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 Part-D Annual Notices: 2011 Notices Due No Later than October 15

DEADLINE for Compliance is October 15, 2011

Medicare Part-D 2011 Annual Notices

Each year at this time, health care Plan Sponsors whose plans contain prescription drug coverage must distribute an Annual Notice to Plan Participants who are or who might be eligible for Medicare Part-D coverage or have covered family members who may be eligible. This year, however, there are changes to the Part-D enrollment period as a result of the Patient Protection and Affordable Care Act of 2010 (PPACA). These changes will affect the timing of your notices and may potentially require you to send a supplement to your notices if you have already sent them for 2011.

As a part of the PPACA, Plan Sponsors with group health plans which include prescription drug benefits now must provide the annual Medicare Part-D Creditable Coverage Notice by October 15, 2011. Previously Plan Sponsors were to provide the notice no later than November 15, the first day of the Medicare Part-D open enrollment period. However, PPACA changed the Part-D open enrollment to be the period between October 15, 2011 and December 7, 2011. In addition, the Center for Medicare and Medicaid Services (CMS) published new model notices in early April, reflecting this change in open enrollment dates. The purpose of this Memorandum is to discuss the ramifications of these two events.

Action Plan

For 2011 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 October 15, 2011.

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.gov/CreditableCoverage/45_CCDisclosureForm.asp

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 [Creditable Coverage Notice](#) and distribute it to all health plan 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. A [Spanish version](#) of the Notice is also available.

Important Instructions for Creditable Coverage Forms.

In addition to inserting the employer's name, or plan name if more than one, the Plan Sponsor will need to personalize the paragraph, "What happens to your current coverage if you decide to join a Medicare Drug Plan."

Your Current Coverage [will/will not] be Affected. *The issue here is whether an individual is covered under a medical plan providing drug coverage that requires the participant to elect its drug coverage. For example, if a member drops drug coverage under a Kaiser Senior Advantage Plan, Kaiser will also cease to provide medical to that member. This is common for Medicare Advantage plans. The Plan Sponsor will complete the sentence [will be affected], and explain what happens.*

If you decide to join a Medicare drug plan and drop your current coverage, [Employer's or Plan's name] you [will/will not] be able to get this coverage back. *Typically, group health plans will allow an individual back on to the Plan (if eligible to do so), but only at the Plan's next open enrollment. Medigap policies issued to individuals will not allow an individual back on the Plan.*

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 October 15, 2011!

If you have questions, please contact us at 866-445-1550 or benefits@howittins.com

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