

Medicare Part D Creditable Coverage Notices

What you need to know?

The Centers for Medicare and Medicaid Services (CMS) requires plan sponsors with prescription plans to distribute a notice regarding the [Part D](#) creditability of its prescription coverage to all Medicare-eligible participants prior to Sunday, October 15, 2018.

As a practical matter, this notice should be distributed to all employees, plan participants, COBRA participants and retirees to ensure compliance. Also, plans with prescription coverage must report to CMS regarding prescription coverage within 60 days of the beginning of the plan year or March 1 for the calendar year plans.

If you have already distributed the notice to all employees, plan participants, COBRA participants and retirees earlier this year, as well as to new employees upon hire, then it is not necessary to resend this notice at this time. There are no specific penalties for employers who do not distribute the notice in a timely manner. However, the contents of the notice are important in helping employees make Medicare decisions.

The purpose of the notice is to help Medicare-eligible individuals covered by your plan to determine whether to enroll in Medicare Part D and to avoid any Medicare late-enrollment penalties. Medicare imposes a late-enrollment penalty on individuals who do not maintain creditable prescription coverage for a period of 63 days or longer following their initial enrollment period for the Medicare prescription drug benefit. Accordingly, the information contained in the Creditable Coverage Notice (or a Non-Creditable Coverage Notice, as applicable) is essential to an individual's decision whether to enroll in a Medicare Part D prescription drug plan.

The Creditable Coverage Notice (or Non-Creditable Coverage Notice) must be provided to the following:

- * Medicare-eligible active working individuals and their dependents.
- * Medicare-eligible COBRA individuals and their dependents.
- * Medicare-eligible disabled individuals covered under your prescription drug plan.
- * Any retirees and their dependents.

Is your prescription coverage creditable?

To send the correct notice, you must determine whether the prescription coverage you offer is “creditable,” meaning the coverage is expected to pay on average as much as the standard Medicare prescription drug coverage. Then, you will need to send either the Creditable Coverage Notice or the Non-Creditable Coverage Notice to employees and participants.

If you have questions about whether your prescription coverage is considered creditable, please contact your Henderson Consulting employee benefits account manager.

Report to CMS

In addition to the Creditable Coverage Notice to employees and participants, the second disclosure requirement regarding creditable prescription coverage is for entities to complete the Online Disclosure to CMS [Form](#) to report the creditable coverage status of their prescription drug plans.

The deadlines for the online disclosure form are as follows:

- * No later than 60 days from the beginning of a plan year (March 1 for calendar-year plans).
- * Within 30 days after termination of a prescription drug plan.
- * Within 30 days after any change in creditable coverage status.

Contact us

Have questions regarding the Creditable Coverage annual notice or any other information in this alert?

Contact Henderson Consulting at 713-574-8570 or email at info@hendersonconsulting.net