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Employers who sponsor a group health plan with prescription drug benefits are required to notify their Medicare-eligible participants and beneficiaries whether the prescription drug coverage offered under their plan constitutes “creditable” or “non-creditable” coverage. This notification must be provided prior to October 15 each year. Most insurance carriers and TPAs will disclose whether or not the prescription drug coverage under the plan is creditable for purposes of Medicare Part D. Additional guidance on creditable coverage may be found at: http://www.cms.gov/Medicare/Prescription-Drug-Coverage/CreditableCoverage/index.html?redirect=/CreditableCoverage/45_CCDisclosureForm.asp.

When and How Should the Notice Be Sent to Participants?

At a minimum, participant disclosure notices should be provided at the following times:

- Annually, prior to October 15th;
- Prior to an individual’s initial enrollment period for Part D;
- Prior to the effective date of coverage for any Part D eligible individual that enrolls in the employer’s prescription drug coverage;
- Whenever the employer no longer offers prescription drug coverage or changes it so that it is no longer creditable or becomes creditable; and
- Upon request by the Part D eligible individual.

If the notice is provided to all plan participants annually prior to October 15th, CMS will consider the first two bullet points satisfied, but employers will still need to provide the notice to new hires and newly eligible individuals to satisfy the third bullet point.

The notice should be sent to all Part-D eligible participants, which includes active employees, COBRA qualified beneficiaries, retirees, spouses, and other dependents of the employee covered by the plan. Employers may wish to send the notice to all plan participants to ensure compliance, since many times the employer may not know whether an individual is Medicare eligible.

Model notices for both creditable and non-creditable coverage can be found at: <http://www.cms.gov/Medicare/Prescription-Drug-Coverage/CreditableCoverage/Model-Notice-Letters.html>.

A single notice may be provided to a participant and family members covered under the plan unless the employer is aware that the spouse or dependent resides at a different address. The preferred method of delivery is via first class mail, however it may be provided via electronic delivery to plan participants who have the ability to access the employer's electronic information system on a daily basis as part of their work duties. (Electronic delivery may not always work for COBRA qualified beneficiaries who may not have access to the employer's electronic information system on a daily basis. In such a case, mail is the generally recommended method). If using electronic delivery, the employer must inform the plan participants that they are responsible for providing a copy of the electronic disclosure to their Medicare-eligible dependents covered under the group health plan. The employer must also post a copy of the notice on its website.

If an employer chooses to incorporate the notice with other plan participant information, the disclosure must be prominent, conspicuous, and written in at least 14-point font in a separate box, bolded or offset on the first page of the provided information.

Notice to CMS

Employers must also electronically notify CMS as to the creditable status of the group health plan prescription drug coverage by using the form located at <https://www.cms.gov/Medicare/Prescription-Drug-Coverage/CreditableCoverage/CCDisclosureForm.html>. This notice must be provided by the following deadlines:

- Within 60 days after the beginning date of the plan year;
- Within 30 days after termination of the prescription drug plan; and
- Within 30 days after any change in creditable status of the prescription drug plan.

Additional guidance on completing the form is available at: <https://www.cms.gov/Medicare/Prescription-Drug-Coverage/CreditableCoverage/Downloads/CredCovDisclosureCMSInstructionsScreenShots110410.pdf>.

