

Carrier Information

Regulations under the Medicare Prescription Drug Improvement and Modernization Act of 2003 require plan sponsors to provide disclosure notification of creditable coverage to all Medicare Eligible Participants of a group sponsored prescription drug plan by **November 15, 2005**. Group Health Cooperative will be sending letters to employers and participants detailing whether the current plan is creditable or non-creditable for purposes of Medicare Part D. Group Health has not provided a timeline for when these letters will be sent.

Because the responsibility for notification of creditable coverage rests with the plan sponsor, Kibble & Prentice recommends you send the creditable coverage disclosure notification to all participants under your plan. Attached are safe harbor letters provided by The Centers for Medicare and Medicaid Services. These letters meet the disclosure requirements.

Participants Considering Medicare Part D

Medicare eligible participants under your current plan may apply for Medicare Part D coverage during the open enrollment period beginning November 15. Medicare eligible participants may want to enroll at this time, especially if current group plan coverage is “non-creditable”, offering a lesser benefit than what is provided under Medicare Part D. The disclosure notification letter provides your eligible participants with the information necessary to enroll in the federal plan. Also, if a Medicare eligible participant remains covered under a “creditable” prescription drug plan and later decides to enroll in Medicare Part D, the disclosure letter is the participant’s ticket into the federal plan without incurring the higher premium penalty.

Retiree Prescription Drug Plans

Companies offering Retiree Benefit Plans with prescription drug coverage are eligible to apply for a Federal Subsidy. The deadline for the application has been extended from September 30, 2005 to **October 31, 2005**. However, The Centers for Medicare and Medicaid Services (CMS) strongly encourages plan sponsors to complete the application process early. To apply for this subsidy, a plan sponsor must complete the following steps:

1. Submit an electronic application by October 31, 2005 (see http://rds.cms.hhs.gov/how_to_apply/ for information on how to apply);
2. Attach an actuary attestation of creditable coverage;
3. Certify that creditable coverage status has or will be disclosed to plan participants and CMS;
4. Electronically submit and update enrollment information about retirees and dependents to CMS; and
5. Electronically submit data about drug costs to CMS.

Should you have any questions on the disclosure notifications please contact either your carrier or Alicia Scalzo, Manager, Special Products Unit at Kibble & Prentice (alicias@kpc.com or 206-676-7474).