

Medicare Part D Creditable Coverage Disclosure Requirement to CMS

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 added prescription drug coverage to Medicare. Under the regulations, employers have an obligation to notify Medicare eligible individuals covered under their health plans as to whether prescription drug coverage is creditable or non-creditable for purposes of Medicare Part D. The initial deadline for this notification was November 15, 2005.

The regulations also require plan sponsors to notify the Center for Medicare & Medicaid Services (CMS) as to whether or not their plan coverage is creditable. Recent guidance from CMS outlines the proper notification procedures. This bulletin highlights the key components of this notification process.

Employers offering a group health plan will be required to disclose to CMS the prescription drug coverage provided to employees and dependents under the plan. This also applies to employer sponsored retiree health plans. Employers contracting with a Medicare Part D plan to provide retiree coverage are exempt from notification procedures. Additionally, an employer sponsoring a retiree health plan that applied for and was approved by CMS for the federal subsidy is relieved of reporting obligations on that plan. For most plans, disclosure to CMS must be made prior to March 31, 2006. Employers can satisfy the disclosure obligation by completing a CMS online disclosure notice for each plan. The online form is located at <http://www.cms.hhs.gov/apps/ccdisclosure/default.asp>. For entities with subsidiaries, one disclosure form may be completed for the entire group provided the plan year is the same for all of the subsidiaries. CMS requires the following information and timeline in order to comply with the notice requirement:

Name of the Entity

This is the name of the employer sponsoring the plan.

Tax Identification Number

If the company has a number of subsidiaries, all under the same type of coverage, the Tax ID of the parent company is sufficient.

Street Address & Phone Number

If the company has a number of subsidiaries, all under the same type of coverage, the address and phone number of the parent company is sufficient.

Type of Coverage/ Number of Options Offered

The type of coverage offered to Medicare eligible individuals. Most employers will file an employer sponsored group health plan. A separate disclosure form is not required if the employer offers more than one plan option. However, the employer will need to disclose the number of plan options being offered under the group plan. For example, a group offering HMO, PPO and indemnity plans, which include prescription drug coverage, would need to disclose all three plans offered to Medicare eligible employees. If the entity has subsidiaries, provided the plan year is the same, only one disclosure form is necessary. However a separate form with subsidiary specific information may be submitted.

Creditability of Coverage

The plan sponsor must indicate whether plan coverage is creditable or non-creditable. If more than one prescription drug plan is offered, an employer may state all options are creditable or non-creditable. If some plans are creditable while others are not, the employer will need to separate the data by creditable and non-creditable plans.

Period Covered by Disclosure Notice/ Disclosure Deadlines

The employer has an obligation to report the credibility of coverage to CMS on an annual basis. The entity must provide the beginning and ending dates of the plan year.

The employer must submit the online disclosure form:

- No later than March 31, 2006 for plan years that end in 2006,
- For plan years that end in 2007 and beyond, no later than 60 days after the first day of the plan year
- Within 30 days after a change in credibility of coverage (plan goes from being creditable to non-creditable or vice versa), and
- Within 30 days of termination of the prescription drug plan.

Number of Part D Eligible Individuals

The employer should estimate the number of Medicare eligible individuals covered by the plan. This estimate should include employees as well as dependents, for both group and retiree health plans.

Date the Notice Creditable Coverage was provided to Part D Eligible Individuals

The employer should include the latest date on which the required creditable coverage disclosure to Part D eligible individuals occurred.

Change in Creditable Coverage Status

If the entity changes the type of coverage or any options that were previously disclosed to CMS the entity must provide a new disclosure notice to CMS.

Name, Title and Email of Authorized Individual

Date of Disclosure to CMS

Again, the deadline for disclosure to CMS is March 31, 2006. For additional information on Medicare Part D please visit the CMS website at www.cms.hhs.gov.