



September 15, 2011

Medicare Part D Creditable Coverage Notification Deadline – October 14, 2011

With the 2012 Medicare Part D annual enrollment period beginning earlier this year, employers need to review their prescription drug plan(s) and provide a creditable coverage notice to their employees on or before October 14, 2011. This annual notification is required by the Centers for Medicaid and Medicare Services (CMS). This past May CMS released updated creditable and non-creditable coverage disclosure notices to reflect the new annual enrollment period beginning on October 15 and ending on December 7. Sample Notices can be found in PDF format here: [CMS Model Notice Letters](#). Additionally the MSWord versions are available on Trion's website here: <http://www.trion.com/community/resource-center/trion-alerts-archive.aspx>

The balance of this compliance brief provides a general review of the Medicare Part D mandates, including:

- a review of the employers impacted by Part D,
- an overview of who is considered a “Medicare eligible individual”; and
- a review of the ongoing disclosure deadlines and acceptable delivery methods.

If you have any questions or need further details about the creditable coverage disclosure requirements, please contact your Trion Strategic Account Manager.

Employers Impacted by Medicare Part D

Employers subject to the Medicare Part D guidelines generally include those who currently offer prescription drug coverage to their active employees or retirees, and those who have Medicare eligible employees or dependents covered under their prescription drug plan.

If an employer currently provides prescription drug coverage to Medicare beneficiaries, it must disclose whether the coverage is “creditable prescription drug coverage”.

Medicare Part D Eligible Individual

The creditable coverage notification must be provided to all Medicare Part D eligible individuals who are applying for, or are covered, under the employer's prescription drug benefits plan. Medicare “Part D eligible individuals” can include active employees, employees who are disabled or on COBRA, and those individuals who are retired. In addition, Medicare beneficiaries also include spouses or dependents covered under the employee's plan.

A “Part D eligible individual” is a person who:

- is entitled to benefits under Medicare Part A and/or is enrolled in Medicare Part B, as of the effective date of coverage under the Part D plan (even an active employee can have Medicare coverage), and
- lives in a “service area” of a Part D plan. A “service area” is defined as a location that meets certain pharmacy access standards. Most individuals live in a service area.

Disclosure must be made:

- Prior to the Medicare Part D Annual Election Period beginning on October 15, 2011
- Prior to an individual’s initial eligibility for Medicare Part D (this begins three months prior to the month in which he or she first meets the Medicare Part B eligibility requirements and ends three months after the month of initial eligibility)
- Prior to the effective date of coverage for any Medicare-eligible individual that joins the plan
- Whenever prescription drug coverage ends or changes so that it is no longer creditable or becomes creditable
- Upon the request of a beneficiary

Method of Delivery

Plans need not provide the creditable coverage notice in a separate mailing, but rather may do so with other member information materials (including initial and open enrollment materials).

- If the notice is combined with other information, the notice must be prominent and conspicuous as follows:
 - A reference to the notice must appear on the first page of the document,
 - The reference must be in at least 14-point font in a separate box, or boldfaced or offset text, and refer to the appropriate page or section.
- If within the same family there are multiple Medicare-eligible individuals, the plan need only supply a single notice (unless the plan knows that a Medicare-eligible individual in the family resides elsewhere).
- The notice may be hand-delivered or mailed.

Employers may also provide the notice electronically provided that the Department of Labor’s (DOL) electronic disclosure requirements are met. The requirements include that:

- electronic transmission may be relied on only for participants who can access the documents in electronic format at their work sites;
- appropriate measures must be taken to ensure actual receipt by participants; and
- the participant must be notified in writing or electronically of his or her right to receive a paper copy of the notice free of charge.

In addition, if an employer provides notice electronically participants must also be notified that they are responsible for providing a copy of the disclosure to their Medicare eligible dependents covered under the group health plan.

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