

Medicare Part D Notice Due November 15, 2005

If your group health plan offers prescription drug coverage to active employees or retirees who are also entitled to Medicare coverage, you must provide them a notice stating whether or not your plan's coverage is "creditable coverage." The deadline for this notice is November 15, 2005. The notice will help Medicare eligible individuals who now have an option to elect Medicare's new voluntary prescription drug coverage (Medicare "Part D" coverage) starting January 1, 2006. The notice must be provided to all Part D eligible individuals (including dependents) covered by the group health plan, which would include individuals over age 65 and those under age 65 who are disabled for Social Security purposes. Additional creditable coverage notice requirements, some of which may be satisfied by a general notice to all group health participants included in the annual open enrollment package, apply at other times. The Centers for Medicare and Medicaid Services ("CMS") also must receive a disclosure of your plan's creditable coverage status on an annual basis (details about this disclosure and the CMS model form are not yet available).

Recommendations: Determine whether or not your group plan provides "creditable" prescription drug coverage, which is coverage the "actuarial value" of which equals or exceeds the actuarial value of Part D prescription drug coverage. Contact your insurer or third party administrator to see if they will assist in this determination (many do not want to be involved in this process). Although you may have to engage an actuary, there are alternative "safe harbor" rules that will make it easier for most group health plans to determine whether their drug coverage is "creditable." The creditable coverage notice itself can be based on model notices issued by CMS that are posted at www.cms.hhs.gov/medicarerereform/CredCov-BeneDsclsreNtc.pdf (for plans with creditable coverage) and www.cms.hhs.gov/medicarerereform/Non-CredCov-BeneDsclsreNtc.pdf (for plans that do not provide creditable prescription drug coverage).

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