

Special point of interest:

- **MEDICARE PART D NOTIFICATION TO PLAN PARTICIPANTS**
- **CREDITABLE COVERAGE DISCLOSURE TO CMS WEBSITE**

Medicare Part D – Prescription Drug Coverage

As you may be aware, the Medicare Prescription Drug, Improvement & Modernization Act (MMA) implemented a voluntary prescription drug benefit (Part D) for Medicare eligible individuals beginning on January 1, 2006.

Two key components of this Medicare program, established by CMS, (Centers for Medicare and Medicaid) that impacts group health plans are:

- Part D Medicare eligible individuals must be *notified* by the group health plan whether or not the prescription drug coverage provided by the group health is or is not “creditable coverage”. “Creditable Coverage” as defined by Medicare is coverage that is equal to or greater than the coverage being offered under the Medicare Part D program, and
- Annually, the group health plan must notify CMS of the Plan’s Creditable/Non-Creditable Status.

Notification to Plan Participants

In an email distributed to your Plan’s primary contact last week, BAS advised that if we administers your primary medical plan and your prescription drug program (or if we have been provided with an analysis of you prescription drug plan) BAS will distribute the applicable Creditable or Non-Creditable Coverage Notice to all of your Plan Participants by first class mail no later than November 15, 2006. BAS will provide this service unless instructed otherwise. Templates of the Notices are attached for your use. *Under the MMA your Plan Participants have until December 31, 2006 to decide whether or not it is beneficial for them to enroll in Medicare Part D Coverage.*

When Must Notices Be Sent

The CMS regulation specifies the times when Creditable Coverage Notifications must be

made to Medicare Part D eligible individuals. The Notification must be distributed:

- Annually - Prior to the commencement of the annual coordinated election period (ACEP) for Medicare Part D that begins on November 15 and ends on December 31 of each year;
- Prior to an individual’s initial enrollment period (IEP) for Medicare Part D;
- Prior to the effective date of coverage for any Medicare Part D eligible individual that enrolls in the employer’s prescription drug plan;
- Whenever the employer’s prescription drug coverage ends or changes so that it is no longer creditable or becomes creditable; and
- Upon request by the Medicare Part D eligible individual.

As the Notification will be distributed to all individuals, CMS considers the first two notification requirements to be met. CMS guidance clarified that “prior to” means that the Notification must be provided within 12 months before the event occurred.

As the Plan Sponsor, it is your responsibility to distribute a copy of this Notification to comply with the additional distribution requirements. We recommend that the Notice be distributed to employees hired throughout the year.

For further information the complete official guidance regarding Creditable Coverage can be found at:

www.cms.hhs.gov/creditablecoverage

Annual Creditable Coverage Disclosure to CMS Website

PLEASE NOTE:

In addition to the Creditable Coverage Notification requirement for Medicare eligibles, em-

employers must disclose their Creditable Coverage status to CMS on an annual basis. The disclosure form **must be completed online—electronic filing is required.** The form and instructions for completion can be found at: www.cms.hhs.gov/apps/ccdisclosure/default.asp

Employers had until March 31, 2006 to file a Creditable Coverage Disclosure Notice form to the Centers for Medicare & Medicaid Services (CMS).

The Disclosure Notice and policy guidance were posted on the Medicare website and require that the Disclosure Notice must be made to CMS on an annual basis and upon any change that affects whether the drug coverage is creditable. The initial Disclosure Notice had be provided by March 31, 2006 for plan years that end in 2006. **For plan years that end in 2007 and beyond, disclosure of creditable coverage status must be provided within 60 days after the beginning date of the plan year for which the entity is providing the disclosure to CMS. (Example: plan year begins on April 1, 2006 – disclosure to CMS must be made by May 31, 2006.) Disclosure must also be made within 40 days after the termination of the prescription drug plan; and within 30 days after any change in the creditable coverage status of the prescription drug plan. CMS has released a Disclosure Notice form that requires information such as name of entity; Federal tax identification number; street address; type of coverage; number of options offered by the entity, creditable coverage status of option; period covered by the disclosure notice; number of Part D eligible individuals expected to be covered under the plan as well as the name, title and email of the Entity's authorized Individual.**

A disclosure is required whether the entity's coverage is primary or secondary to Medicare. Entities that must comply with these provisions are listed in the regulation at 42 CFR Section 423.56(d) and are referenced on the creditable coverage homepage at <http://www.cms.hhs.gov/creditablecoverage>. Those entities include group health plans, including those offered by employers; union/Taft-Hartley plans; church, Federal, State and local government, and other group-sponsored plans. (Entities that contract with Medicare directly as a Part D plan or that contract with a Part D plan to provide qualified prescription drug coverage are exempt from the disclosure requirement.)

How to find this information: CMS has issued guidance on the form, manner and timing of providing the Disclosure Notice to CMS. This Disclosure to CMS guidance is posted on the Creditable Coverage web page at <http://www.cms.hhs.gov/creditablecoverage/>.

We encourage you to complete the Disclosure Notice at the CMS website as soon as possible and we recommend that you keep a copy for your records. If you have any questions or need assistance, please contact us at www.benadmsys.com or 708-799-7400.