

CLIENT ALERT



October 3, 2016

2016 Medicare Creditable Coverage Notice Deadline Approaching

Employers whose group health plans provide prescription drug coverage must provide a notice of creditable or non-creditable coverage status to all Medicare-eligible participants (including employees and their dependents) **no later than October 15, 2016**. However, as October 15 is a Saturday this year, the notice should go out by October 14th. Creditable coverage means that on average the plan will pay as much as the standard Rx drug plan under Medicare Part D. These notices help individuals decide whether or not they should remain in their current plan or enroll in Medicare Part D during its annual open enrollment period. Providing these notices is important, as individuals that delay enrollment in Medicare Part D past their initial eligibility date and go 63 days or longer without creditable coverage face a penalty. If your group health plan is fully-insured, your carrier should be able to assist you in determining the creditable/non-creditable status of your prescription drug benefit.

Technically, the notice need only be provided to Medicare eligible individuals (whether by reason of age or disability) who are covered under or are eligible for the employer's prescription drug plan. However, many employers send the notice to all eligible or enrolled individuals, as it can be difficult to ascertain the Medicare eligibility of dependents or individuals eligible for Medicare by reason of disability.

Model notices (in English and Spanish) can be found on the Centers for Medicare and Medicaid Services (CMS) website: <https://www.cms.gov/Medicare/Prescription-Drug-Coverage/CreditableCoverage/Model-Notice-Letters.html>. As long as the October 15th deadline is met, the required notices may be included in annual enrollment materials, through a separate mailing, or electronically, if the employer satisfies the Department of Labor safe harbor rules for electronic distribution. If the employer does not offer prescription drug coverage the notice is not required.

Remember that group health plan sponsors must also notify CMS of the creditable coverage status of the plan's prescription drug benefit. This notification must be provided annually, and within the 60 days after the beginning of the plan year. In addition, a notification must be made within the 30 days after termination of the prescription drug benefit or within the 30 days after any change in the creditable status of the prescription drug benefit. The disclosure must be made electronically on the CMS website: <https://www.cms.gov/Medicare/Prescription-Drug-Coverage/CreditableCoverage/CCDisclosure.html>

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