



Your Compliance Guide for Employee Benefits

Medicare Part D Notices: Due By October 15th

Employers whose health care plans include prescription drug benefits for active employees, retirees, COBRA participants, or spouses and dependents who are Medicare-eligible must notify those covered individuals by October 15 of each year whether their drug benefit is creditable or non-creditable coverage. This means the health plan is expected to cover, on average, as much as the standard Medicare Part D prescription drug plan.

Under regulations issued by the Center for Medicare and Medicaid Services (CMS), disclosure notices must be provided to Part D eligible individuals at the following times:

- prior to commencement of the annual coordinated election period (ACEP) for Part D;
- prior to an individual's initial enrollment period (IEP) for Part D;
- prior to the effective date of coverage for any Part D eligible individual that enrolls in the employer's prescription drug coverage;
- whenever the employer no longer offers prescription drug coverage or changes it so that it is no longer creditable or becomes creditable; and
- upon request by the Part D eligible individual.

However, if disclosure notices are provided to *all plan participants annually*, prior to October 15 each year, CMS will presumably consider the listed disclosure times met (with the exception of the notice being requested). Thus, JRG Advisors suggests that employers distribute this notice to all plan participants at open enrollment with enrollment materials.

CMS posts the Model Disclosure Notices on its website at <https://www.cms.gov/Medicare/Prescription-Drug-Coverage/CreditableCoverage/Model-Notice-Letters.html>.

This notice is especially important to those who are Medicare eligible, since if they are not covered with creditable coverage and decline to enroll in Part D, a penalty will likely be imposed when enrolling at a later date.

Employers Need to Know:

- The Notice of Creditable or Non-Creditable Coverage is an employer responsibility.
- Check with the health plan insurer to verify if coverage is creditable or non-creditable, especially if offering a qualified High Deductible Health Plan.
- Notice must be provided no later than October 15 of each year.
- Distribution to all participants during open enrollment meets the October 15 deadline and other time requirements to provide the notices.

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