

Put Medicare Part D on the “To Do” List

October 14, 2008

The end of the year brings a busy time for many employers. Benefit decisions, open enrollment and year-end parties to plan. Employers offering group health plan coverage with a prescription drug benefit need to put on their “to-do” list to notify all Medicare participants before November 15 (of each year) whether coverage constitutes “creditable prescription drug coverage.”

Medicare Part D went into effect on January 1, 2006. Medicare participants may enroll in Part D starting November 15 of each year. Required recipients include not only Medicare-enrolled employees, but also any retirees, COBRA beneficiaries, their spouses and dependents who are on Medicare. To be considered creditable coverage, an employer’s group health plan must answer a key question: on average, will the expected claims payout by the employer’s plan equal or exceed those paid under Part D?

Employers should comply with Medicare Part D by mailing notices via first class mail to all plan participants. This is the preferred method because many will have difficulty in determining which participants are currently Medicare Part D eligible. Payroll stuffers generally will not suffice if a spouse or dependent is entitled to the notice.

The participant notice must be sent at the following times:

- Before November 15 of each year
- Before a participant’s Initial Enrollment Period (IEP) for Medicare Part D
- When the participant first joins the employer’s plan
- When the employer no longer offers prescription drug coverage or the coverage changes its creditable status
- Upon request

Employers who provide the notice before November 15 each year do not have to worry about sending another notice before the IEP.

The second notice is the Notice to the Centers for Medicare and Medicaid Services (CMS). Employers must submit the CMS Notice annually by completing an online form that can be found at the CMS website (www.cms.hhs.gov/creditablecoverage).

At a minimum, the Disclosure to CMS Form must be provided at the following times:

- Within 60 days after the start of each plan year (for calendar plan years, it was February 29, 2008)
- Within 30 days of prescription drug coverage termination
- Within 30 days of any change in creditable status

Keep your “to-do” list shorter by eliminating this notice requirement from your busy work schedule.