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Medicare Part D Notice Reminder: Deadline of October 14th

As you may recall, with the introduction of Medicare Part D prescription drug benefits, the Centers for Medicare and Medicaid Services (CMS) imposed certain notice requirements on employers. Employers are required to notify all Medicare beneficiaries of the “creditable” or “non creditable” coverage status of their prescription drug plan at least once every 12 months. If the Medicare Part D Notice was included in your open enrollment materials this year then you have met your annual obligation and can stop here. For everyone else, please continue reading to learn about your responsibilities under Medicare.

Medicare eligible participants need the information in this Notice to make a decision regarding purchasing Medicare Part D qualified prescription drug coverage. Coverage is considered creditable if it is expected to pay out at least as much as a standard Medicare Part D Plan would pay. A plan that is not “creditable” is not expected to pay out as much as a standard Medicare Part D Plan. Medicare eligible participants are penalized if they do not maintain creditable coverage and then apply for Part D at a later date.

The annual open enrollment period for Medicare Part D is October 15th through December 7th, so notices must be provided by October 14th.

It is important to note that required recipients include not only Medicare-enrolled employees, but also retirees, COBRA beneficiaries and their spouses and dependents who are on Medicare.

AN EMPLOYER'S RESPONSIBILITY

Not all carriers are providing the notices to their potential Medicare-eligible members this year. Even though many carriers have assisted in the process in the past, most are only sending the notice to those individuals that they know are already covered by Medicare. Since it is still an employer obligation, we are again recommending that you send the notice to all plan participants to ensure that all participants, including spouses and dependents that need the notice, will receive it.

If Parker, Smith & Feek prepared your open enrollment communications, there was a short, one paragraph blurb about the Medicare Part D Notice. This blurb does not satisfy the Notice requirement.

REQUIRED NOTICES

In addition to the annual notification requirement required prior to October 15th of each year, the Notices must be provided in the following circumstances:

- Before the individual's Initial Enrollment Period for Part D;
- Before the effective date of enrollment in the prescription drug coverage;
- Upon any change that affects whether the coverage is creditable prescription drug coverage; and
- Upon request of an individual.

If the notice is provided to all plan participants annually prior to October 15th, CMS will consider the first two requirements (annual notice and notice prior to an individual's initial enrollment period) to be met.



You may also want to provide the notice to newly covered individuals as they enroll, so that they are aware of the status of your prescription drug plan.

We have attached sample generic notices based on the CMS drafts, which have not been revised since 2011. We encourage you to customize them for your plan, especially where indicated in blue. The Notice should be distributed by October 14th. Since these notices are the same as last year's notice, you should be able to use them as a reference in preparing the new notice.

ADDITIONAL RESOURCES FOR YOUR MEDICARE PART D RESPONSIBILITY

As you may have noticed, PS&F includes some basic Medicare Part D Notice information in the draft open enrollment letter that we provide to you at renewal, as a secondary measure to inform your employees.

There is also a Medicare Part D Legislative Guide on MyWaveHR. You can access this at www.zywave.com and then follow the login process.

Further guidance, including a user's guide to assist you with the disclosure process, can be found at <http://cms.hhs.gov/creditablecoverage>.

As you may recall, CMS also imposed a requirement for employers to disclose the creditability status of their prescription drug coverage directly to CMS. The disclosure to CMS must be completed no later than 60 days following the beginning of the plan year. If you have any questions about the disclosure to CMS at renewal, please don't hesitate to call.

As always, should you have any questions, please contact your Parker, Smith & Feek Benefits Team. While every effort has been taken in compiling this information to ensure that its contents are totally accurate, neither the publisher nor the author can accept liability for any inaccuracies or changed circumstances of any information herein or for the consequences of any reliance placed upon it.