

**THE FIVE W's AND ONE H**

Medicare Part D Creditable Coverage Notices

Who is required to provide a Medicare Part D Creditable Coverage Notice?

- All group plan sponsors (i.e., employers) that provide prescription drug coverage are required to provide a disclosure notice to all Part D eligible individuals who are covered under, or who apply for, the employer's prescription drug coverage.
- Part D eligible individuals are those who are eligible for Medicare A or B, and include COBRA participants, retirees, covered spouses and dependents, and employees. Because the list of Medicare eligible individuals is broad, many employers choose to provide all participants with a Part D notice.
- While the plan sponsor that provides the coverage is responsible for providing the notice, nothing in the regulation prevents that employer from arranging to have it provided by a third party.



What does creditable or non-creditable coverage mean?

- Creditable coverage means that on average, the actuarial value of the coverage under the employer's plan equals or exceeds the actuarial value of standard prescription drug coverage under Medicare Part D.
- In general, if an employer's plan is creditable, it will pay at least as much for prescription drug claims as the expected amount of paid claims under the standard Medicare Part D benefit.
- Some carriers will provide guidance on whether their plans are creditable or may provide a calculator for determining credibility. These calculators have not been formally approved by CMS, so risk adverse employers should consider paying for an actuarial analysis in the event their carrier does not provide the actuarial determination for them and the plan does not meet the simplified determination of the creditable coverage safe harbor. Information on the safe harbor can be found on the [CMS website](#). Alera Group's actuarial team offers services for this analysis.

Where does an employer obtain model disclosure notices?

- CMS has provided model/sample language that entities can (but are not required to) use when disclosing creditable coverage status to beneficiaries. The model notices are posted on the [CMS website](#).
- Employers that choose not to use the model/sample disclosure notice language must ensure the disclosure notices they provide meet minimum content standards prescribed by CMS.

Why is a notice required to be provided?

Disclosure of whether prescription drug coverage is creditable provides Medicare beneficiaries with important information relating to their Medicare Part D enrollment. Beneficiaries who do not have creditable prescription drug coverage and who choose not to enroll before the end of their initial enrollment period for Part D may pay a higher premium on a permanent basis if they subsequently enroll in a Part D drug plan.

When is the notice required to be provided?

There are five times that creditable coverage determinations must be provided to Part D eligible beneficiaries:

1. Prior to the Medicare Part D Annual Coordinated Election Period — beginning October 15–December 7th of each year;
2. Prior to an individual's Initial Enrollment Period for Part D;
3. Prior to the effective date of coverage for any Medicare eligible individual that joins the plan;
4. Whenever the entity no longer offers prescription drug coverage or changes the coverage offered so that it is no longer creditable or becomes creditable; and
5. Upon request by the individual.

If the creditable coverage disclosure notice is provided to all plan participants annually, prior to October 15 of each year, for instance during open enrollment, CMS will consider items 1 and 2 to be met.

Carmine's Sandwich Shop has a calendar year plan, and has open enrollment the first week of November. In November of 2024, Carmine's Sandwich Shop has open enrollment for 2025, and provides required notices to employees about their 2025 plan, including the Medicare Part D Notice of Creditable Coverage. Providing the notice in November of 2024 meets the requirement of providing the notice before October 15, 2025.



How does the notice need to be distributed?

- The notice need not be sent as a separate mailing. The disclosure notice may be provided with other plan participant information materials (including enrollment and/or renewal materials).
- If employers choose to incorporate disclosures with other plan participant information, the disclosure must be prominent and conspicuous. This means that the disclosure notice portion of the document (or a reference to the section in the document being provided to the individual that contains the required statement) must be prominently referenced in at least 14-point font in a separate box, bolded or offset on the first page of the provided plan participant information.
- An employer may provide a single disclosure notice to the covered Medicare individual and all his/her Medicare eligible dependent(s) covered under the same plan. However, the employer is required to provide a separate disclosure notice if it is known that any spouse or dependent that is Medicare eligible resides at a different address than from where the participant/policyholder materials were provided.
- Employers may provide the notices electronically, if the plan participants have the ability to access electronic documents at their regular place of work and if they have access to the plan sponsor's electronic information system on a daily basis as part of their work duties. If this electronic method of disclosure is chosen, the plan sponsor must inform the plan participant that the participant is responsible for providing a copy of the electronic disclosure to their Medicare eligible dependents covered under the group health plan.
- Only having access to computers in a break room or to computers used to clock in and out is not considered using an electronic information system as part of their work duties.
- Notices to non-employee participants (e.g., COBRA, retirees) or participants who do not access the plan sponsor's electronic information system as a regular part of their work duties, may also be provided electronically, however, electronic consent from the participant must be obtained prior to the notices being provided.



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