

Legislative Update

Employee Benefits



Services offered through Mesirow Insurance Services, Inc.

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Medicare Part D Notice of Creditable Coverage Requirements

In order to comply with Medicare Part D regulations overseen by the Centers for Medicare & Medicaid Services (CMS), most employers sponsoring group health plans that offer prescription drug coverage must provide notice of “creditable coverage” to CMS. To be creditable, coverage must equal or exceed the actuarial value of defined standard prescription drug coverage under CMS guidelines. If you offer multiple prescription drug options, creditable status must be determined for each option.

CMS recently released guidance defining the parameters for the standard Medicare Part D prescription drug benefit for 2011. The 2011 annual percentage increase over 2010 is 0.31%, however, due to rounding, the parameters are largely unchanged, as shown in the table below (or visit: <http://tinyurl.com/2afjw7x>).

Notice of Creditable Coverage to CMS

Entities that provide prescription drug coverage to Medicare Part D eligible

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individuals must disclose to CMS whether the coverage is creditable prescription drug coverage. This disclosure is required whether the entity's coverage is primary or secondary to Medicare.

Entities must disclose creditable coverage status to CMS using the online Creditable Coverage Disclosure Form available at: <http://tinyurl.com/2bqybmc>

At a minimum, disclosure to CMS must be made at the following times:

1. Within 60 days after the beginning of the plan year for which the entity is providing the disclosure to CMS. **This means that for plan years beginning January 1, 2011, notice must be provided to CMS by March 1, 2011 in order to comply.**
2. Within 30 days after termination of a

prescription drug plan.

3. Within 30 days after any change in the creditable coverage status of a prescription drug plan.

“Donut Hole” and ACA

Most Medicare drug plans have a coverage gap – referred to as the “donut hole” – the gap in coverage between what Medicare pays and what must be paid out-of-pocket for drugs by Medicare recipients.

As part of the 2010 Affordable Care Act (ACA), Medicare is working to close the donut hole. Beginning in 2010, Medicare is providing a \$250 tax-free rebate check to eligible Medicare recipients to cover the costs that occur in the donut hole. Between 2011 and 2020, coverage is scheduled to increase until the donut hole is filled. For more information about ACA's effect on Medicare Part D, visit: <http://tinyurl.com/2afjw7x>

For more information regarding creditable coverage and other notice requirements, visit the CMS Web site:

<http://www.cms.hhs.gov/creditablecoverage> or contact your Mesirow Financial representative.

Source: Centers for Medicare & Medicaid Services (CMS)

This article is intended as an overview and should not be viewed as legal or tax advice. Please consult with your attorney or tax professional if you have any questions about this legislation.

Standard benefit parameters for:	2010	2011
Deductible	\$310	\$310
Initial coverage limit	\$2,830	\$2,840
Out-of-pocket expense threshold	\$4,550	\$4,550
Total covered Part D drug spending at the out-of-pocket expense threshold	\$6,440	\$6,440
Minimum co-pays under the catastrophic coverage portion for generic/preferred multi-source drugs	\$2.50	\$2.50
All other drugs	\$6.30	\$6.30

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