

Legislative Update

Employee Benefits



Services offered through Mesirow Insurance Services, Inc.

January 23, 2008

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. CMS has released guidance defining the parameters for the standard Medicare Part D prescription drug benefit for 2008. The 2008 guidelines are shown in the table below.

Standard benefit parameters for 2008

Deductible	\$275
Initial coverage limit	\$2,510
Out-of-pocket expense threshold	\$4,050
Total covered Part D drug spending at the out-of-pocket expense threshold	\$5,726.25
Minimum co-pays under the catastrophic coverage portion for generic/preferred multi-source drugs	\$2.25
All other drugs	\$5.60

Notice of Creditable Coverage to CMS

Entities that provide prescription drug coverage to Medicare Part D eligible individuals must disclose to CMS whether the coverage is creditable prescription drug

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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: www.cms.hhs.gov/creditablecoverage).

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

1. For plan years that end in 2007 and beyond, disclosure of creditable coverage status must be provided within 60 days after the beginning date of the plan year for which the entity is providing the disclosure to CMS. **This means that for plan years beginning January 1, 2008, notice must be provided to CMS by February 29, 2008 in order to comply.**
2. Within 30 days after the termination of the prescription drug plan; and
3. Within 30 days after any change in the creditable coverage status of the prescription drug plan.

If you would like further information about creditable coverage, please visit the CMS

Web site:

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

Sources:

Centers for Medicare & Medicaid Services (CMS)
Employee Benefits Institute of America (EBIA)

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.

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