

Legislative Update

Employee Benefits



Services offered through Mesirow Insurance Services, Inc.

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Medicare Part D Notice to Employees Due November 15 Yearly

Are You Ready?

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA) requires that all group health plans providing prescription drug coverage to Medicare Part D eligible individuals must notify employees of creditable/non-creditable status of its prescription drug plan *by November 15* of each year. (Notice to employees may also be made any time of the year prior to the deadline.)

A Medicare Part D eligible individual may be any person covered under the group health plan: employee, spouse, or dependent. Since it may not be possible to determine which individuals on your plan are Medicare Part D eligible, you may wish to consider providing notice to all participants on this plan.

Sample notices are available through the Centers for Medicare and Medicaid Services (CMS) at:

http://www.cms.hhs.gov/creditablecoverage/09_ccafterJune15.asp#topofpage

Complete the appropriate form and distribute it to employees.

For creditable plans, choose "Model Individual Creditable Coverage Disclosure Notice". For non-creditable plans, choose

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"Model Individual Non-Creditable Coverage Disclosure Notice."

Is Your Plan Creditable?

On September 15, 2006, CMS released the Creditable Coverage Simplified Determination. For most drug card/copay prescription plans, the plan is creditable if:

- it covers BOTH brand and generic prescriptions;
- it provides reasonable access to retail providers (mail order is optional);
- on average, the plan pays at least 60% of the covered person's prescription drug expenses; and
- there is no annual benefit maximum for drugs OR the maximum benefit payable is at least \$25,000 per year.

Do You Have An Integrated Plan?

However, if your prescription drug plan is bundled with medical coverage such that medical and prescription benefits share:

- a) a combined plan year deductible; AND
- b) a combined annual benefit maximum; and
- c) a combined lifetime benefit maximum,

then your plan is an "integrated plan."

Please note that the plan must meet ALL criteria a) to c) to be considered integrated (many plans may not have criteria "b", in which case the plan is NOT considered integrated.)

If your prescription drug plan meets the criteria of an integrated plan, then it must satisfy ALL of the following criteria to be considered creditable:

- 1) It covers BOTH brand and generic prescriptions;
- 2) It provides reasonable access to retail providers (mail order is optional);
- 3) On average, the plan pays at least 60% of the covered person's prescription drug expenses; AND
- 4a) The health plan does not have an annual deductible of more than \$250; AND
- 4b) There is no annual maximum OR the annual payable maximum is at least \$25,000; AND
- 4c) The combined lifetime maximum is not less than \$1,000,000.

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Other Notice Requirements

Group health plans providing prescription drug coverage to Medicare Part D eligible individuals must also provide notice of creditable/non-creditable status to CMS.

Employers must provide notice within 60 days of their plan anniversary date. (This requirement is in addition to the annual employee notification.)

Notice is provided online, and can be submitted via the following address:

https://www.cms.hhs.gov/CreditableCoverage/45_CCDisclosureForm.asp

For more information, please visit the Website for the Centers for Medicare and Medicaid Services at <http://www.cms.hhs.gov/> or contact your Mesirow Financial representative.

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.
