



TO: Our Valued Clients
FROM: Health Plans, Inc.
DATE: September 10, 2024
RE: Required Medicare Part D Creditable Coverage Notices for 2024

This *eBlast* is to remind you about important responsibilities that Plan Sponsors have with respect to disclosing whether or not the prescription drug coverage under your employee health benefit Plan is creditable or non-creditable under Medicare Part D. As indicated in our August 21st Medicare Part D *eBlast* (found [here](#)), the credibility of your Plan this year may be affected by significant changes made to the Medicare Part D plan design for 2025 which includes a reduction of the maximum out-of-pocket (MOOP) amount to \$2,000 -- a \$6,000 reduction from the \$8,000 MOOP amount in 2024. This means employers may have a higher threshold for meeting creditable plan status. This change will likely prevent many plans from qualifying as creditable coverage, especially high deductible health plans.

As further detailed below, Plan Sponsors must notify covered employees and spouses annually, prior to October 15 (see Section II (A) below), as well as at the times listed below under Sections II (B-D). To avoid the need to track which employees and spouses may be Medicare-eligible, it is strongly recommended that you distribute these notices to all covered employees.

If HPI mailed the required annual notices to your covered employees on your behalf last year, or if you have previously indicated you would like us to do so this year, we will mail the notices prior to the October 15 deadline at a cost of \$1.25 per covered employee. If you have not already requested us to send the notices to your covered employees (at a cost of \$1.25 per covered employee), please contact your HPI Account Manager no later than the end of the day, **September 13, 2024**.

As further detailed below, Plan Sponsors must also notify the Centers for Medicare and Medicaid Services (CMS) annually, within 60 days after the beginning of your Plan Year, as well as at the times listed below under Section III.

I. Determination

Based on our understanding of the applicable regulations, using the Creditable Coverage Simplified Determination Status guidelines which were released on September 18, 2009, in the Updated Creditable Coverage Guidance, we believe that the prescription drug coverage under your Plan(s) is **non-creditable** under Medicare Part D.

II. Notifying Covered Employees and Spouses

One notice may be addressed to both the employee and spouse, unless you know that the spouse lives at a different address. When a spouse lives at a different address, you will need to send a separate notice to the spouse. Notices may be distributed through email to employees in accordance with the DOL electronic distribution rules. Additional details related to Medicare Part D Notice distribution requirements can be found at https://www.healthplansinc.com/media/587050/compliance-toolkit_medicare-part-d-electronic-distribution_082819.pdf.

- A. Annual Notice** – A Medicare Part D disclosure notice must be distributed annually to covered employees and spouses **prior to October 15 every year**, which is the beginning of the annual Medicare Part D election period. Under the regulations, “prior to” means in the 12 months before October 15. Most employers make the distribution either in early October or with their annual open enrollment materials.

We have attached two Medicare Part D Disclosure notices based on the current Centers for Medicare and Medicaid Services (CMS) model notices, last updated by CMS for use on and after April 1, 2011. In each we have indicated with highlighted text where you should fill in your company name, contact and other company-specific information before you distribute the notices to your employees. The two notices attached are as follows:

- Disclosure Notice of Non-Creditable Coverage
This notice is designed to be mass-produced and distributed to all covered employees and spouses who participate in the Plan. We recommend that this notice be used as your annual notice. The annual notice(s) are marked “Annual” in the footer on each page.

- Personalized Disclosure Notice of Non-Creditable Coverage
This notice is designed to be individually produced and include personalized participant information. This notice may be distributed annually in lieu of the mass-produced notice and/or to individuals who request it at other times of the year in order to provide proof of creditable (or non-creditable) coverage when enrolling in Medicare Part D. We do not recommend using the personalized notice as your annual notice since you would need to include the personalized participant information. The personalized notices are marked “Personalized” in the header as well as in the footer of each page.
- B. New Enrollees** – Employees who are newly eligible for coverage under your Plan must receive the disclosure notice *before* the effective date of their coverage under the Plan. The notice may be included with other Plan information such as the enrollment materials distributed to potential new enrollees. You may use the annual notice for this purpose.
- C. Upon Request** – The disclosure notice must be provided to a covered employee or spouse upon request. The annual notice may be used for this purpose unless the individual requests a personalized notice.
- D. When a Change in Coverage Affects Whether the Plan is Creditable or When the Prescription Coverage Terminates** – If the prescription coverage under the Plan changes from creditable to non-creditable, non-creditable to creditable, or is terminated altogether, you need to notify all covered employees and spouses.

III. Notifying CMS

You must notify CMS about your Plan(s)' status by completing the online Disclosure to CMS Form. Completion of the online form to provide the information is mandatory; there is no other approved method to notify CMS about your Plan.

- A. Annually** – complete the online Disclosure Form no later than 60 days after the first day of the Plan year. For example, if your Plan year begins on March 1, the online form must be submitted by April 30.
- B. When a Change in Coverage Affects Whether the Plan is Creditable** – complete the online Disclosure Form within 30 days of a change in coverage that affects whether or not the Plan provides creditable coverage
- C. When the Prescription Plan or Coverage is Terminated** – complete the online Disclosure Form within 30 days of the date prescription drug coverage under the Plan is terminated.

For more help from CMS

CMS has provided resources on its web site including the Disclosure to CMS Form and Instructions as well as other guidance. You may access these tools at <https://www.cms.gov/Medicare/Prescription-Drug-Coverage/CreditableCoverage/CCDisclosure.html>.

If you have further questions, please contact your HPI Account Service Team directly.

Andrew H. A. Meggison

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The information contained in this message is based on our current understanding of recent regulatory developments which may affect group benefit plans. It should not be construed as specific legal advice or legal opinion. The contents are for general informational purposes only and are not a substitute for the advice of legal counsel.

DISCLOSURE OF NON-CREDITABLE PRESCRIPTION DRUG COVERAGE

Important Notice From **#Company Name#** About Your Prescription Drug Coverage and Medicare

If you or your dependents are not currently entitled to Medicare, then you may disregard this notice until you or they become entitled to Medicare.

If you or your dependents are currently entitled to Medicare, please read this notice carefully and keep it where you can find it. This notice has information about your current prescription drug coverage with **#Company Name#** and about your options under Medicare's prescription drug coverage. This information can help you decide whether or not you want to join a Medicare drug plan. Information about where you can get help to make decisions about your prescription drug coverage is at the end of this notice.

There are three important things you need to know about your current coverage and Medicare's prescription drug coverage:

1. **Medicare prescription drug coverage became available in 2006 to everyone with Medicare.** You can get this coverage if you join a Medicare Prescription Drug Plan or join a Medicare Advantage Plan (like an HMO or PPO) that offers prescription drug coverage. All Medicare drug plans provide at least a standard level of coverage set by Medicare. Some plans may also offer more coverage for a higher monthly cost.
2. **#Company Name#** has determined that the prescription drug coverage offered by its employer-sponsored health plan ("Employer Health Plan") is, on average for all plan participants, **NOT** expected to pay out as much as standard Medicare prescription drug coverage pays. Therefore, your coverage is considered **Non-Creditable Coverage**.

This is important because you are likely to have better coverage for your drug costs if you join a Medicare drug plan than if you have prescription drug coverage only from your Employer Health Plan. This also is important because it may mean that you may pay a higher premium (a penalty) if you do not join a Medicare drug plan when you first become eligible.

3. **You may keep your current coverage under your Employer Health Plan. However, because your coverage is non-creditable, you have decisions to make about Medicare prescription drug coverage that may affect how much you pay for that coverage, depending on if and when you join a drug plan.** When you make your decision, you should compare your current coverage, including what drugs are covered, with the coverage and cost of the plans offering Medicare prescription drug coverage in your area. **Read this notice carefully - it explains your options.**

When can you join a Medicare drug plan?

There are three times when you may join a Medicare drug plan:

1. When you first become eligible for Medicare
2. Each year from October 15th to December 7th
3. During the two-month Special Enrollment Period (SEP) which begins when you lose, through no fault of your own, creditable prescription drug coverage under an employer or union sponsored health plan

When will you pay a higher premium (penalty) to join a Medicare drug plan?

Since the coverage under your Employer Health Plan is not creditable, depending on how long you have gone without creditable prescription drug coverage, you may pay a penalty to join a Medicare drug plan. Starting with the end of the last month that you were first eligible to join a Medicare drug plan but didn't join, if you go 63 continuous days or longer without prescription drug coverage that is creditable, your monthly premium may go up by at least 1% of the Medicare base beneficiary premium per month for every month that you did not have that coverage. For example, if you go nineteen months without creditable coverage, your premium may consistently be at least 19% higher than the Medicare base beneficiary premium. You may have to pay this higher premium (penalty) as long as you have Medicare prescription drug coverage. In addition, you may have to wait until the following October to join.

What happens to your current coverage if you decide to join a Medicare drug plan?

Your current Employer Health Plan provides coverage for many other medical expenses in combination with coverage for prescription drugs. If you are eligible for Medicare, you have a decision to make.

Here is a summary of how your prescription and medical benefit will be affected under your Employer Health Plan if:

- **You join a Medicare drug plan and you keep your current Employer Health Plan:** You will continue to receive all the prescription drug and medical benefits available under your Employer Health Plan. In addition, you may receive additional prescription drug benefits under your Medicare drug plan to provide more coverage of those costs. Enrolling in a Medicare drug plan may also limit any additional premium (penalty) that you may be required to pay if you wait a longer period of time to enroll. (See **When will you pay a higher premium (penalty) to join a Medicare drug plan?** above.)
- **You don't join a Medicare drug plan and you keep your current coverage under your Employer Health Plan:** You will continue to receive all the prescription drug and medical benefits available under your Employer Health Plan, but you may pay a higher premium (penalty) if you decide to enroll in a Medicare prescription drug plan in the future. (See **When will you pay a higher premium (penalty) to join a Medicare drug plan?** above.)
- **You join a Medicare drug plan and drop your current coverage under your Employer Health Plan:** You will NOT continue to receive all the prescription drug and medical benefits available under your Employer Health Plan if you drop the prescription drug coverage provided through the Plan. Coverage of your other medical benefits under the Plan will also be terminated since all benefits are provided on a combined basis. Also, if you drop your current coverage under your Employer Health Plan, you and your dependents may not be able to get this coverage back at a later date.

For more information about this notice or your current prescription drug coverage

Please contact the person listed at the end of this notice for further information about your prescription drug coverage.

NOTE: Your employer will distribute this notice at least once a year. You will also get a notice if your Employer Health Plan changes and begins to provide creditable prescription drug coverage. You also may request a copy of this notice at any time.

For more information about your options under Medicare prescription drug coverage

More detailed information about Medicare plans that offer prescription drug coverage is in the "Medicare & You" handbook. After you become eligible for Medicare, Medicare will send you a copy of the handbook in the mail every year. You may also be contacted directly by Medicare drug plans.

For more information about Medicare prescription drug coverage:

- Visit www.medicare.gov
- Call your State Health Insurance Assistance Program (see the inside back cover of your copy of the “Medicare & You” handbook for their telephone number) for personalized help
- Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

If you have limited income and resources, extra help paying for Medicare prescription drug coverage is available. For information about this extra help, visit Social Security on the web at www.socialsecurity.gov, or call them at 1-800-772-1213 (TTY 1-800-325-0778).

Remember: Keep this notice. If you decide to join one of the Medicare drug plans, you may be required to provide a copy of this notice when you join to show whether or not you have maintained creditable coverage and, therefore, whether or not you are required to pay a higher premium (a penalty).

Date:	[Insert MM/DD/YY]
Name of Entity/Sender:	[Insert Company Name]
Contact--Position/Office:	[Insert Contact Name/Position/Office]
Address:	[Insert Street Address, City, State & Zip Code of Entity]
Contact Information	[Insert Company Phone Number or Email Address]

PERSONALIZED DISCLOSURE OF NON-CREDITABLE PRESCRIPTION DRUG COVERAGE

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For more information about your options under Medicare prescription drug coverage

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Date: #Date of Notice#

Medicare Eligible Individual’s Name: #Individual’s Name#

Individual’s DOB or Unique Member ID: [#Individual’s Date of Birth#] or [#Member ID#]

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Name of Entity/Sender: [Insert Company Name]
Contact--Position/Office: [Insert Contact Name/Position/Office]
Address: [Insert Street Address, City, State & Zip Code of Entity]
Contact Information: [Insert Company Phone Number or Email Address]