

**Medicare Part D Notices and CMS Reporting
Employer Requirements**

Dear Valued QualChoice Client,

Subsidized prescription-drug coverage became available to Medicare beneficiaries in 2006 through the Medicare Part D program. Under the Medicare Part D program, there are certain requirements placed on employers that provide prescription-drug coverage to retirees and/or to Medicare-eligible individuals. As a courtesy reminder from QualChoice, this communication is intended to provide you with information about those obligations.

The employer's obligations are:

1. Determine whether your prescription-drug plan is "creditable coverage," that is, the coverage is expected to pay on average as much as the standard prescription-drug coverage under Medicare Part D.

QualChoice has determined that, based on the information available as of the date of this communication, your health plans that include drug coverage administered by QualChoice ARE "creditable coverage."

You should still review your organization's plan to confirm whether the prescription benefits provided are or are not "creditable coverage."

Medicare has provided a simplified method for employers that are not applying for the Retiree Drug Subsidy to determine whether a prescription-drug plan's coverage is creditable. A prescription-drug plan that meets the following requirements is deemed to be "creditable coverage":

- a. It provides coverage for brand and generic prescriptions;
- b. It provides reasonable access to retail providers;
- c. It is designed to pay on average at least 60% of a participant's prescription-drug expenses; and
- d. It meets one of the following:
 - A stand-alone prescription-drug plan satisfies at least one of the following:
 - Prescription-drug coverage has no annual benefit maximum or a maximum annual benefit payable by the plan of at least \$25,000; or
 - Prescription-drug coverage has an actuarial expectation that the amount payable by the plan will annually be at least \$2,000 per Medicare-eligible individual; OR
 - A prescription-drug plan that is integrated with other healthcare benefits (i.e., medical, dental, vision, etc.) has no more than a \$250 deductible per year, has no annual benefit maximum or a maximum annual benefit payable by the plan of at least \$25,000, and has no less than a \$1,000,000 lifetime combined benefit maximum.

2. Once you have determined whether your organization's prescription drug plan is "creditable coverage," **you must notify your Medicare-eligible members before October 15 of each year** whether your prescription-drug coverage is or is not "creditable coverage"

A Medicare Part D-eligible member is someone: (i) that is entitled to Medicare benefits under Part A or enrolled in Medicare Part B *and* (ii) who lives in the service area of a Part D plan.

If the coverage **is** creditable, you should notify your Medicare-eligible members of your determination by mailing the CMS model notice titled "Model Individual Creditable Coverage Disclosure Notice Language" to them. You will need to insert the name of your organization in the spaces provided. You can obtain an electronic version of this CMS model notice directly from the CMS website:

<https://www.cms.gov/Medicare/Prescription-Drug-Coverage/CreditableCoverage/Downloads/ModelCreditableCoverageDisclosureNotice051711.pdf>

If the coverage **is not** creditable, you must notify your Medicare-eligible members of your determination by mailing the CMS model notice titled "Model Individual Non-Creditable Coverage Disclosure Notice Language" to them. You will need to insert the name of your organization in the spaces provided. You can obtain an electronic version of this CMS model notice directly from the CMS website:

<https://www.cms.gov/Medicare/Prescription-Drug-Coverage/CreditableCoverage/Downloads/ModelNonCreditableCoverageDisclosureNotice051711.pdf>

3. You must also notify CMS annually of your determination of whether your prescription-drug plan is "creditable coverage." This notification should be done electronically through CMS's web site. The link to the web registration on CMS's web site can be found at:

<https://www.cms.gov/Medicare/Prescription-Drug-Coverage/CreditableCoverage/CCDisclosureForm.html>.

The CMS website contains additional information and guidance on Medicare Part D and your obligations as an employer and may be a good resource for you.

We hope that this information has been helpful. For about this courtesy notice, please contact your Broker or [QualChoice Account Service Representative](#) for additional help.

Sincerely,



Jamie Thomason
Sales Operation Manager

The information in this letter is for informational purposes only and should not be considered legal advice. If you have questions about your obligations under Medicare Part D, you should consult your attorney.