

February 23, 2016

## 2016 Calendar Year Prescription Drug Plans Must Report Creditable Coverage Status to CMS by February 29, 2016

In accordance with requirements imposed under The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) and the addition of Medicare Part D, group health plans that offer prescription drug coverage must, at least, annually notify Medicare Part D eligible individuals and the Centers for Medicare & Medicaid Services (CMS) of their plan's creditable coverage status. While different, both disclosures (to Medicare Part D eligible individuals and to CMS) must meet specific form, content and timing requirements, as prescribed by CMS.

This update addresses the required disclosure group prescription drug plans must make to CMS and to remind plan sponsors with 2016 calendar year prescription drug programs that disclosure is due to CMS by **February 29, 2016**. (For more information on Medicare Part D disclosures to individuals, please see our update, [Medicare Part D Notices Due Before October 15th](#)).

### General Background

Rules under Medicare Part D (Medicare's voluntary prescription drug program) generally require group health plans with a prescription drug benefit to disclose whether the prescription drug coverage offered is "creditable" or "non-creditable". "Creditable" prescription drug coverage generally means the actuarial value of prescription drug coverage under the group health plan is equal to (pays out as much) or better than the prescription drug benefits offered under Medicare Part D. Conversely, "non-creditable" prescription drug coverage is coverage that is actuarially less in value (expected to pay out less) than the coverage offered under Medicare Part D.

Medicare D disclosure requirements are not exclusive to employers that offer retiree prescription drug coverage; each entity offering prescription drug coverage under a group health plan is required to provide disclosure. Under the regulations, the requirements apply to "each entity that offers prescription drug coverage" if that coverage is one of the types identified by the MMA and regulations, which includes "coverage under a group health plan."

### Notification to CMS

CMS should receive a prescription drug plan's creditable coverage disclosure:

- annually; disclosure must be received by CMS within 60 days of the beginning of the plan year for which the disclosure is being reported.
- within 30 days of a change in creditable coverage status.

- within 30 days of the prescription drug plan's termination.

Prescription drug plans must use the online [CMS Disclosure Form](#) to report its “creditable” or “non-creditable” prescription drug status at the times noted above. [Guidance and Instructions](#) are provided to assist prescription drug plan sponsors with completing the form.

Should you have questions about this or any aspect of group health plan requirements, contact your Conner Strong & Buckelew account representative toll free at 1-877-861-3220. For a complete list of Legislative Updates issued by Conner Strong & Buckelew, visit our online [Resource Center](#).



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