

T H E
SCHELLER  BRADFORD
G R O U P

October 2006

To all Scheller Bradford Group clients

SUBJECT: CREDITABLE COVERAGE NOTICE TO MEDICARE PART D ELIGIBLE INDIVIDUALS

The purpose of this letter is to provide you with the updated communications published by the Centers for Medicare & Medicaid Services (CMS) that detail the steps employers must take to disclose to Medicare Part D eligible individuals who are covered on your active or retiree group health plans whether the prescription drug coverage provided is “creditable.” *As a minimum, you should take action prior to November 15th.*

As background, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA) added a prescription drug program to Medicare. The Regulations to implement the program required employers to notify employees and retirees if the prescription drug coverage provided by the organization was “creditable”, or not; and to also notify the Centers for Medicare & Medicaid Services (CMS) whether the coverage provided is “creditable”, or not. The information provided in this communication deals with the disclosure you must make to employees and retirees who are covered by your group health care plans and are Medicare Part D eligible individuals.

There are three attachments to this letter:

1. “*Disclosure of Creditable Coverage to Medicare Part D Eligible Individuals Guidance*”, the revised notice provided on the CMS website, highlighted to identify the critical information needed to complete the notification requirement. Available at <http://www.cms.hhs.gov/creditablecoverage>.
2. “*Model Creditable Coverage Disclosure Notice*”, the revised disclosure notice provided on the CMS website. Available at <http://www.cms.hhs.gov/creditablecoverage>.
3. “*Model Non-Creditable Coverage Disclosure Notice*”, the revised disclosure notice provided on the CMS website. Available at <http://www.cms.hhs.gov/creditablecoverage>.

Key corporate notification requirements are set forth in the “*Disclosure of Creditable Coverage to Medicare Part D Eligible Individuals Guidance*.” A consolidated and simplified compliance strategy is as follows:

1. You must determine if your prescription drug coverage that you offer employees or retirees is creditable or non-creditable. This information is available from your insurance carrier.
2. Notify employees with the proper notification letter according to the following timing:
 - a. Notify all enrolled employees and retirees prior to November 15th each year;
 - b. Notify a new enrollee prior to their joining your plan;
 - c. Notify all enrolled employees and retirees if you no longer offer prescription drug coverage or change the coverage offered so that it is no longer creditable or becomes creditable; and
 - d. Upon a beneficiary’s request.

This information should help you comply with the CMS notification requirements, both this year, and in the future.

The Scheller Bradford Group