

# **Medicare Part D – The Plan Sponsor’s “To Do” List: For Plan Sponsors That Do Not Offer Retiree Benefits**

The majority of employers are affected by Medicare Part D in some way. Why? Even if your employee benefits package does not offer a specified retiree prescription drug benefit, you may have an active employee or dependent that is or will soon become Medicare eligible.

## **STEP 1: Assess Your Active Employee Population**

- Determine who you are covering.
- Could you potentially be covering an active employee that is Medicare eligible?
- Could you potentially be covering an active employee’s spouse or dependent that is Medicare eligible?

*Why? If you have active employees or dependents that are Medicare eligible you must provide a Notice of Creditable Coverage.*

## **STEP 2: Determine Whether Your Prescription Drug Plan’s Coverage is Deemed to be Creditable.**

How? An entity can determine that its prescription drug plan's coverage is creditable if the plan design meets all four of the following standards. However, **the standards listed under 4(a) and 4(b) may not be used if the entity's plan has prescription drug benefits that are integrated with benefits other than prescription drug coverage** (i.e., Medical, Dental, etc.). **Integrated plans must satisfy the standard in 4(c).**

A prescription drug plan is deemed to be creditable if it:

- 1) Provides coverage for brand and generic prescriptions;
- 2) Provides reasonable access to retail providers and, optionally, for mail order coverage;
- 3) The plan is designed to pay on average at least 60 percent of participants' prescription drug expenses; and
- 4) Satisfies at least one of the following:
  - a. The prescription drug coverage has no annual benefit maximum benefit or a maximum annual benefit payable by the plan of at least \$25,000, or
  - b. The prescription drug coverage has an actuarial expectation that the amount payable by the plan will be at least \$2,000 per Medicare eligible individual.
  - c. For entities that have integrated health coverage, the integrated health plan 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.

## **STEP 3: Distribute the Initial Creditable or Non-Creditable Coverage Notification No Later than November 15th of each year.**

This notification must be provided to:

- Retirees and spouses old enough to be eligible for Medicare who are enrolled in or seeking to enroll in the entity’s prescription drug coverage;
- Employees and spouses age 65 and older;
- Individuals eligible for Medicare due to having end stage renal disease; and
- Individuals eligible for Medicare due to disability.

## **STEP 4: Develop and Implement an Annual Communication Campaign for Active Employees**

- Provide clear communications to all employees, human resources, and management staff. This notification needs to be done on an annual basis due to possible plan changes, new employees, and/or employees attaining the age of 65 within the past year.
- Recommended Strategy:
  - Notify all employees of the Creditable Coverage finding, regardless of age or dependent status, with a short cover letter explaining what Medicare Part D is and to whom it pertains. This can be done via intranet, bulletin boards, payroll stuffers, etc.
  - Target those individuals that you know are affected by Medicare Part D.
  - Include the Creditable Coverage notification in your company's Summary Plan Description.
  - Consider including the Creditable Coverage notification in all retiree packets.

\*Employers must also notify the Centers for Medicare and Medicaid Services about their plan's creditable coverage status no later than the 60<sup>th</sup> day after the start of each plan year.

*\*Source: Centers for Medicare & Medicaid Services*