

Medicare Part D Creditable Coverage

Frequently Asked Questions

The Centers for Medicare and Medicaid Services (CMS) [Creditable Coverage website](#) provides complete text of the guidance and model disclosure templates published by CMS, and may be a helpful resource to both employers and their employees. Updates are made regularly, so please check the websites often for the most up-to-date information.

Are Part D eligibles required to enroll in Part D?

Medicare beneficiaries who have other sources of drug coverage – through a current or former employer or union, for example – may stay in that plan and choose not to enroll in the Medicare drug plan. If their other coverage is at least as good as the new Medicare drug benefit (and therefore considered "creditable coverage"), then beneficiaries may continue to get the high-quality care they have now as well as avoid higher payments later if they sign up for the Medicare drug benefit. Eligible members who forego Part D enrollment when first available and who do not have creditable prescription drug coverage for any period of 63 days or longer will likely have to pay a higher Part D premium of 1 percent per month for late enrollment.

Do we have to engage an accredited actuary to judge our plan's creditable coverage status?

No. CMS has created a simplified Creditable Coverage Determination that allows the employer to identify creditable coverage status without the attestation of an accredited actuary. If your plan doesn't meet the simplified coverage determination guidelines you will need an actuary. You will require the services of an actuary if your company decides to apply for the Retiree Drug Subsidy (RDS).

What am I required to do regarding creditable coverage?

Employers must provide creditable or non-creditable coverage notice to all Medicare eligible individuals who are covered under, or who apply for, the entity's prescription drug plan (Part D eligibles), whether active employees or retirees, at least once a year. This notice need not be a separate mailing and may be included with other plan participant informational materials or through electronic means. Please remember, employers are required to provide this notice even if they choose not to apply for the Retiree Drug Subsidy. In addition, employers are required to provide CMS with their plan's creditable or non-creditable coverage status annually.

When must we notify our members of our plan's creditable coverage status?

Employer plan sponsors are required by CMS to provide creditable coverage status to Part D-eligible members at least once a year and at the following times:

- Prior to the Medicare Part D Annual Coordinated Election Period beginning on October 15 of each year
- Prior to an individual's initial enrollment period
- Prior to the effective date of coverage for any Medicare-eligible individual that joins your plan
- Whenever prescription drug coverage ends or changes so that it is no longer creditable or becomes creditable
- Upon the request of a beneficiary

What if I do not offer retiree health care coverage?

Creditable coverage notification must be provided to all Part D-eligible individuals who are covered under or apply for your company's prescription drug benefits plan. This requirement applies to Medicare beneficiaries who are active employees and those who are retired, as well as Medicare beneficiaries who are covered as spouses under active or retiree coverage.

Must we notify CMS of our plans' creditable coverage status?

Yes. You must provide a disclosure to CMS on an annual basis, via an online form. Creditable coverage status may change from one year to the next because the standard Part D benefit may change in the future. CMS requires that the disclosure be provided:

- Within 60 days of the start of the plan
- 30 days after plan termination or change in creditable coverage status

Where can I find out more information?

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