

## Creditable Coverage Notice to CMS

Most employers that provide prescription drug coverage to Medicare Part D eligible individuals must disclose to Centers for Medicare & Medicaid Services (CMS) whether the coverage is "creditable prescription drug coverage". This disclosure is required whether the coverage is primary or secondary to Medicare.

Coverage is creditable if the actuarial value of the coverage equals or exceeds the actuarial value of standard Medicare prescription drug coverage, as demonstrated through the use of generally accepted actuarial principles and in accordance with CMS actuarial guidelines. In general, this actuarial determination measures whether the expected amount of paid claims under the entity's prescription drug coverage is at least as much as the expected amount of paid claims under the standard Medicare prescription drug benefit. For more information regarding a simplified method of Creditable Service determination refer to [www.cms.hhs.gov/CreditableCoverage/Downloads/CCSimplifiedDetermination.pdf](http://www.cms.hhs.gov/CreditableCoverage/Downloads/CCSimplifiedDetermination.pdf)

Who	When	How
<p>The Disclosure Notice is required to be provided by certain entities listed in the regulations and include employer sponsored group health plans that offer prescription drug coverage to Medicare eligible employees, retirees and their eligible dependents; as well as union/Taft-Hartley plans; church, Federal, State and local government, and other group-sponsored plans. However, entities that contract with Medicare directly as a Part D plan or that contract with a Part D plan to provide qualified prescription drug coverage are exempt from the disclosure requirement. In addition, a sponsor that has been approved for the Retiree Drug Subsidy is exempt from filing the Disclosure Notice with CMS with respect to those qualified covered retirees for which the Sponsor is claiming the Retiree Drug Subsidy.</p>	<p>The Disclosure Notice must be made to CMS on an annual basis, and upon any change that affects whether the drug coverage is creditable. At a minimum, disclosure to CMS must be made at the following times:</p> <ul style="list-style-type: none"> <li>▪ For plan years that end in 2006, disclosure of creditable coverage status must be provided no later than March 31, 2006.</li> <li>▪ For plan years that end in 2007 and beyond, disclosure of creditable coverage status must be provided within 60 days after the beginning date of the plan year for which the entity is providing the disclosure to CMS.</li> <li>▪ Within 30 days after the termination of the prescription drug plan ; and</li> <li>▪ Within 30 days after any change in the creditable coverage status of the prescription drug plan.</li> </ul> <p>For purposes of the Disclosure Notice to CMS, CMS defines "Plan Year" as the beginning and ending date of the entity's annual renewal or contract period.</p>	<p>The Disclosure Notice must be provided through completion of the disclosure form on the CMS Creditable Coverage Disclosure Web Page at <a href="http://www.cms.hhs.gov/creditablecoverage">http://www.cms.hhs.gov/creditablecoverage</a>. As you answer the questions on the electronic Disclosure to CMS form, an additional box will appear where you should enter the required disclosure information. This method of transmission is the sole method for compliance with the requirement.</p> <p>The CMS website contains numerous articles related to creditable coverage. You can link related to creditable coverage issues at <a href="http://www.cms.hhs.gov/creditablecoverage">http://www.cms.hhs.gov/creditablecoverage</a></p>

**Note:** This material is for the sole purpose of providing general information and does not under any circumstances constitute legal advice. You should seek the advice of counsel when applying the requirements to your plans.