

Creditable Coverage for Medicare Part D Agent FAQ

What is Creditable Coverage?

1) What is the definition of Creditable Coverage?

- a. The Centers of Medicare and Medicaid Services (CMS) requires that plan sponsors (employer groups) disclose to CMS and to covered individuals whether their prescription drug coverage is “creditable” (essential for decision to enroll in Medicare Part D).

What are the CMS Timing Requirements?

2) What is the timing of Notifications to Individuals?

- a. Initial Enrollment Period – period when individual first becomes eligible to enroll in a Part D plan.
- b. Prior to October 15 to prepare for Annual Election Period (Oct 15 – Dec 7).
- c. Upon any change that affects whether coverage is creditable, including termination of group Rx coverage, that triggers a Special Election Period (SEP). The SEP allows individuals 60 days from the date on which the individual receives notice to enroll in Part D due to a change in the creditable coverage status.

3) What is the timing of Notifications to CMS?

- a. 60 days after the beginning of the Plan year, or
- b. Within 30 days after any change in the creditable coverage status of prescription drug coverage.

4) What is the late enrollment penalty (LEP)?

- a. 1% per month or such other amount determined by CMS for individuals who do not have creditable coverage for 63 days or longer after the initial enrollment period.

Why a change in creditable coverage status?

5) Why does Regence re-evaluate the creditable coverage status of standard pharmacy plans annually?

- a. CMS changes the standard Medicare Part D benefits annually due to the average per capita Part D spending. Because of these changes, some of the Regence plans may change status. Therefore, creditable coverage status analysis needs to be performed annually.
- b. Regence has accumulated better and more recent internal data that reflects current pharmacy trends and cost controls in relation to member out-of-pocket costs.
- c. Regence provides updates to group administrators through the mail upon renewal or new enrollment.

Which designs are impacted by the changes?

- 6) **Which pharmacy designs are impacted?**
- Changes could happen upon Actuarial's annual evaluation. Plan designs could transition between creditable and non-creditable status from year to year.
 - Regence is not out of compliance by these changes in status.

What do members need to do?

- 7) **Once Employer/Group is notified by Regence, (and they in turn notify their Medicare eligibles) how long do these Medicare eligibles have to elect Medicare Part D?**
- A Special Election Period (SEP) allows individuals 60 days from the date on which the individual receives notice to enroll in Part D due to change in creditable coverage status.
- 8) **What is the length of the special election period (SEP)?**
- 60 days from the date the individual receives the notice of status change.
- 9) **When does this special election period (SEP) begin?**
- SEP begins the date on which the individual is notified of status change.
- 10) **What do members need to do upon receiving notice their status has changed?**
- When members apply for Part D, they check a box that they are losing creditable coverage and write when they were notified. Health plans enroll members based on the information that members have a SEP.
 - CMS could send them a letter stating they have a LEP because their coverage is listed as non-creditable.
 - Members then send the LEP letter along with an appeal form stating when they were notified of the status change. They can also include a copy of the notification from their group administrator.

What do group administrators need to do?

- 11) **What notifications must group administrators send when a change in creditable coverage occurs?**
- By September 15 each year group administrators can reference their updated status from the renewal letter. These grids are posted to the Regence public employer and agent web sites.
 - Groups must notify members as soon as they discover the status change. Downloadable templates are available at <http://www.cms.gov/CreditableCoverage>. On left hand side, click on **Model Disclosure Notices**. These forms include a paragraph addressing the Special Election Period (SEP).
 - Groups must notify CMS within 30 days of status change. An on-line disclosure form is available at <http://www.cms.gov/CreditableCoverage/> Click on link **Disclosure to CMS Form**.