

Information Regarding Creditable Coverage

As part of the Medicare Modernization Act, CMS (the Centers for Medicare & Medicaid Services) requires employer groups to send a Creditable Coverage Notification each year to all employees, retirees, and COBRA participants who are Medicare eligible and receive prescription drug benefits through the employer group to let them know whether the prescription drug coverage is “creditable.”

Creditable coverage is defined as “whether the expected amount of paid claims under the employer’s prescription drug coverage is at least as much as the expected amount of paid claims under the standard Part D benefit.” In other words, the prescription drug coverage is at least “as good as” Part D” prescription drug coverage. A Medicare eligible individual is required to have this notification in order to avoid a late enrollment penalty if they later decide to enroll in a Medicare Part D plan. CMS requires that the notification be sent annually by October 15th, and upon any change that affects whether the coverage is creditable. For example a change in status from active employee to retiree or COBRA participant may result in a change in creditable coverage.

Part D is the standard that all other prescription drug coverage is compared to and so is, by definition, creditable. Therefore, retirees already enrolled in a Part D prescription drug plan through the employer group, are not required to receive this notification.

MVP Health Care recognizes that most employer groups will need assistance in determining whether their prescription drug coverage is creditable. MVP Health Care has evaluated the current prescription drug coverage offerings to assist employers in determining whether the employer’s plan is creditable. A listing of MVP’s prescription drug benefits and the determination is available at:
www.mvphealthcare.com/employer/index.html.

Creditable and Non-creditable template letters are available for your use. Please use the correct template to complete the notification requirement to your employees, retirees, and COBRA participants by October 15th. In addition, employer groups are required annually to disclose to CMS whether the prescription drug coverage being offered to employees, retirees, and COBRA participants is creditable. This disclosure can be done online through the CMS website at: **www.cms.hhs.gov/creditablecoverage**.

For additional creditable coverage guidance please see the CMS website at **www.cms.hhs.gov/CreditableCoverage/Downloads/CCGuidance.pdf**.

If you have questions about this process, please contact your MVP Health Care Account Manager.