
**Background**

Since January 1, 2016 when the voluntary prescription drug program went into effect, Medicare-eligible individuals have had the option of adding prescription drug coverage either by:

1. Adding Medicare Part D drug coverage to their Medicare Part A (hospitalization) and Part B (physician services) coverage;
2. Obtain their prescription drug coverage through a Medicare Advantage Plan (Medicare Part C); or
3. Choose no prescription drug coverage through the Medicare program.

If the Medicare-eligible individual chooses not to enroll in Medicare Part D when initially eligible for the program, then the individual will incur a late penalty if he chooses to enroll at some later date. That is, unless, the individual can provide documentation that he has maintained “creditable” prescription drug coverage through another source, most likely, an employer-sponsored group health.

**Medicare Part D Disclosure Letters**

Employers sponsoring group health plans that offer prescription drug benefits have been required to provide to all Medicare-eligible individuals a Medicare Part D Disclosure letter since 2016. This letter must document the group health plan’s prescription drug benefit status as being considered “creditable” (or “non-creditable”) coverage as defined by Medicare Part D.

The Medicare Part D Disclosure letter annual deadline date coincides with the beginning of the Medicare Part D Open Enrollment start date of **October 15**.
Reporting Requirements

Employers sponsoring group health plans are required to report the Medicare Part D status of their prescription drug benefit programs to CMS, regardless of whether the prescription drug benefit program coverage is primary or secondary to Medicare. Possible status options are:

1. All drug options are Creditable
2. All drug options are non-Creditable
3. Combination of Creditable and non-Creditable drug options

Annual Reporting Deadline Date – Most commonly, the Employer sponsoring the group health plan will report the Medicare Part D status to CMS within 60 days after the beginning date of the plan year. So the reporting deadline dates can vary by employer based on plan year. For example:

<table>
<thead>
<tr>
<th>Plan Year Type</th>
<th>Calendar</th>
<th>Fiscal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plan Year Start Date</td>
<td>3/1</td>
<td>7/1</td>
</tr>
<tr>
<td>CMS Reporting Deadline</td>
<td>(Leap Year – 2/29)</td>
<td>8/29</td>
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Change in Status Reporting Deadline Dates – If there is a change in the status of the prescription drug benefit program, other CMS reporting timelines would apply. The reporting timelines could be effective at the start of a plan year, or, could go into effect mid-plan year. These include:

- Within 30 days after termination of the prescription drug benefit program; or
- Within 30 days after any change in the plan’s creditable coverage status.

As noted earlier, if a Medicare-eligible individual does not enroll in Medicare Part D when initially eligible, he will incur a late penalty if he enrolls at a later date unless he can provide documentation of creditable prescription drug coverage through another source. A change in the status of a group health plan’s Medicare Part D status from creditable to non-creditable will cause many Medicare-eligible individuals to consider enrolling in Medicare Part D drug coverage.

CMS Reporting Method – With very few exceptions, the Medicare Part D reporting must be done online through the CMS website. Instructions, screen shots and the link to the ‘Disclosure to CMS Form” can be found at: https://www.cms.gov/Medicare/Prescription-Drug-Coverage/CreditableCoverage/CCDisclosure.html

Some of the required data fields on the form include:

- Types of coverage
- Number of options offered
- Creditable coverage status
- Period covered by the disclosure notice
- # of Medicare Part D-eligible individuals covered
- Date Medicare Part D Disclosure letter provided to eligible individuals
- Change in creditable coverage status

The individual completing the “Disclosure to CMS Form” must provide their contact information and have authorization to sign/submit the form on behalf of the reporting entity/employer. A third-party entity such as an insurance carrier, third-party administrator, pharmacy benefit manager, etc., cannot complete the reporting requirement for the entity/employer and the sponsored prescription drug benefit program.

Employer CMS Reporting Exception – As always, there are exceptions. For the Medicare Part D reporting requirement, the only employer exception is for any employer who has been approved by CMS for a retiree drug subsidy. If the employer’s prescription drug benefit program has been approved by CMS for a retiree drug subsidy then the creditable/non-creditable status of the program has already been established and disclosed to CMS.

If you have any questions regarding the Medicare Part D Reporting Requirement, please contact a member of your Key Insurance & Benefits Services (KIB) team.