

# Is Your Employer-Sponsored Rx Plan Creditable Coverage Under Medicare Part D?



## Background:

- ✓ Employers **are required** to notify Medicare-eligible employees and dependents whether the employer-sponsored Rx benefit is creditable coverage.
- ✓ Employers are **not required** to offer creditable coverage.
- ✓ If a Medicare-eligible individual does not have creditable coverage under Part D, they could be subject to lifetime penalties if they do not enroll in Part D when first eligible.

## Reporting Deadlines:



**Employers are required to notify Medicare-eligible individuals covered under their prescription drug plan at the following times:**

- Annually, prior to October 15,
- Prior to the effective date of coverage for Part D eligible employees enrolling in the employer's group health plan (e.g., new hire onboarding),
- Upon termination of the prescription drug plan,
- If the creditable coverage status changes, and
- Upon request.



**And, employers are required to notify CMS:**

Within **60** days  
of the beginning  
date of the  
plan year

Within  
**30** days after  
termination of the  
prescription  
drug plan

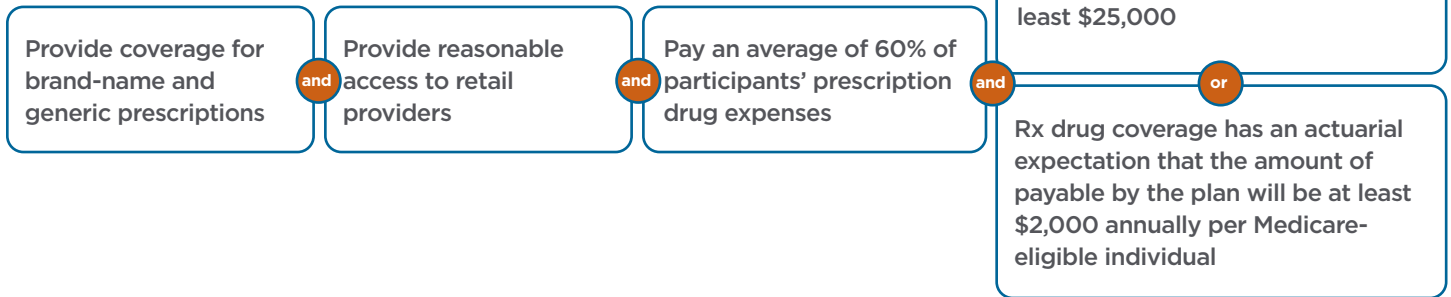
Within **30**  
days after any  
change in  
creditable status of  
the prescription  
drug plan

## How to Determine If the Plan Is Considered Creditable:

- ✓ Ask the carrier/administrator/PBM—they have actuaries that can make the determination for their plans.
- ✓ If the plan service provider cannot advise whether the plan is creditable coverage, verify the plan's creditable status with the **Simplified Determination Method**.
- ✓ If the plan does not qualify using the Simplified Determination method, an actuary can evaluate the plan to determine creditability, known as the **Actuarial Equivalency Determination**.
- ✓ If the plan has an HRA that supplements the Rx plan, the HRA should be considered a part of the health plan and be included in the appropriate analysis.

## Simplified Determination Method: Non-Integrated Plan

**?** Does the plan?

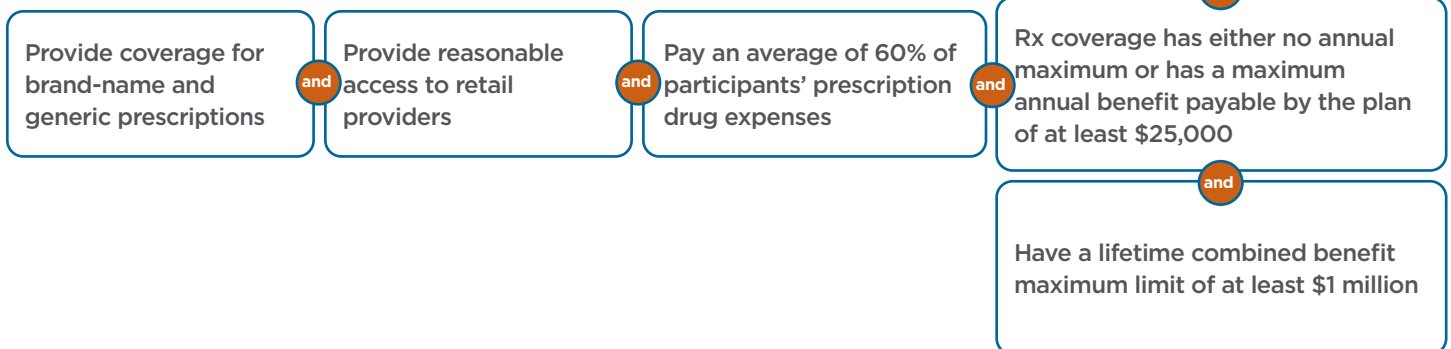


If you answered YES to all, it is creditable coverage.

A non-integrated plan is a plan where drug benefits are not integrated into the overall medical program (i.e., where the Rx benefit has separate deductible or annual maximum).

## Simplified Determination Method: Integrated Plan

**?** Does the plan?



If you answered YES to all, it is creditable coverage.

An integrated plan is a plan where drug benefits are combined with other coverage offered by the employer, and the plan has a combined plan-year deductible for all benefits under the plan, and a combined annual or lifetime maximum for all benefits under the plan. HSA-compatible plans are "integrated" plans that will not meet the simplified determination test for creditable coverage.

## Actuarial Equivalency Determination:

- ✓ If an employer-sponsored prescription drug benefit does not satisfy the Simplified Determination Method for an integrated or non-integrated plan, the plan can still be considered creditable coverage under Part D if the plan is determined to be actuarially equivalent to the "defined standard prescription drug coverage."
- ✓ Actuarial attestation is not required, but actuarial assistance may be.