

# C.M. SMITH AGENCY, INC.

## EMPLOYER MANDATED ANNUAL MEDICARE PRESCRIPTION DRUG DISCLOSURE REQUIREMENTS

As you know, the Medicare Modernization Act (MMA) includes a prescription drug program, called Medicare Part D. Section 1860D-13 of MMA also includes a reporting requirement for covered entities. This notice intends to provide you with additional information relative to that reporting requirement, in order to assist you in your compliance efforts.

### WHAT IS THE REPORTING REQUIREMENT?

The regulation requires that all entities disclose to CMS whether the prescription drug coverage offered to Medicare eligible individuals is creditable or non-creditable. Two important notes:

- *A separate disclosure is required for each type of coverage offered.* While plan sponsors are permitted to “group together” as best possible “Creditable” and “Non Creditable” plans, each plan offered to Medicare eligible individuals must be reported.
- *Disclosure must be provided for any plan that is offered to Medicare eligible individuals.* Plan sponsors should keep in mind that, in many cases, plans primarily offered to active employee plans must also be reported, if there are or could be Medicare eligible employees and/or dependents enrolled.

### WHO IS REQUIRED TO PROVIDE CREDITABLE COVERAGE DISCLOSURE TO CMS?

- Group Health Plans, including those offered by employers
- Union/Taft Hartley plans
- Church plans
- Federal, state and local governments.

### WHAT PLANS/ENTITIES ARE EXEMPT FROM FILING A DISCLOSURE NOTICE?

- Entities that contract with Medicare directly as a Part D plan; i.e. carriers offering prescription drug coverage as a Preferred Drug Provider (PDP).
- Plan sponsors that contract with a PDP to provide qualified prescription drug coverage, i.e. specific employer sponsored plans that include prescription drug coverage offered by a PDP.
- Specific sponsor plans that have been approved for the Retiree Drug Subsidy (the sponsor plan’s RDS application serves as its disclosure notice). Any plans for which the sponsor has not filed for subsidy, however, must still be reported.

### WHEN MUST THE REPORTING BE COMPLETED?

1. *All plan sponsors must complete Creditable Coverage Disclosure to CMS annually, within 60 days after the beginning date of their new plan year (e.g. for calendar year plans, Disclosure must be provided by March 1, 2008)*

2. Within 30 days after the termination of the prescription drug plan.
3. Within 30 days after any change in the creditable coverage status of the prescription drug plan.

**HOW IS THE CREDITABLE COVERAGE DISCLOSURE NOTICE TO BE SUBMITTED?**

Disclosure Notice is submitted through completion of a form on the CMS Creditable Coverage Disclosure Web Page at <http://www.cms.hhs.gov/creditablecoverage>. “Disclosure to CMS”, located under the Section Heading “Related Links Inside CMS” is the sole method for compliance with this CMS requirement. Please note that, as you answer each question, additional boxes will appear to complete the information.

**WHAT INFORMATION IS NECESSARY FOR COMPLETION OF THE DISCLOSURE REQUIREMENT?**

The fields required are as follows. Please note that if a plan is not creditable, you may not see all fields.

- Name of Entity offering Coverage
- Federal Tax Identification Number
- Entity Address
- Entity Phone Number
- Type of Coverage
- Number of Options offered by the Entity (if grouping plans)
- Creditable Coverage Status of Each Option
- Period Covered by the Disclosure Notice – Beginning and end dates for the plan year being reported.
- Estimate Number of individuals expected to be covered through the Group Health Retiree Plan.
- Date of Notice of Creditable Coverage Notice provided to Part D Eligible Individuals.
- Change in Creditable Coverage status of previously disclosed information to CMS (if applicable)

**WHO CAN YOU CONTACT FOR FURTHER INFORMATION?**

You can visit the CMS website link related to creditable coverage issues at: <http://www.cms.hhs.gov/creditablecoverage>. Your CM Smith Agency, Inc. Account Management team would also be happy to assist you, if possible, with specific questions or concerns.

*C.M. Smith Agency, Inc. is not a law firm and therefore we are not able to give legal advice. You should consult with legal counsel if you have specific questions on this subject matter.*