

EMPLOYEE BENEFITS UPDATE

Medicare Part D Prescription Drug Benefit: Employers Must Make Medicare Part D Creditable Coverage Disclosure to CMS by March 31, 2006

January 2006

In October of 2005, Baker, Thomsen Associates provided an informational newsletter describing Employer's compliance responsibilities relative to Medicare's new prescription drug benefit, "Medicare Part D," which became effective January 1, 2006. We assisted clients in making the determination of "Creditable Coverage" status, and with the preparation of creditable status notification and distribution to covered individuals. We advised clients of the requirement to provide written notice to the Center for Medicare and Medicaid Services (CMS) of the plan's prescription drug creditable coverage status however, the CMS had not yet issued guidance on their preferred method of communicating your annual notice to them. CMS recently announced the form, manner and timing of providing Creditable Coverage Disclosure to them.

INSTRUCTIONS FOR SATISFYING CMS NOTICE REQUIREMENT

How to Notify CMS

To satisfy the disclosure to CMS, you must complete the Online Disclosure form on the CMS Website at <http://www.cms.hhs.gov/apps/ccdisclosure/default.asp>. Completion is convenient and will take minimal time.

Information to be Provided in Disclosure Form

The disclosure form requests the following information:

- ◆ Plan sponsor name, employer identification number, address and phone number
- ◆ Number of options offered under the Plan and creditable coverage status
- ◆ Period covered by Disclosure Notice

- ◆ Number of Part D Eligible Individuals expected to be covered under the Plan as of the beginning date of the Plan year and an estimate of the number of individuals expected to be covered through an employer/union group health Retiree Plan.
- ◆ Date the annual Creditable Coverage Disclosure Notice was provided to Part D eligible individuals
- ◆ Name, title and e-mail address of the authorized individual completing the form for the plan sponsor (someone employed by the plan sponsor)
- ◆ Date of disclosure to CMS

Timing of Creditable Coverage Disclosure to CMS

The Disclosure Notice must be submitted to CMS on an annual basis, and upon any change that affects whether the drug coverage is creditable. For plan years that end in 2006, initial disclosure of creditable coverage status must be provided no later than **March 31, 2006**. For plan years that end in 2007 and beyond, disclosure of creditable coverage status must be provided within 60 days after the beginning date of the plan year for which the entity is providing the disclosure to CMS. CMS must be notified within 30 days after termination of the prescription drug plan or any change in creditable coverage status of the prescription drug plan.

Questions?

For further information, visit the CMS website link related to creditable coverage issues at: <http://www.cms.hhs.gov/creditablecoverage/> or contact your BTA account manager at 949-833-9803.

Note: BTA prepared this communication for informational purposes only. It does not constitute legal advice and should not be relied upon as such.



BAKER, THOMSEN ASSOCIATES

901 Dove Street, Newport Beach, CA 92660 | (949) 833-9803
info@btabs.com | www.btabta.com