

# COBRA and Medicare Part D Notices

## What is Medicare Creditable Coverage?

Effective January 1, 2006, Medicare beneficiaries were given the opportunity to either receive subsidized prescription drug coverage through the Medicare Part D program, or for those with other sources of prescription drug coverage, stay in that plan and choose not to enroll in the Medicare Drug Plan. In other words, if their prescription drug coverage is at least as good, “creditable,” as the new Medicare Part D drug benefit, then they can continue to receive the quality care they currently have, and avoid higher payments, if they sign up later for the Medicare drug benefit.

According to the Medicare Modernization Act (MMA), employers must notify Part D eligible individuals whether or not their prescription drug coverage is “creditable,” meaning that their current coverage is expected to pay as much or more than the standard Medicare prescription drug coverage. As part of your WageWorks COBRA administration, we will provide the applicable Medicare Part D notices to your COBRA participants.

## Medicare Part D Disclosure Requirements

There are two disclosure requirements outlined by the MMA:

- ▶ Provide written disclosure notices to all Medicare Part D eligible individuals who are covered under the prescription drug plan, prior to November 15th annually. The disclosure must be provided to Medicare eligible active working individuals and their dependents, Medicare eligible COBRA individuals and their dependents, Medicare eligible disabled individuals covered under your prescription drug plan and any retirees and their dependents.
- ▶ Employer/plan sponsor must complete the online Disclosure to CMS (Centers for Medicare & Medicaid Services) form to report the creditable coverage status of their prescription drug plan. The disclosure must be completed annually no later than 60 days from the beginning of the plan year, 30 days after the termination of a prescription drug plan, or within 30 days after any change in creditable coverage status, according to the CMS ([www.cms.gov/creditablecoverage](http://www.cms.gov/creditablecoverage)).

## Determining What is “Creditable”

According to the CMS (Centers for Medicare & Medicaid Services), “Creditable” means the actuarial value of the coverage equals or exceeds the actuarial value of the standard prescription drug coverage under Medicare Part D. The Actuarial Equivalence Test measures whether or not 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.

## WageWorks and Medicare Part D Notice

As part of your COBRA administration, WageWorks will work with you to provide Medicare Part D Creditable Coverage Notices annually, and will send all notifications posted on the participant website as well as provide reminders in the Open Enrollment Materials, Participant Website, and the Qualifying Event notifications.

### Your Responsibility:

- ▶ Complete the online disclosure form to CMS, annually (second disclosure requirement)
- ▶ Determine if your plan is “creditable”
- ▶ Advise WageWorks on any changes to the creditability
- ▶ Provide sign-off on communications to participants