

October 15th Deadline Drawing Near for Medicare Part D Notices

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All employers that offer prescription drug coverage to Medicare Part D eligible individuals—which may include active employees, disabled employees, COBRA participants, retirees, and their covered spouses and dependents who have coverage under Medicare Part A or B—are required to provide a Part D Notice of

Creditable Coverage (the “Notice”) to Part D eligible individuals.** The purpose for the Notice is to let participants know whether the prescription coverage being offered is creditable.

Creditable = prescription drug coverage that on average, pays out at least as much as the standard coverage available through a Medicare prescription drug plan.

***As a practical matter, employers do not know which employees, spouses or dependents are enrolled in Medicare Part A or Part B, nor will they know which individuals are considering enrollment in the employer’s plan. Therefore, employers generally provide the Notice to all employees.*

Why does it matter?

Disclosure of whether their prescription drug coverage is creditable allows individuals to make informed decisions about whether to remain in their current prescription drug plan or enroll in Medicare Part D during the Part D annual enrollment period.

Individuals who do not enroll in Medicare Part D during their initial enrollment period (IEP), and who subsequently go at least 63 consecutive days without creditable coverage (e.g., because they

dropped their creditable coverage or have non-creditable coverage) generally will pay higher premiums if they enroll in a Medicare drug plan at a later date.

When must the notice be provided?

At a minimum, the Notice must be provided to individuals at the following times:

1. Prior to the Medicare Part D annual election period—beginning Oct. 15 through Dec. 7 of each year;
2. Prior to an individual's IEP for Part D;
3. Prior to the effective date of coverage for any Medicare-eligible individual who joins the plan;
4. Whenever prescription drug coverage ends or changes so that it is no longer creditable or becomes creditable; and
5. Upon a beneficiary's request.

If the Notice is provided to **all** plan participants annually, before Oct. 15 of each year, items (1) and (2) above will be satisfied.

"Prior to," as used above, means the individual must have been provided with the Notice within the past 12 months.

Note: One way to ensure this requirement is met is to provide the Notice annually at open enrollment to all participants and in plan enrollment materials provided to new hires.

Although there are no specific penalties associated with this Notice requirement, failing to provide the Notice may be detrimental to employees and cause employee relations issues.

Resources:

[Model Notice Letters](#)