

Notice of Creditable Coverage

CMS ([Centers for Medicare and Medicaid Services](#)) requires that a notice be sent each year to Medicare eligible policyholders enrolled in a group plan that includes prescription drug coverage.

What is a creditable coverage notice?

A document that notifies participants if the drug coverage provided by their plan is “creditable” or “non-creditable.”

How is the creditable coverage determined?

Creditable coverage determinations are ultimately the responsibility of the plan sponsor. As a courtesy to groups, HealthPartners tests plan designs for creditability and identifies the creditable status of each plan in the sales and renewal materials given to plan sponsors.

Historically, testing for creditable status involved conducting an actuarial “gross value test” which compares expected paid claims under the plan’s prescription drug benefit to expected paid claims under the standard Medicare Part D benefit. In recent years, CMS has provided another method for determining creditable status, the “Simplified Determination”, to plan sponsors who are not electing the Retiree Drug Subsidy. The Simplified Determination deems creditability if certain plan provisions are met, and does not require direct estimation of, or comparison to, expected claims under the standard Medicare Part D benefit. HealthPartners’ creditable coverage determinations rely on this Simplified Determination in most cases, for new and renewing plans on or after January 1, 2021.

CMS has released communications describing these testing issues, including a more detailed description of the Simplified Determination, on its [Creditable Coverage webpage](#).

Who sends the creditable coverage notices?

Employers are required to send notices. However, as a courtesy HealthPartners will send this notice to all new members and all renewing members with their enrollment packets each year.

As an employer, do I need to communicate the creditable coverage status of our plan?

Yes, you must disclose the status to CMS each year. This can be done online. Additionally, if a change in status or termination of the drug benefit occurs mid-year, a disclosure must be provided to CMS.

Creditable Coverage Frequently Asked Questions

Visit the Centers for Medicare and Medicaid Services (CMS) [creditable coverage website](#) for additional guidance and resources for employers and employees.

What is Medicare?

A health insurance program administered by the federal government through CMS for people 65 years of age or older, people of any age with permanent kidney failure and some disabled individuals under age 65. Medicare is comprised of different parts which cover specific services.

What is Medicare Part D?

Medicare Part D is the prescription drug program. It is an optional program available to those enrolled in Medicare.

What is creditable coverage?

Prescription drug coverage that is equal to or better than standard Medicare Part D.

Am I required to have creditable coverage?

When you become eligible for Medicare Part D, you will be expected to enroll within a certain time period or maintain enrollment in a plan with creditable coverage (through your employer for example) to avoid paying more as a Medicare Part D late enrollee.

I am a HealthPartners member but not Medicare eligible, does the creditable coverage status pertain to me?

No.

What happens if I am Medicare eligible and not enrolled in a plan with creditable coverage?

If coverage ends or your plan is no longer creditable, a Medicare Part D plan must be purchased within a certain period of time to avoid paying more as a late enrollee.