

MEMORANDUM

TO: All Employers

FROM: MESSA Group Services

DATE: August 17, 2020

RE: Annual notice of creditable coverage

The Medicare Prescription Drug Improvement and Modernization Act (MMA) requires plan sponsors notify all active and retired plan participants who may be eligible for Medicare Part D prescription drug coverage whether or not their prescription drug coverage is “creditable” or “not creditable.” “Creditable coverage” means that the prescription drug benefit under the employer’s plan is equal to or better than Medicare Part D coverage.

MESSA’s actuaries, Willis Towers Watson, have reviewed our prescription drug coverage and determined that the prescription drug coverage provided to your employees under MESSA’s prescription drug benefit option is “creditable.”

Because the Disclosure Notice requirement applies to Medicare beneficiaries who are active employees, disabled, on COBRA, or retired, as well as Medicare beneficiaries who are covered as spouses or dependents (including those spouses or dependents that may be disabled or on COBRA) under active employee coverage and retiree coverage, most employers choose to notify all plan participants annually as part of open enrollment or by including the disclosure notice in a payroll notice.

MESSA cannot provide notice to your employees because we do not have information on employees or dependents who may be eligible for coverage but are not currently enrolled in a MESSA plan.

At a minimum, you are required to send the Notice of Creditable Coverage to all Medicare Part D-eligible participants, regardless of whether they are active or retired, or whether they are the employee or a dependent. Plan participants with “creditable” prescription drug coverage are not subject to the law’s penalty should they later choose to enroll in a Medicare Part D prescription plan.

You can choose to use the notice prepared by the Centers for Medicare and Medicaid Services (CMS) or you can develop your own letter as long as you include the CMS content standards. For your convenience, we have provided a link to the creditable coverage notice in a fillable Word document. This information is also available at <https://www.cms.gov/Medicare/Prescription-Drug-Coverage/CreditableCoverage/Downloads/ModelCreditableCoverageDisclosureNotice051711.pdf>

This memo is not intended to be, nor should it be construed as, legal advice. For specific information regarding your organization and the Medicare Prescription Drug, Improvement, and Modernization Act (MMA) contact your benefits consultant and/or legal counsel.