

November 2007

## **ACTION MAY BE REQUIRED**

### **Re: Creditable Coverage**

Dear Valued Customer,

Government regulations may require your action pertaining to the Medicare Prescription Drug, Improvement and Modernization Act of 2003. **Plan sponsors whose plans provide prescription drug coverage to Medicare-eligible active employees and dependents, as well as Medicare-eligible retirees and dependents**, are required to disclose both to their Medicare-eligible plan members and to the Centers for Medicare & Medicaid Services (CMS), whether their plans qualify as “creditable” coverage or “non-creditable” coverage. Creditable coverage is defined by CMS as prescription drug coverage with an actuarial value equal to or exceeding the value of standard Medicare Part D coverage. *No action is necessary if you do not have any Medicare-eligible plan members.*

These notices are important because it protects the interests of Medicare-eligible individuals who are covered today under a group prescription drug plan, but may need or choose to move to a Medicare Part D prescription drug plan in the future. Because there is a penalty for not enrolling when first eligible, the disclosure of creditable coverage ensures that a beneficiary will not have to pay higher premium charges for enrolling in a Medicare Part D plan after the initial enrollment period. This penalty is waived for anyone who has creditable coverage from another source.

Creditable coverage notifications are required to be provided prior to the commencement of the annual coordinated election period that begins on November 15 of each year. This information is being provided for informational purposes only.

For more information and guidance on this member disclosure requirement, please visit the CMS website at <http://www.cms.hhs.gov/CreditableCoverage>.

The CMS model language for disclosure notices can be found on their website at [http://www.cms.hhs.gov/CreditableCoverage/10\\_CCAfterFeb15.asp#TopOfPage](http://www.cms.hhs.gov/CreditableCoverage/10_CCAfterFeb15.asp#TopOfPage).

If your plan is determined to be non-creditable, you may want to contact your Representative or Broker to discuss other plans.

\* We encourage you to consult with your legal and/or tax advisors who are familiar with your individual business needs if you have specific questions regarding your Medicare Part D obligations as this letter has been prepared for informational purposes only.