

Frequently Asked Questions

Medicare Part D Creditable Coverage – employer/producer

Who is affected by this notification?

Employers and Medicare-eligible beneficiaries (employees and dependents) covered under group prescription drug plans.

What is the employer's obligation?

Federal law requires employers to notify Medicare-eligible beneficiaries (employees and/or their dependents) about the creditable or non-creditable status of their prescription drug plan.

When will employers receive information?

Employers can expect to receive information on the creditable and/or non-creditable status of their prescription drug plan on or around October 1 each year.

By what date must employees be notified?

Employers are required to notify their Medicare-eligible prescription drug plan members (employees and their dependents) of the creditable and/or non-creditable status of their prescription drug plan prior to October 15 each year, and at various times as stated in the regulations. Visit the CMS website for complete [disclosure](#) requirements.

What is “non-creditable” coverage?

Coverage is non-creditable when the plan payout for prescription drugs is, on average for all plan participants, **less** than what standard Medicare Part D prescription drug coverage would be expected to pay.

How does non-creditable status affect Medicare-eligible employees and/or their covered dependents?

Members with non-creditable coverage who choose not to enroll in Medicare (medical) and Medicare Part D coverage during open enrollment (October 15 through December 7), may pay a [penalty](#) - in the form of a higher premium - for Medicare Part D coverage should they decide to enroll in the future. The penalty, which may remain in place for the duration of coverage, is one percent over the base premium for each month of delay in enrolling in Medicare Part D. For example, if a member on a non-creditable group prescription drug plan chooses to wait seven months to enroll in Medicare Part D, that individual may pay 7 percent more for their Medicare Part D coverage for as long as they have it.

What is “creditable” coverage?

Coverage is creditable when the plan payout for prescription drugs is, on average for all plan participants, **as much** as the average payout under the standard Medicare Part D benefit.

How does creditable status affect my Medicare-eligible employees and/or their covered dependents?

If the prescription drug coverage offered is creditable, then Medicare-eligible beneficiaries will not be penalized if they choose to delay enrollment in Medicare Part D.

What information needs to be included in the notice?

[Model notices](#), made available by the Centers for Medicare and Medicaid Services, are available for use in notifying your employees.

Which prescription drug plans are non-creditable?

Check the status of [our plans](#).

Do coordination of benefits rules apply?

Yes; Providence Health Plan coordinates benefits with Medicare, just as we do when plan members are covered by Providence and another health insurance carrier.

Where can I find additional information?

Additional information is available on the [employer page](#) of the Providence website and also on the [CMS](#) website.