



**COMMONWEALTH OF VIRGINIA  
DEPARTMENT OF HUMAN RESOURCE MANAGEMENT**

**Benefits Administrator Memo**

**#16-06**

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**To:** Benefits Administrators  
**From:** State and Local Health Benefits Programs  
**CC:** All OHB  
**Date:** September 26, 2016  
**Re:** Annual Notice of Creditable Prescription Drug Coverage to Medicare Part D-Eligible Active Employees and/or their Medicare Part D-Eligible Family Members Enrolled in the State Health Benefits Program

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The Medicare Modernization Act requires entities that provide prescription drug coverage to disclose to their Medicare Part D-eligible individuals whether the entity's coverage is creditable. This must be completed each year in conjunction with the Medicare Part D Annual Coordinated Election Period from October 15 through December 7 for coverage beginning the following January 1. Coverage is creditable when it is expected, in accordance with Medicare actuarial guidelines, to pay out as much as standard Medicare prescription drug coverage. This notification requirement applies even if the entity's coverage is primary to Medicare and, therefore, applies to active employees and their family members who are entitled to Medicare and covered under the State Health Benefits Program.

The required disclosure notices provide important information about Medicare Part D (outpatient prescription drug coverage) enrollment. To further ensure that notification is provided to everyone who is or will be eligible for Medicare Part D by the end of 2017, we have identified any covered employees or family members who are either currently entitled to Medicare or will likely be eligible due to age before the end of 2017.

Since our Medicare Part D-eligible retiree group participants with drug coverage through the State Retiree Health Benefits Program are already enrolled in a Medicare Part D plan, no disclosure is required.

## **Disclosure Notice Process:**

The Department of Human Resource Management's Office of Health Benefits will provide a report to all agencies identifying its employees in the population described above. The report will be in Excel format to be entitled 'MedicareBeneficiaries-00nnn-09262016' (nnn = your agency number) and will be available in your agency's ftp folder by Monday, September 26, 2016. **It is the responsibility of each agency to provide all listed employees with the attached notice no later than October 14.** In most cases, one notice to each listed employee will be sufficient, regardless of the number of Medicare beneficiaries in the family group. However, if you have knowledge that a beneficiary lives at a separate address, please mail the notice to that address.

In addition to employees to whom the notice should be sent, the report will indicate whether the Medicare beneficiary is the employee or a covered family member. This can be determined using the 'Flag Code' column as follows:

<b>Flag Code</b>	<b>Definition</b>
Par Only	Only the covered employee is or will be eligible for Medicare
FM Only	Only the covered family member is or will be eligible for Medicare
Both Par and FM	Both the employee and family member are or will be eligible for Medicare

If your agency has no Medicare beneficiaries, you will receive a report indicating that there are no records for your agency.

In addition to the above notice requirement, federal regulations require disclosure of creditable coverage as described below:

- Notice must be provided to all new health plan participants (e.g., new employees who enroll in health plan coverage or employees who enroll during open enrollment) to ensure that any Medicare-eligible family members receive this information (since you generally have no way to know who is eligible for Medicare). However, if the employee has received a disclosure notice, a separate notice will not be required if a family member is added.
- Notice must be provided upon request by an individual.

### **Agencies must comply with these requirements.**

There are three notice formats.

- The notice included with this memorandum should be sent to employees listed on your September 26<sup>th</sup> report. Agencies need only insert a date and agency information for responding to questions (as designated in red).
- A general notice for your use going forward for new participants is available on the DHRM web site.

- A personalized notice is also available on the DHRM web site for use in responding to individual requests. Personalized information that agencies will need to provide in this format is also designated in red.

Disclosure notices should be provided in a hard copy format; an electronic copy will not meet the disclosure requirements. Your method of delivery (e.g., US Postal Service, inter-office mail) should be documented.

Attachments:

[Creditable Coverage 2017 \(Medicare Eligible\)](#)

[Creditable Coverage 2017 \(New Enrollments\)](#)

[Creditable Coverage 2017 \(Personalized Notice\)](#)