



COMMONWEALTH OF VIRGINIA HEALTH BENEFITS

Benefits Administrator Memo

#24-04

To: Benefits Administrators

From: State and Local Health Benefits Programs

Date: September 23, 2024

Re: Annual Notice of Creditable Prescription Drug Coverage

Background:

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 2025, agencies can run a report in Cardinal to identify any covered employees or family

members who either currently are entitled to Medicare or will likely be eligible due to age before the end of 2025.

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 agencies can run a report in Cardinal to identify its employees in the population described above. The report can be run at any point.

Navigation Path: Navigator > Reporting Tools > Query > Query Viewer > **V_BN_ACTIVE_EMPLOYEE_AGE_65**

INPUT / SEARCH CRITERIA:

Business Unit (Required)
Company (Optional)

OUTPUT FORMAT:

HTML
Excel

The Cardinal job aid NAV225 [Running an HCM Query](#) document is helpful in providing instructions to run a query.

It is the responsibility of each agency to provide all listed employees on the report with the attached notice no later than October 15. 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 dependent. This can be determined using the 'Person Type' column on the report.

If your agency has no Medicare beneficiaries, the report will indicate 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 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 at the DHRM web site.
- A [personalized notice](#) is also available at 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:

[Important Notice](#)