



Understanding Creditable Coverage Requirements

The Medicare Modernization Act (MMA) requires entities whose policies include prescription drug coverage to disclose to Medicare eligible policyholders whether their prescription drug coverage is creditable coverage. Prescription drug coverage is considered creditable if it is expected to pay on average as much as the standard Medicare prescription drug coverage.

The MMA imposes a late enrollment penalty on individuals who do not maintain creditable coverage for a period of 63 days or longer following their initial enrollment period for the Medicare prescription drug benefit. Accordingly, this information is essential to an individual's decision whether to enroll in a Medicare Part D prescription drug plan.

There are two disclosure requirements for groups:

1. Disclosure to Plan Participants

Prior to October 15 each year, the group must provide a written disclosure notice to all Medicare eligible individuals who are covered under its prescription drug plan. This disclosure must be provided to Medicare eligible active working individuals and their dependents, Medicare eligible COBRA individuals and their dependents, Medicare eligible disabled individuals covered under your prescription drug plan and any retirees and their dependents. Furthermore, a group is expected to provide the notice to any Medicare eligible individual when they join the plan.

2. Online Disclosure to CMS

The group must complete the online Disclosure to CMS form to report the creditable coverage status of their prescription drug plan. The disclosure should be completed annually no later than 60 days from the beginning of a plan year (contract year, renewal year). Additionally, a group should complete the disclosure within 30 days after termination of a prescription drug plan or within 30 days after any change in creditable coverage status.

Blue Cross® Blue Shield® of Michigan and Blue Care Network releases a Creditable Coverage Pass/Fail list annually in September.

We encourage you to visit <https://www.cms.gov/Medicare/Prescription-Drug-Coverage/CreditableCoverage/index.html> for links to additional information, documents and model notices.