

**** IMPORTANT EMPLOYER BULLETIN ****

TO: ALL GROUP HEALTH CLIENTS

FROM: GREENBERG & ASSOCIATES INSURANCE

DATE: SEPTEMBER 26, 2005

RE: MEDICARE PART D

On August 29th we sent you our initial bulletin pertaining to the upcoming Medicare Part D prescription drug benefit. As you know, this benefit will be available to all Medicare eligible individuals effective January 1, 2006.

Today we are addressing the new CMS required Employer Notification that must be provided to all Medicare eligible individuals in greater detail. The Open Enrollment period for Medicare Part D will be November 15, 2005 through May 15, 2006. ALL Part D eligible individuals who are covered by an employer plan with outpatient prescription drug coverage must receive a notice, regardless of whether the employer coverage is primary or secondary to Medicare. The notice must be provided to active employees and their spouses as well as those who are covered as retirees, disabled or on COBRA.

Who is eligible for Part D?

If an individual is entitled to Medicare Part A and/or enrolled in Part B, they are eligible for Part D.

How do you know if someone is eligible for Medicare Part A or B?

A person has Part A coverage if they have attained age 65 and receive monthly Social Security benefits or is a qualified railroad retirement beneficiary. Individuals under age 65 may also become entitled to Medicare benefits if they receive at least 24 months of Social Security disability benefits.

How are you to know if any employees, their spouses, or dependants are currently eligible for part D?

You most likely won't have access to the status of each insured in your group. Therefore, the simplest way is to provide the required notice to all employees and retirees covered by your health plan each year prior to November 15th.

Although the employer notification is only required by law to be given to all Part D eligible individuals, I recommend providing the notice to all currently insured employees for two reasons:

- 1) You will avoid the need to evaluate each employee, spouse and dependant for eligibility (this could be an onerous task).
- 2) Medicare beneficiaries often depend upon family and friends to give them advice about their Medicare decisions. Therefore, it is important that everyone, regardless of age, be aware of the new program.

Disclosure Requirements:

CMS has provided for flexibility of the notice. It does not need to be sent as a separate mailing and may be provided with other plan participant materials. If the notice is included with other plan participant materials, it must be prominently referenced in at least 14-point font. Only one notice for the eligible individual and all covered dependents is required, unless it is known that a spouse or dependent reside at a different address. The employer can provide the notice through electronic means only if the Medicare beneficiary has indicated that he/she has adequate access to electronic information, and has been informed of his/her right to obtain a paper version.

What should the disclosure notice say?

CMS has developed sample model notices for credible and non-credible coverage that are attached to this document. All employers will need to provide one of the attached notifications to their employees regardless of which health insurance carrier you have. The EXCEPTION, however, is Lifewise. Lifewise has informed me that they will be sending the required employer notice on behalf of the employer!

I have confirmed that all employers will receive notification directly from the carrier if their prescription plan is not creditable (some will also notify employers that their coverage is credible too!). Therefore, if you receive no notification to the contrary, your plan is creditable.

The one area still under scrutiny is prescription benefits paid under an HSA plan. In these cases, you will be hearing more from us directly.

When should the employer disclosure notices be distributed?

- 1) Prior to the Medicare Part D Annual Open Enrollment Period beginning November 15th each year;
- 2) Prior to an individual's initial enrollment period for Part D;
- 3) Prior to the effective date of coverage for any Medicare eligible individual that joins the plan;
- 4) Whenever prescription coverage ends or changes so that it is no longer creditable or becomes creditable; and
- 5) Upon a beneficiary's request.

Note: Items #1& #2 above will be deemed to be met if the notice is provided to all plan participants at least once a year prior to November 15th. **RECOMMENDED!**

The employer must provide a copy of their notice to CMS on an annual basis. CMS is to provide future guidance relating to this request some time this fall. The employer may arrange for this notice to be provided by a third party, such as their health insurance carrier.

Please let us know if you have questions regarding your group's notification requirements, or evaluation of creditable or non-creditable coverage.

Sharon and Adrienne