

Deadline Approaching for Reporting Creditable Status to CMS

Plan sponsors with calendar year plans usually breathe a sigh of relief when open enrollment, with all its decisions, negotiations, and administrative issues, is finally over. Many sponsors, however, face one more (and likely less familiar) chore — reporting the 2007 creditable coverage status to the Centers for Medicare and Medicaid Services (CMS).

As mandated by the *Medicare Prescription Drug, Improvement, and Modernization Act of 2003* (MMA) this reporting mechanism serves to provide CMS with estimates of the number of plans that provide creditable or non-creditable prescription drug coverage and how many Part D eligible individuals are covered by these plans. The reporting also provides information on compliance with the creditable coverage disclosure notice distribution requirements.

Reporting Deadlines — Action Required

Reports to CMS are required on an annual basis and additionally following any change to the plan that affects whether a plan's prescription drug coverage is creditable. For reporting purposes, plan year is defined as the contract or renewal year. The timeframes for reporting are as follows:

- Within 60 days after the first day of the plan year for plan years that end in 2007 and beyond;
- Within 30 days after the termination of the prescription drug plan; and
- Within 30 days after any change in the creditable coverage status of the prescription drug plan.

Last year was the first year that reporting was required and all plans had an initial March 31st deadline. That deadline has now changed and all future annual reporting is due within 60 days after the first day of the plan year. **March 2, 2007 is the deadline for 2007 calendar year plans.** There are no extensions available.

Who Must Report

Sponsors of plans that provide prescription drug coverage to any Part D eligible individuals as of the first day of the plan year (renewal year or contract

year) must report the plan's creditable status to CMS. If a plan sponsor does not offer prescription drug coverage to any Part D eligible individuals on the first day of the plan year, the sponsor is not required to complete the disclosure form for that year.

A Part D eligible individual is a person enrolled in Medicare Part A or Part B. Individuals may enroll in Medicare due to age, disability or end stage renal disease. Since active or disabled employees and/or their covered dependents, as well as retirees, may be enrolled in Medicare, this reporting requirement applies to all plan sponsors and not just those that provide retiree health coverage. Determining which employees or covered dependents are covered by the employer's plan is challenging for many plan sponsors.

Reporting Exemptions

Entities that contract with Medicare directly as a Part D plan, or that contract with a Part D plan to provide qualified prescription drug coverage, are not required to report the status to CMS — since these programs are considered Medicare plans.

A sponsor that has been approved for the retiree drug subsidy is exempt from reporting the creditable status but only with respect to those retirees for whom the sponsor is claiming the subsidy. The sponsor of the subsidized plan, however, must report

the status to CMS if there are any other individuals who are covered under the subsidized plan but for whom the sponsor does not claim the subsidy payment. For example, a sponsor may not claim a subsidy payment for retirees who also enrolled in Medicare's prescription drug program. In such a case, the sponsor reports only the number of retirees it does not claim for the subsidy payment.

How to Report

An entity is required to complete the disclosure form on the CMS Creditable Coverage Disclosure website at <http://www.cms.hhs.gov/creditablecoverage>.

Completing the form will only take a few minutes, if the sponsor has the information at hand. Online transmission is the *only* method for compliance with the requirement.

For entities with subsidiaries (or different divisions, lines of business, operating units, control groups, etc.), one disclosure form can be submitted to CMS for the entire entity if the plan year is the same for all subsidiaries/divisions. Alternatively, an additional form can be submitted for each subsidiary/division etc. with the subsidiary-specific information.

Types of Coverage

CMS requires a separate disclosure for each "type of coverage" sponsored by an entity. Types of coverage for group health plans include employer-sponsored plans, union/Taft Hartley plans, church, Federal, State, local government, and other entity plans. For example, an employer that sponsors a union plan and a non-union plan would need to

report each type separately. Types of coverage are fully identified on the online disclosure form.

Benefit Options

Creditability or actuarial equivalence is determined separately for each benefit option within a plan. A benefit option is a particular benefit design, category of benefits, or cost-sharing arrangement offered within a group health plan (for example, HMO, PPO, indemnity). Benefit options are referenced on the online disclosure form as "options," and the entity must report whether all options are creditable, all are non-creditable, or whether there is a mix of creditable and non-creditable options.

Each option will also require more specific information such as the plan year; the number of Part D eligible individuals covered under the option as of the beginning of the plan year; the estimated number, if applicable, of those individuals expected to be covered through an employer or union retiree group health plan; the date the Disclosure Notice was completed; and a section to note if the information reported reflects a change to a previous disclosure provided to CMS.

The CMS website contains additional information to assist plan sponsors and has coupled a sample disclosure form with directions. Sponsors should print a copy of the disclosure form prior to submission. If there is an error on the form, the sponsor will receive an error message. Once a form is submitted successfully, CMS sends a confirming email and sponsors should print or save this email for the plan's records.

Creditable Coverage Disclosure Notices and Subsidy Application Deadlines

Creditable Coverage Disclosure Notices		
Event	Disclosure Notice to Individual	Reporting to CMS
Part D Annual Coordinated Election Period (begins every November 15 th)*	Prior to (within past 12 months) every November 15 th	Within 60 days after first day of plan year (defined as renewal or contract year) Example: PY is 1/1/07-12/31/07; reporting deadline is March 2, 2007
Individual's Initial Enrollment Period (IEP) for Part D*	Prior to (within past 12 months) individual's IEP	
Effective date of coverage in sponsor's plan	Prior to (within past 12 months) Part D eligible individual's enrollment effective date in sponsor's plan	
Termination of prescription drug coverage	When coverage ends	Within 30 days after termination of prescription drug plan
Change in creditable status	When status changes	Within 30 days after any change in creditable status
Upon request	When requested	
Website	www.cms.hhs.gov/creditablecoverage/	
* If disclosure notice is provided to all plan participants, CMS considers these requirements met for the year		
Subsidy Application		
Event	Apply/Report Through RDS center	
Applying for subsidy payment	Apply no later than 90 days prior to beginning of plan year (must apply <i>each</i> year for which subsidy payment is requested). Example: October 2 nd is the deadline for calendar year plans	
Material change	Actuary must review and re-determine creditable status. If status changes, must notify RDS no later than 90 days prior to implementation	
Website	www.rds.cms.hhs.gov	

U.S. Benefit Office Locations

Atlanta, GA
(404) 224-5000

Boston, MA
(617) 437-6900

Cleveland, OH
(216) 861-9100

Detroit, MI
(248) 735-7580

Ft. Worth, TX
(817) 335-2115

Jacksonville, FL
(904) 355-4600

Los Angeles, CA
(213) 607-6300

Miami, FL
(305) 373-8460

Naples, FL
(239) 514-2542

Omaha, NE
(402) 778-4851

Phoenix, AZ
(602) 787-6000

St. Louis, MO
(314) 721-8400

San Juan, PR
(787) 756-5880

Wilmington, DE
(302) 477-9640

Austin, TX
(800) 861-9851

Cary, NC
(919) 459-3000

Columbus, OH
(614) 766-8900

Eugene, OR
(541) 687-2222

Grand Rapids, MI
(616) 954-7829

Knoxville, TN
(865) 588-8101

Louisville, KY
(502) 499-1891

Milwaukee, WI
(414) 271-9800

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(949) 885-1200

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(973) 410-1022

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Philadelphia, PA
(610) 964-8700

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(505) 317-3397

San Jose, CA
(408) 436-7000

Washington, DC
(301) 530-5050

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