

For brokers and producers only

Date: October 3, 2019

Market: **All, except Medicare Supplement business**

Medicare Modernization Act and Disclosure of Creditable vs. Non-Creditable Prescription Drug Coverage

Each year, under the Medicare Modernization Act, groups that provide prescription drug coverage to Medicare Part D eligible individuals are required to disclose whether the drug coverage is creditable or non-creditable. Disclosure of the status must be provided to both the eligible individuals (active, retiree or dependent) covered by the drug plan and to the Centers for Medicare and Medicaid Services (CMS). Additional information and guidelines are available on the CMS [website](#).

Definitions of creditable and non-creditable coverage

When comparing an eligible policyholder's current prescription drug coverage to the standard Medicare prescription drug coverage, the following definitions apply:

- **Creditable coverage** – On average, for all plan participants, the plan's drug coverage is expected to pay as much as the standard Medicare prescription drug coverage will pay.
- **Non-creditable coverage** – On average, for all plan participants, the plan's drug coverage is **NOT** expected to pay as much as the standard Medicare prescription drug coverage will pay.

Creditable and non-creditable coverage notifications

In early October, CareFirst BlueCross BlueShield and CareFirst BlueChoice (CareFirst) will begin to notify 200(+) groups and Medicare-eligible enrollees in individual products about the status of their current drug product(s) in comparison to the new standard Medicare Prescription Drug Plan that will be effective January 1, 2020.

Please note, CareFirst will NOT notify 2-199 groups of their current drug product(s) status, as compared to the 2020 standard Medicare Prescription Drug Plan. If you wish to provide a group with their status, a chart with creditable coverage status for standard group drug plans will be posted (post-login) to the *Quick Links* section of [CareFirst's broker portal](#) the week of October 1st.

Additionally, groups participating in the retiree drug subsidy and utilizing actuarial attestation will NOT be notified.

The MSGR core drug product and all drug products with an annual drug maximum of \$1,500 or less are considered non-creditable. Health Reimbursement Account products must be looked at individually and the creditable/non-creditable status must be assessed to include the employer contribution. The status of drug benefits in Consumer Directed Health/Health Savings Accounts may vary.

Please remind your groups of this CMS requirement and that they must notify their employees as outlined in the required guidelines. Revised model letters are also available [here](#), on the CMS website, and may be used to inform individuals about the status of their drug product.

For more information

If you have any questions, please contact your broker sales representative.