

Plan Sponsor Requirements for Providing Notice of Medicare Part D Coverage Status

By law plan sponsors must determine and communicate the creditable coverage status for each pharmacy benefit plan offered to members who are eligible to participate in a Medicare Part D benefit plan.

All CMS template notices can be found here: <https://www.cms.gov/medicare/employers-plan-sponsors/creditable-coverage/model-notice-letters>

Note that sections in the template notices have information fields for employer specific and Pharmacy Service Administrator information. We recommend that client/employer distribute these notices to their employees via e-mail or payroll. At a minimum, the notification must be communicated to any Medicare-eligible employee or their dependents no LATER than October 15th every year.

You may also refer to the sample notice below, which includes the applicable CBIA Health Connections plans.

Disclaimer

As the sponsor of a health plan with prescription drug benefits, you need to confirm whether the prescription drug coverage is considered “creditable coverage” for purposes of the CMS creditable coverage notice requirements. As you are aware, the design of your prescription drug coverage is intended to provide creditable coverage by providing:

1. coverage for both brand and generic prescriptions;
2. reasonable access to retail providers;
3. the plan will pay on average at least 60% of participants’ prescription drug expenses; and
4. no annual benefit maximum.

The plan sponsor is responsible for making the determination of whether prescription drug coverage is considered creditable coverage and providing the relevant notice to the plan’s participants in accordance with applicable law.

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The following is a SAMPLE Notice of Non-Creditable Coverage for 2026 CBIA Health Connections plans:

SAMPLE Medicare Part D Non-Creditable Coverage Notice for 2026 CBIA Health Connections Medical Plans

Applies to the following 2026 plans:
HSA \$5,500/30%

Important Notice from Your Plan Sponsor About Your Prescription Drug Coverage and Medicare

This notice applies only to covered employees and/or dependents who are Medicare eligible. If you or your dependent(s) are not Medicare eligible, this notice does not pertain to you.

Please read this notice carefully and keep it where you can find it. This notice has information about your current prescription drug coverage and about your options under Medicare’s prescription drug coverage. This information can help you decide whether or not you want to join a Medicare drug plan. Information about where you can get help to make decisions about your prescription drug coverage is at the end of this notice.

There are three important things you need to know about your current coverage and Medicare’s prescription drug coverage:

1. Medicare prescription drug coverage became available in 2006 to everyone with Medicare. You can get this coverage if you join a Medicare Prescription Drug Plan or join a Medicare Advantage Plan (like an HMO or PPO) that offers prescription drug coverage. All Medicare drug plans provide at least a standard level of coverage set by Medicare. Some plans may also offer more coverage for a higher monthly premium.

2. [Plan Sponsor] has determined that the prescription drug coverage for the specific plans listed above, on average for all plan participants, do NOT expect to pay out as much as standard Medicare prescription drug coverage pays. Therefore, your coverage is considered Non-Creditable Coverage. This is important because, most likely, you will get more help with your drug costs if you join a Medicare drug plan, than if you only have prescription drug coverage through these plans. This also is important because it may mean that you may pay a higher premium (a penalty) if you do not join a Medicare drug plan when you first become eligible.

3. You can keep your current coverage. However, because your coverage is non-creditable, you have decisions to make about Medicare prescription drug coverage that may affect how much you pay for that coverage, depending on if and when you join a drug plan. When you make your decision, you should compare your current coverage, including what drugs are covered, with the coverage and cost of the plans offering Medicare prescription drug coverage in your area. Read this notice carefully - it explains your options.

When Can You Join A Medicare Drug Plan?

You can join a Medicare drug plan when you first become eligible for Medicare and each year from October 15TH to December 7th

However, if you decide to drop your current coverage, since it is employer sponsored group coverage, you will be eligible for a two (2) month Special Enrollment Period (SEP) to join a Medicare drug plan; however you also may pay a higher premium (a penalty) because you did not have creditable coverage.

When Will You Pay A Higher Premium (Penalty) To Join A Medicare Drug Plan?

Since the coverage under these plans are not creditable, depending on how long you go without creditable prescription drug coverage you may pay a penalty to join a Medicare drug plan. Starting with the end of the last month that you were first eligible to join a Medicare drug plan but didn't join, if you go 63 continuous days or longer without prescription drug coverage that's creditable, your monthly premium may go up by at least 1% of the Medicare base beneficiary premium per month for every month that you did not have that coverage. For example, if you go nineteen months without creditable coverage, your premium may consistently be at least 19% higher than the Medicare base beneficiary premium. You may have to pay this higher premium (penalty) as long as you have Medicare prescription drug coverage. In addition, you may have to wait until the following October to join.

What Happens To Your Current Coverage If You Decide to Join A Medicare Drug Plan?

If you decide to join a Medicare drug plan, your current coverage may be affected. If you do decide to join a Medicare drug plan and drop your current coverage, be aware that you and your dependents may not be able to get this coverage back.

For More Information About Your Options Under Medicare Prescription Drug Coverage...

More detailed information about Medicare plans that offer prescription drug coverage is in the “Medicare & You” handbook. You’ll get a copy of the handbook in the mail every year from Medicare. You may also be contacted directly by Medicare drug plans. For more information about Medicare prescription drug coverage:

- Visit www.medicare.gov
- Call your State Health Insurance Assistance Program (see the inside back cover of your copy of the “Medicare & You” handbook for their telephone number) for personalized help
- Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

If you have limited income and resources, extra help paying for Medicare prescription drug coverage is available. For information about this extra help, visit Social Security on the web at www.socialsecurity.gov, or call them at 1-800-772-1213 (TTY 1-800-325-0778).

Remember: Keep this notice. You may request a copy at any time. If you decide to join one of the Medicare drug plans, you may be required to provide a copy of this notice when you join to show whether or not you have maintained creditable coverage and, therefore, whether or not you are required to pay a higher premium (a penalty).