

Creditable and Non-Creditable Coverage Mandates



The Centers for Medicare and Medicaid Services (CMS) mandates that people who are eligible for Medicare Part-D must be notified if their current insurance plan has creditable or non-creditable drug coverage each year. But what does that mean?

- **Creditable coverage:** A plan is “creditable” if the amount it pays out for medications is similar to or more than what the standard Medicare prescription drug plan would pay, on average. That means the plan offers similar or more coverage for prescriptions.
- **Non-creditable coverage:** A plan is “non-creditable” if it pays less than what the standard Medicare prescription drug plan would pay, on average. That means the plan offers lower levels of coverage for prescriptions.

What employers need to do

Employers need to tell their Medicare-eligible employees if their health plan is either creditable or non-creditable. CMS requires sending the Notice of Creditable Coverage to any Medicare-eligible employee at the following times:

- Each year, prior to the Medicare Part D Annual Coordinated Election Period, which begins October 15
- Prior to their Initial Enrollment period for Part D
- Prior to the effective date of coverage for any Medicare eligible person that joins the plan
- Whenever the person’s pharmacy plan becomes creditable/non-creditable or terminates
- Upon request

What employees need to do

If an employee’s plan is creditable, there is no action required if they’re satisfied with their prescription coverage. There are two options for employees who have non-creditable plans. They can either:

- Keep their current coverage and do nothing. If they choose this option, they may incur further late enrollment penalties if they choose to purchase a Medicare prescription drug plan (PDP) in the future.
- Purchase a Medicare PDP during the next annual election period. The late enrollment penalty will apply because the employee’s current plan is non-creditable, and the employee didn’t choose to enroll in a Medicare PDP when they first became eligible. Within 63 days of enrolling in a Medicare PDP, employees must have the prescription drug coverage removed from their current plan per federal law.

How to tell if a plan meets creditable coverage

Generally, plans with deductibles for prescription drugs are more likely to be non-creditable. So, if your plan has a set amount, or deductible, before insurance kicks in for prescriptions, it’s less likely to be considered non-creditable by Medicare.

If employers put money into a Health Reimbursement Account (HRA) to help pay for deductible costs, it might make the plan creditable overall.

To figure out if your plan is creditable, reference the table below.

Your plan’s prescription drug coverage is creditable if the plan meets all four of the following criteria.

- Provides coverage for brand-name and generic prescriptions.
- Provides reasonable access to retail providers and, optionally, for mail order coverage.
- Is designed to pay on average at least 60% of participants’ prescription drug expenses.
- Satisfies one of the following:
 - For plans with a stand-alone prescription drug plan:
 - The prescription drug coverage has no annual benefit maximum benefit or a maximum annual benefit payable by the plan of at least \$25,000.
 - The prescription drug coverage has an actuarial expectation that the amount payable by the plan will be at least \$2,000 per Medicare-eligible individual.
 - For plans with integrated health coverage:
 - The integrated health plan has no more than a \$250 deductible per year, has no annual benefit maximum or a maximum annual benefit payable by the plan of at least \$25,000, and has no less than a \$1,000,000 lifetime combined benefit maximum.

2024 Blue Cross Blue Shield of North Dakota (BCBSND) plans

Individual and family

Creditable Plans	Non-Creditable Plans
<ul style="list-style-type: none"> ▪ BlueDirect Gold, BlueDirect Silver, BlueDirect Bronze, BlueCare Gold, BlueCare Silver, BlueCare Gold, BlueCare Silver, BluePrime Gold, DakotaBlue ▪ Altru Gold, DakotaBlue ▪ Altru Silver, DakotaBlue ▪ Trinity Gold, DakotaBlue ▪ Trinity Silver, BlueValue Bronze, BlueValue Silver, BlueValue Gold Health Plans 	<ul style="list-style-type: none"> ▪ Blue Essential

Small employer group

Creditable Plans	Non-Creditable Plans
<ul style="list-style-type: none"> ▪ BlueDirect Gold, BlueDirect Silver, BlueDirect Bronze, BlueCare Gold, BlueCare Silver, BluePrime Gold, DakotaBlue ▪ Altru Gold, DakotaBlue ▪ Altru Silver, DakotaBlue ▪ Trinity Gold, DakotaBlue ▪ Trinity Silver 	<ul style="list-style-type: none"> ▪ N/A

Large employer group

Creditable Plans	Non-Creditable Plans
<ul style="list-style-type: none">YourBlue, BlueSaver, BlueAccess, BluePartner, DakotaBlueAltru, DakotaBlueTrinity	<ul style="list-style-type: none">N/A

Where to learn more?

Visit the Creditable Coverage CMS (<https://www.cms.gov/medicare/employers-plan-sponsors/creditable-coverage?redirect=/CreditableCoverage/>) to learn more about creditable coverage and access disclosure templates to make it easier to share this information with others.

Be advised that this is informational and is not intended as legal advice or a legal opinion on any specific statute or regulation, or related to any factual circumstances. It is not intended to create or continue an attorney-client relationship. As an employer sponsoring a group health plan, you are responsible for complying with certain provisions of the MMA and Medicare Part D. BCBSND cannot provide legal advice to you. It is recommended that you contact your own legal representative or consultant with any specific questions or concerns.