



The Vita Viewpoint Important Information for Decision Makers

Medicare Part D Creditability Disclosure Required by March 31, 2006

Overview

The complexities of the Medicare Part D Prescription Drug plan continue to unfold. In addition to the creditability notice that employers were required to provide to eligible individuals (which Vita provided to our full service clients in November 2005), the law also requires plan sponsors to report creditability information directly to the Centers for Medicare and Medicaid Services (CMS). There are significant penalties for noncompliance with this part of the law.

Mandatory Online Creditable Coverage Disclosure

Virtually all employers are required to complete an online questionnaire at the CMS website, with the only exception being employers who have been approved for the Retiree Drug Subsidy (RDS). This requirement also applies to individual health insurance, government assistance programs, military coverage, and Medicare supplement plans.

Snapshots of the required data screens follow in this Viewpoint, to help you collect the necessary data to complete the questionnaire online. *Once you have assembled the necessary data, the online questionnaire should take only a few minutes to complete.*

There is no alternative method to comply with this requirement! The initial online questionnaire must be completed by March 31, 2006, and must be updated annually thereafter. Employers must also update their questionnaire if there has been a change to the creditability status of their prescription drug plan, or if they terminate prescription drug benefits altogether.

Federal Database Under Construction

To monitor whether employers are making the required notifications, CMS has engaged their Coordination of Benefits contractors to collect data from all employers offering group health plans. A "data match" questionnaire is being mailed to group health plan sponsors, for the purpose of collecting data on both health plan sponsorship and the number of employees that are covered by such health plans. You may already have received that questionnaire. If you have not already received the questionnaire, please be on the alert for it. CMS does not take kindly to having their communications ignored!

Substantial Penalty for Noncompliance

An employer who fails to complete the online questionnaire will be subject to a fine of up to \$1,000 per employee. The number of employees will be drawn from the data match questionnaire, which means that the potential penalty for a large employer could amount to a sizable sum.

Need extra help? Fifteen minute Webinars will be held on Monday and Tuesday, March 27 and 28, 2006. Please respond to ellen@vitamail.com or annie@vitamail.com if you would like to receive log-in details for one of these sessions.

For questions or additional information, please contact Vita Benefits Group at (650) 968-8811.

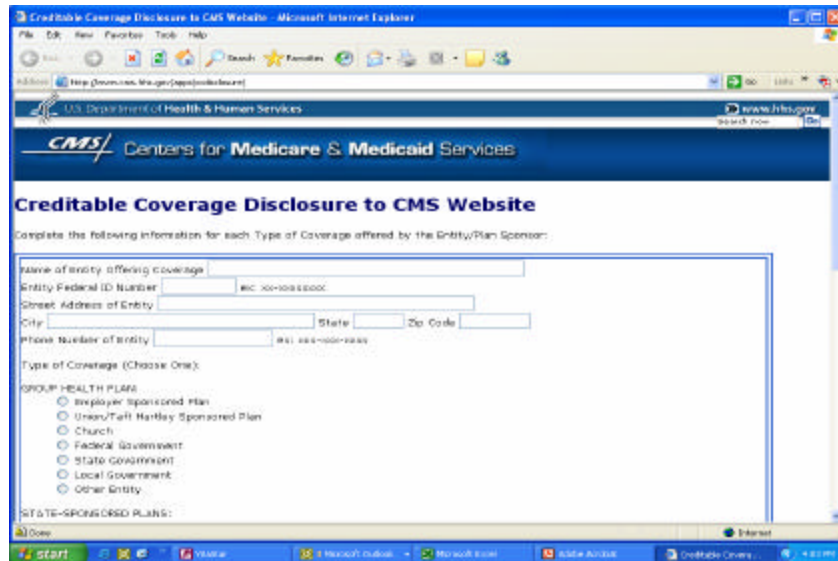
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Snapshots of the CMS Data Screens you will encounter

The CMS website to report your plan's creditability status is:

<http://www.cms.hhs.gov/apps/ccdisclosure/>

The first screen requires basic plan sponsor information, such as company name, FEIN, address and telephone number. This page also requires that you select the appropriate "Type of Coverage" for your plan.

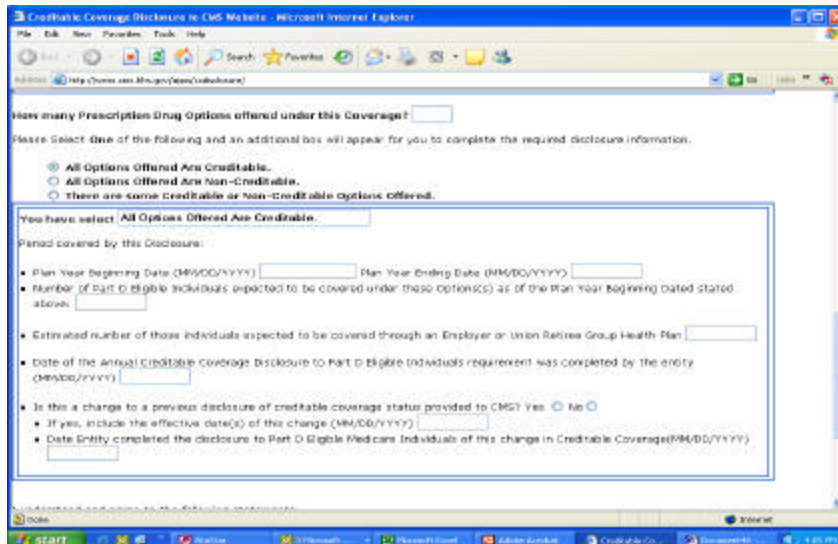


The screenshot shows a web browser window displaying the CMS website. The page title is "Creditable Coverage Disclosure to CMS Website". The form contains the following fields and options:

- Name of Entity offering coverage: [Text Input]
- Entity Federal ID Number: [Text Input] (example: 00-00000000)
- Street Address of Entity: [Text Input]
- City: [Text Input] State: [Text Input] Zip Code: [Text Input]
- Phone Number of Entity: [Text Input] (example: 000-000-0000)
- Type of Coverage (Choose One):
 - GROUP HEALTH PLANS:
 - Employer Sponsored Plan
 - Union/Territory Sponsored Plan
 - Church
 - Federal Government
 - State Government
 - Local Government
 - Other Entity
 - STATE-SPONSORED PLANS:

As you scroll down the page, you will next need to indicate how many prescription drug options are offered by your health plan (typically, one per plan; for example, an employer offering an HMO plan and a PPO plan will have two drug options). You will also need to check the appropriate section to describe whether your prescription plans are creditable. (Refer to the Medicare Part D creditability information that was sent to you in November.)

The next series of questions will depend on which creditability button you selected. The following sample screen is what you will see if all plans are creditable, or if all plans are not creditable. If your plans are "mixed" (i.e., one creditable and one **not** creditable), the questions will be different.



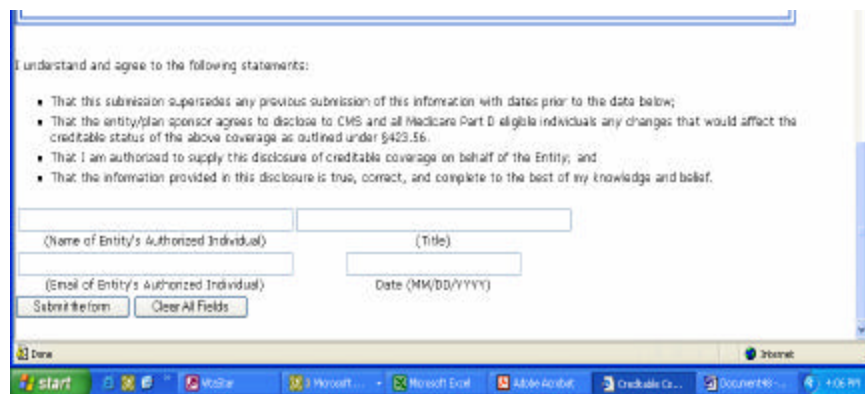
The screenshot shows a web browser window displaying the CMS website. The page title is "Creditable Coverage Disclosure to CMS Website". The form contains the following fields and options:

- How many Prescription Drug Options offered under this Coverage? [Text Input]
- Please Select one of the following and an additional box will appear for you to complete the required disclosure information.
 - All Options Offered Are Creditable.
 - All Options Offered Are Non-Creditable.
 - There are some Creditable or Non-Creditable Options offered.
- You have selected: All Options Offered Are Creditable.
- Period covered by this Disclosure:
 - Plan Year Beginning Date (MM/DD/YYYY): [Text Input] Plan Year Ending Date (MM/DD/YYYY): [Text Input]
 - Number of Part D Eligible Individuals expected to be covered under these option(s) as of the Plan Year Beginning Date stated above: [Text Input]
 - Estimated number of those individuals expected to be covered through an Employer or Union Retiree Group Health Plan: [Text Input]
 - Date of the Annual Creditable Coverage Disclosure to Part D Eligible Individuals requirement was completed by the entity (MM/DD/YYYY): [Text Input]
 - Is this a change to a previous disclosure of creditable coverage status provided to CMS? Yes No
 - If yes, include the effective date(s) of the change (MM/DD/YYYY): [Text Input]
 - Date Entity completed the disclosure to Part D Eligible Medicare Individuals of this change in Creditable Coverage (MM/DD/YYYY): [Text Input]

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Snapshots of the CMS Data Screens you will encounter

Once you have completed this brief questionnaire, the final step is to complete the “acceptance” section. This section basically confirms that the individual completing the questionnaire is, in fact, authorized to make such binding and formal disclosures on behalf of the employer.



I understand and agree to the following statements:

- That this submission supersedes any previous submission of this information with dates prior to the date below;
- That the entity/plan sponsor agrees to disclose to CMS and all Medicare Part D eligible individuals any changes that would affect the creditable status of the above coverage as outlined under §429.56;
- That I am authorized to supply this disclosure of creditable coverage on behalf of the Entity; and
- That the information provided in this disclosure is true, correct, and complete to the best of my knowledge and belief.

(Name of Entity's Authorized Individual) (Title)

(Email of Entity's Authorized Individual) Date (MM/DD/YYYY)

The screenshot shows a web browser window with a taskbar at the bottom. The taskbar includes the Start button, Internet Explorer icon, and several open applications: Microsoft Word, Microsoft Excel, Adobe Acrobat, Credible Co..., and Documents. The system clock shows 4:06 PM.

Clicking the Submit Form button will transmit the report to CMS. Please remember to schedule a few minutes to make this report every year.

Please also remember that if there are changes to the creditability status of any of the sponsored health plans, an update needs to be electronically filed within **30 days** of that change.