



## The Vita Viewpoint Important Information for Decision Makers

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### Medicare Part D Creditability Disclosure Required by March 1, 2007

#### **Overview**

In addition to the creditability notice that employers were required to provide to eligible individuals, 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.

***There is no alternative method to comply with this requirement!*** The initial online questionnaire must have been completed by March 31, 2006, and must be updated annually thereafter. For plan years that end in 2007 and beyond, disclosure of creditable coverage status must be provided within 60 days after the beginning of the plan year for which the entity is providing disclosure to CMS. That means for plan years beginning January 1<sup>st</sup>, **disclosure must be made by March 1, 2007.**

The required Disclosure Notice is made through completion of the disclosure form on the CMS Creditable Coverage Disclosure web page at <http://www.cms.hhs.gov/apps/ccdisclosure/default.asp>.

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

#### **Detailed Instructions Available**

The following is a link to detailed instructions on how to complete the online disclosure:  
[CMS Notification Instruction Guide](#).

#### **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.

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