



**COMMONWEALTH OF VIRGINIA**  
**DEPARTMENT OF HUMAN RESOURCE MANAGEMENT**

**Benefits Administrator Memo**

**#11-04**

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**To:** Benefits Administrators  
**From:** Gene Raney, Director  
State and Local Health Benefits Programs  
**CC:** All OHB  
**Date:** September 27, 2011  
**Re:** Annual Notice of Creditable Prescription Drug Coverage to Medicare Part D Eligible Active Employees (and/or their Medicare Part D Eligible Dependents) Enrolled in the State Health Benefits Program

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**Background:**

As a result of the Medicare Prescription Drug Improvement and Modernization Act of 2003, entities that provide prescription drug coverage to Medicare Part D eligible individuals must disclose whether the entity's coverage is creditable. This must be completed each year before the Medicare Annual Coordinated Election Period which starts on October 15 for coverage to begin the following January 1. Coverage is creditable when it is expected, in accordance with Medicare actuarial guidelines, to pay out as much as standard Medicare prescription drug coverage. This notification requirement applies even if the entity's coverage is primary to Medicare and, therefore, applies to active employees and their dependents who are entitled to Medicare and covered under the State Health Benefits Program. The required disclosure notices provide important information about Medicare Part D (outpatient prescription drug coverage) enrollment. To further ensure that notification is provided to everyone who is or will be eligible for Medicare Part D in 2012, we have identified any covered employees or dependents who are either currently eligible for Medicare or will likely be eligible due to age before the end of 2012.

Since our Medicare Part D-eligible retirees with drug coverage through the State Retiree Health Benefits Program are enrolled in a Medicare Part D plan, no disclosure is required.

**Disclosure Notice Process:**

The Department of Human Resource Management's Office of Health Benefits will provide a report to all agencies identifying its employees in the population described above. The report will be in Excel format and titled '*BES-ENews-Data-nnn-09282011.csv*' (nnn = your agency number) and will be available in your agency's ftp folder by Wednesday, September 28. **It is the responsibility of each agency to provide all listed employees with the attached notice no later than October 7.** In most cases, one notice to each listed employee will be sufficient, regardless of the number of Medicare beneficiaries in the family group. However, if you have knowledge that a beneficiary lives at a separate address, please mail the notice to that address.

In addition to the employee to whom the notice should be sent, the report will indicate whether the Medicare beneficiary is the employee or a dependent. This can be determined using the 'Flag Code' column as follows:

<b>Flag Code</b>	<b>Definition</b>
Par Only	Only the covered employee is or will be eligible for Medicare
Dep Only	Only the covered dependent is or will be eligible for Medicare
Both Par and Dep	Both the employee and dependent are or will be eligible for Medicare

If your agency has no Medicare beneficiaries, you will receive a report indicating that there are no records for your agency.

In addition to the above notice requirement, federal regulations require that creditable coverage disclosure notices be provided as described below:

- Notice must be provided to all new health plan participants (e.g., new employees who enroll in health plan coverage or employees who enroll during open enrollment) to ensure that any Medicare-eligible family members receive this information (since you generally have no way to know who is eligible for Medicare). However, if the employee has received a disclosure notice, a separate notice will not be required if a dependent is added.
- Notice must be provided upon request by an individual.

Agencies must comply with these requirements.

There are three notice formats.

- The attached notice should be sent to employees listed on your current report. Agencies need only insert a date (no later than October 7, 2011) and agency information for responding to questions (as designated in red).
- A general notice for your use going forward for new participants is available at the DHRM web site.

- A personalized notice is also available at the DHRM web site for use in responding to individual requests. Personalized information that agencies will need to provide in this format is also designated in red.

Disclosure notices should be provided in a hard copy format; an electronic copy will not meet the disclosure requirements. Your method of delivery (e.g., US Postal Service, inter-office mail) should be documented).

Attachment:

[Important Notice from the Commonwealth of Virginia Health Benefits Program About Your Prescription Drug Coverage and Medicare](#)