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Bulletin No. 05-3

Date: September 22, 2005

To: All Health Insurance Carriers

From Gary L. Smith, Director

**Subject: Medicare Part D Disclosure Notice
For Prior Creditable Coverage**

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 ("MMA") added a new prescription drug program to Medicare, referred to as Medicare Part D. Prescription drug coverage under Medicare Part D will be available starting January 1, 2006. Idaho Rule 18.01.54, "Rule to Implement the NAIC Medicare Supplement Insurance Minimum Standards Model Act," requires that carriers comply with the specific notice requirements of the MMA.

Among the notice requirements of the MMA is the requirement that all entities currently providing prescription drug coverage to Medicare beneficiaries must determine and disclose to the plan beneficiaries whether their current prescription coverage is "creditable prescription drug coverage." This disclosure is required without regard to whether the coverage is primary or secondary. (See 42 CFR 423.56.)

Under the MMA, "creditable coverage" is coverage that is at least as good as coverage provided under the Medicare drug program. Disclosure of whether existing prescription drug coverage is creditable provides Medicare beneficiaries with important information for deciding whether to enroll in a Medicare Part D plan. Beneficiaries who are not covered under creditable prescription drug coverage and who choose not to enroll in Medicare Part D coverage before the end of their initial enrollment period may be subject to higher premium on a permanent basis if they subsequently enroll in Part D.

Among the many entities to which the MMA disclosure requirements apply are individual, group, and Medicare Supplement carriers. Section 104 (a) of the MMA requires issuers to send the creditable coverage notice during the period of September 15 through November 14, 2005 to Medicare eligible beneficiaries who have prescription drug coverage. That notice must disclose whether the prescription drug coverage is creditable, along with other information specified by CMS. Accompanying this bulletin, as attachments are four sample notices developed by CMS to meet the MMA notice requirements. Carriers may use their own format for a notice so long as the notice clearly provides, at a minimum, all of the information contained in the sample notices. Any carrier using a notice format other than the sample format must file the notice with the Idaho Department of Insurance. Additional guidance regarding creditable coverage under the MMA can be found at the CMS Website at <http://www.cms.hhs.gov/medicarereform/credcovrg.asp> .