



## **Deadline Approaching: Medicare Part D Notices Are Due Before Oct. 15**

Each year, Medicare Part D requires group health plan sponsors to disclose to individuals who are eligible for Medicare Part D and to the Centers for Medicare and Medicaid Services (CMS) whether the health plan's prescription drug coverage is creditable. Plan sponsors must provide the annual disclosure notice to Medicare-eligible individuals before Oct. 15, 2019.

### **What is this notice?**

This notice is important because Medicare beneficiaries who are not covered by creditable prescription drug coverage and do not enroll in Medicare Part D when first eligible will likely pay higher premiums if they enroll at a later date. Although there are no specific penalties associated with this notice requirement, failing to provide the notice may be detrimental to employees.

### **What do employers need to do?**

Employers should confirm whether their health plans' prescription drug coverage is creditable or non-creditable and prepare to send their Medicare Part D disclosure notices before Oct. 15, 2019. To make the process easier, employers often include Medicare Part D notices in open enrollment packets.

## **Resources**

CMS has provided model disclosure notices for employers to use. Employers are not required to use the model notices from CMS. However, if the model language is not used, a plan sponsor's notices must include certain information, including a disclosure about whether the plan's coverage is creditable and explanations of the meaning of creditable coverage and why creditable coverage is important.

## **2020 Open Enrollment Checklist**

To prepare for open enrollment, group health plan sponsors should be aware of the legal changes affecting the design and administration of their plans for plan years beginning on or after Jan. 1, 2020. Employers should review their plan documents to confirm that they include these required changes.

In addition, any changes to a health plan's benefits for the 2020 plan year should be communicated to plan participants through an updated summary plan description (SPD) or a summary of material modifications (SMM).

Health plan sponsors should also confirm that their open enrollment materials contain certain required participant notices when applicable – for example, the summary of benefits and coverage (SBC). There are also some participant notices that must be provided annually or upon initial enrollment. To minimize costs and streamline administration, employers should consider including these notices in their open enrollment materials.

## **Brief Overview of 2020 Changes**

This is an abridged list of 2020 plan design changes:

### **ACA Affordability Standard:**

For plan years that begin on or after Jan. 1, 2020, the affordability percentage is 9.78%.

### **Out-of-Pocket Maximum:**

The annual limit on total enrollee cost sharing for essential health benefits for plan years beginning on or after Jan. 1, 2020, is \$8,150 for self-only coverage and \$16,300 for family coverage.

## 2020 Benefit Notices

### Health FSA Contributions:

The IRS has not yet announced the flexible spending account limit for 2020 plan years.

### HDHP and HSA Limits for 2020:

The IRS limits for health savings account contributions and high deductible health plan cost-sharing increase for 2020.

### Wellness Plan Design – ADA Compliance:

The Equal Employment Opportunity Commission has indicated that it may issue new proposed wellness rules by the end of 2019.

For a comprehensive overview of changes to expect, or to discuss other annual enrollment obligations, speak with Cornerstone Benefit Plans, Inc. today.

Employers that sponsor group health plans should provide certain benefit notices in connection with their plans' open enrollment periods. Some of these notices must be provided at open enrollment time, such as the SBC.

Other notices, such as the Women's Health and Cancer Rights Act (WHCRA) notice, must be distributed annually. Although, these annual notices may be provided at different times throughout the year, employers often choose to include them in their open enrollment materials for administrative convenience.

In addition, employers should review their open enrollment materials to confirm that they accurately reflect the terms and cost of coverage. In general, any plan design changes for 2020 should be communicated to plan participants either through an updated SPD or SMM.



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