

NEW MEDICARE PART D DRUG BENEFIT AFFECTS MOST EMPLOYER-SPONSORED MEDICAL PLANS

Medicare Part D's new prescription drug benefit becomes available on January 1, 2006. There is a misconception that only employer-sponsored medical plans with retiree medical coverage need to take action with respect to Medicare Part D. This is not true. Employers sponsoring medical plans (and even dental plans, vision plans, and EAPs) with prescription drug coverage for active employees must notify their active participant employees and their dependents who are Medicare eligible by November 15, 2005, as to whether the medical plan's prescription drug coverage is "creditable."

As to this notice requirement, there is no small employer or governmental employer exception which eliminates the employer's responsibility to give this notice. There is also a continuing requirement to provide these creditable coverage notices in the future. Because there are a number of considerations for an employer in connection with these notices, employers need to start immediately to begin planning for compliance.

It is very important to note that the legal responsibility for these notices falls on the employer as plan sponsor of the medical plans. These notice requirements are not the responsibility of the employer's insurance company, service provider or TPA.



Employers sponsoring medical plans which cover retirees also must provide the creditable coverage notice and must also decide whether to apply for the Medicare subsidy. If an employer is applying for the subsidy, they must do so by September 30, 2005. Since the application requires an actuarial certification, the employer

will need the assistance of an actuary for purposes of completing the subsidy application.

If you should have questions regarding these new compliance rules or need assistance, please contact John Papahronis (405-552-2231) or Scott Sewell (405-552-2212).

This Alert has been provided for information of clients and friends of McAfee & Taft A Professional Corporation. It does not provide legal advice and it is not intended to create a lawyer-client relationship. Readers should not act upon the information in this Alert without seeking professional counsel.

MCAFFEE & TAFT EMPLOYEE BENEFITS PRACTICE GROUP

Jennifer Callahan
jennifer.callahan@mcafeetaft.com
(405) 552-2225

J. Dudley Hyde
dudley.hyde@mcafeetaft.com
(405) 552-2229

Brandon Meyer
brandon.meyer@mcafeetaft.com
(405) 552-2235

Richard Nix
richard.nix@mcafeetaft.com
(405) 552-2219

John Papahronis
john.papahronis@mcafeetaft.com
(405) 552-2231

Jim Prince
jim.prince@mcafeetaft.com
(405) 552-2309

Scott Sewell
scott.sewell@mcafeetaft.com
(405) 552-2212

Mark Spencer
mark.spencer@mcafeetaft.com
(405) 552-2368

Steven Welch
steven.welch@mcafeetaft.com
(405) 552-2214

Elizabeth Scott Wood
elizabeth.wood@mcafeetaft.com
(405) 552-2270