

Creditable Coverage Simplified Determination

CMS is restating below the Simplified Determination of Creditable Coverage Status which was released on May 23, 2005 in the Creditable Coverage Guidance.

Benefit Design for Simplified Determination of Creditable Coverage Status

If an entity is not an employer or union that is applying for the retiree drug subsidy, it can determine that its prescription drug plan's coverage is creditable if the plan design meets all four of the following standards. However, the standards listed under 4(a) and 4(b) may not be used if the entity's plan has prescription drug benefits that are integrated with benefits other than prescription drug coverage (i.e. Medical, Dental, etc.). Integrated plans must satisfy the standard in 4(c).

A prescription drug plan is deemed to be creditable if it:

- 1) Provides coverage for brand and generic prescriptions;
- 2) Provides reasonable access to retail providers and, optionally, for mail order coverage;
- 3) The plan is designed to pay on average at least 60% of participants' prescription drug expenses; and
- 4) Satisfies at least one of the following:
 - a. The prescription drug coverage has no annual benefit maximum benefit or a maximum annual benefit payable by the plan of at least \$25,000, or
 - b. The prescription drug coverage has an actuarial expectation that the amount payable by the plan will be at least \$2,000 per Medicare eligible individual in 2006.
 - c. For entities that have integrated health coverage, the integrated health plan has no more than a \$250 deductible per year, has no annual benefit maximum or a maximum annual benefit payable by the plan of at least \$25,000 and has no less than a \$1,000,000 lifetime combined benefit maximum.