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Medicare Prescription Drug Coverage
 Affect on Current Drug Coverage
 Basic Information
 Costs and Coverage

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Creditable vs. Non-creditable Employer Retiree Drug Coverage

Question

Creditable vs. Non-creditable Employer Retiree Drug Coverage

Answer

If your current employer/union coverage **is expected to pay, on average, at least as much** as the standard Medicare drug coverage (this is called creditable):

- You can keep it as long as it is still offered.

AND

- You won't have to pay a penalty if you drop or lose your coverage. If you involuntarily lose the coverage, you must join a Medicare drug plan with an effective date that is within 60 days of the coverage end date. If you chose to drop the coverage, you must join a Medicare drug plan within 3 months of dropping the coverage. However, if you do not enroll in a Medicare drug plan and have a period of 63 days or longer without coverage that is creditable (it expects to pay at least as much as Medicare's coverage), you may have to pay a penalty when you do enroll.

Keep a copy of the notice that says you have creditable coverage. If you join a Medicare drug plan after you are first eligible, you'll need to provide this as proof. Your plan may contact you for additional information. They will determine whether you have had continuous creditable drug coverage and send this information to Medicare.

If your current employer/union coverage **is not expected to pay, on average, at least as much as** the standard Medicare drug coverage (non-creditable), you may be able to:

- Keep your current employer/union drug plan and join a Medicare drug plan that gives you more complete coverage.
- Keep only your current employer/union drug plan. If you join a Medicare drug plan after you are first eligible, you'll have to pay a penalty.
- Drop your current coverage and join a Medicare drug plan or a Medicare Advantage drug plan.

If you drop your employer/union coverage, you **may not** be able to get it back. You may not be able to drop your employer/union drug coverage without also dropping your employer/union health coverage.

In some cases, employers or unions have rules that say you cannot have **both** a Medicare drug plan and your employer/union plan. Your current coverage may end for you **and** your dependents.

You should talk to your employer/union and/or the benefits administrator about all of your options.

If you are covered under COBRA, you should check with your former employer/union or the benefits administrator to see if the coverage is creditable.

Workers' compensation, discount drug card programs, and manufacturer patient assistance programs (PAPs) are not considered creditable coverage.

If you didn't receive a creditable coverage notice:

You must request in writing a copy of the creditable coverage notice from your employer/union. You must send it by certified/registered mail. Keep a copy of your letter for your records.

For additional information, please read the publication, **[Quick Facts about Medicare's New Coverage for Prescription Drugs for People who have Coverage from an Employer or Union.](#)**