



Case Study: Medicare Part D Creditable Coverage Attestation

Engagement Type: Per Report - Actuarial Advisory

Practice Area: Employee Benefits – Medicare Part D Creditable Coverage

Jurisdiction: US Federal – CMS Regulated

Objective

Per the Medicare Modernization Act, entities that provide policies with prescription drug coverage must notify Medicare-eligible individuals whether their prescription drug coverage is creditable. A leading U.S. educational institution engaged Graeme Group to determine whether its employer-sponsored prescription drug plan met the Medicare Part D creditable coverage standard, as required under CMS regulations.

Scope of Work

Graeme Group was tasked with performing an actuarial equivalence analysis for the institution's medical plans – focusing on the prescription drug component – and producing a certified attestation report.

Services Provided

- **Plan Design Review**
Reviewed the prescription benefit structure including deductibles, copayments, out-of-pocket maximums, and dispensing limits for both retail and mail-order channels.
- **Actuarial Testing & Methodology**
Conducted a gross value comparison against 2025 Medicare Part D standard coverage. Graeme Group normative claim data were used to reflect credible, population-based utilization estimates. Testing included:
 - Derivation of adjusted plan expense values
 - Benchmarking against Medicare thresholds
 - Evaluation under multiple pharmacy trend variances
- **Regulatory Attestation**
Prepared and delivered a formal certification confirming that the prescription drug program is creditable. All work was conducted in accordance with public practice as promulgated by the American Academy of Actuaries, the Actuarial Standards Board, industry best practices, and prevailing CMS guidance.



Key Metrics

The adjusted expense value for the employer plan exceeded the Medicare standard by over 19%, demonstrating sufficient evidence for passing the creditable coverage attestation:


EXHIBIT I		
	Medicare D Standard Plan	
Eligible Expenses	\$3,011	\$3,011
Adjusted Plan Expenses	\$2,153	\$2,553
Percentage Over Standard Plan	-	19%
Gross Value Test Result	-	Pass

Excerpt 1 from redacted report: demonstrates extent to which the adjusted expense value exceeds the Medicare Standard for the plan undergoing creditable coverage attestation

Deliverables & Turnaround Time

Graeme Group provided the results within 48 hours after receiving the requested data:

- A formal attestation report indicating pass/fail status



May 19, 2025

Re: Creditable Coverage Certification –

Per your request, Graeme Group completed the Medicare Part D creditable coverage test for the Plan, effective July 1, 2025. Below are our results.

Benefit Plan / Effective Date	Test Result
plan – July 1, 2025	Pass

The prescription drug plans meet the creditable coverage requirements of 42 CFR 423.884, Requirements for Qualified Retiree Prescription Drug Plans, by evaluating the expected amount of claims paid through the Plan. In order to pass the test, the Plan must be actuarially equivalent, or at least as much as, the expected total estimated under Medicare D. Due to the size of the Plan Sponsor's Medicare-eligible membership, we have used normative data to evaluate the plan.

Excerpt 2 from redacted report: demonstrates that client successfully passed the creditable coverage attestation test

- Documentation of data sources, methodology, and plan design
- Sensitivity analyses to support regulatory audit readiness
- Executive summary for use in compliance filings and employee communication
- Sign-off by a Fellow of the Society of Actuaries, Member of the American Academy of Actuaries, and Fellow of the Conference of Consulting Actuaries:

Creditable Coverage Attestation

This analysis has been prepared to demonstrate the creditable coverage of the [REDACTED] [REDACTED] prescription drug program as determined by the benefits provided by Medicare Part D. To complete my analysis, I have relied on plan design information supplied by [REDACTED]. For the purpose of this coverage analysis, I applied their prescription drug plan design to Graeme Group normative data to determine creditable coverage.

The analysis was developed using generally accepted actuarial principles and practices and reflects reasonable expectations of anticipated plan experience. This analysis demonstrates the gross value test of actuarial equivalence in compliance with the CMS requirements under 42 CFF 423.884, and is in accordance with applicable laws and regulations. This analysis may not be appropriate for any other purpose. The documentation of the methods and assumptions used in the development of the creditable coverage has been provided in this report. The creditable coverage certification that is associated with this attestation is for the plan year beginning July 1, 2025.

The undersigned is a qualified actuary of Graeme Group, a Member of the American Academy of Actuaries and a Fellow of the Society of Actuaries. I certify that I meet the qualification standards established by the American Academy of Actuaries and have followed the practice standards established from time-to-time by the Actuarial Standard Board. All of the sections of the report are considered an integral part of the actuarial opinion.

FSA, MAAA, FCA
May 19, 2025

Member, American Academy of Actuaries
Date

Membership Number [REDACTED]

Excerpt 3 from redacted report: shows formal attestation by a senior credentialed actuary with recognized professional designations and extensive consulting experience

Outcome

- **Compliance:** Delivered formal actuarial certification confirming creditable coverage status, enabling compliance with CMS disclosure requirements. Mitigated exposure to Medicare Part D late enrollment penalties for employees.
- **Audit-Ready Documentation:** Provided detailed documentation of methodology and results.
- **Assurance:** Report signed by a senior credentialed actuary, ensuring credibility.



In summary, Graeme Group performed a time-sensitive actuarial analysis to determine the creditability of the client's employer-sponsored Medicare Part D plan. Leveraging normative claims data and in alignment with CMS and Actuarial Standards Board requirements, the team conducted a rigorous actuarial equivalence test and confirmed its creditable coverage status. Within 48 hours of receiving the required data, Graeme Group delivered a formal attestation report signed by a credentialed actuary and supporting documentation in order to support employee disclosure and compliance needs.