

Legal Alert

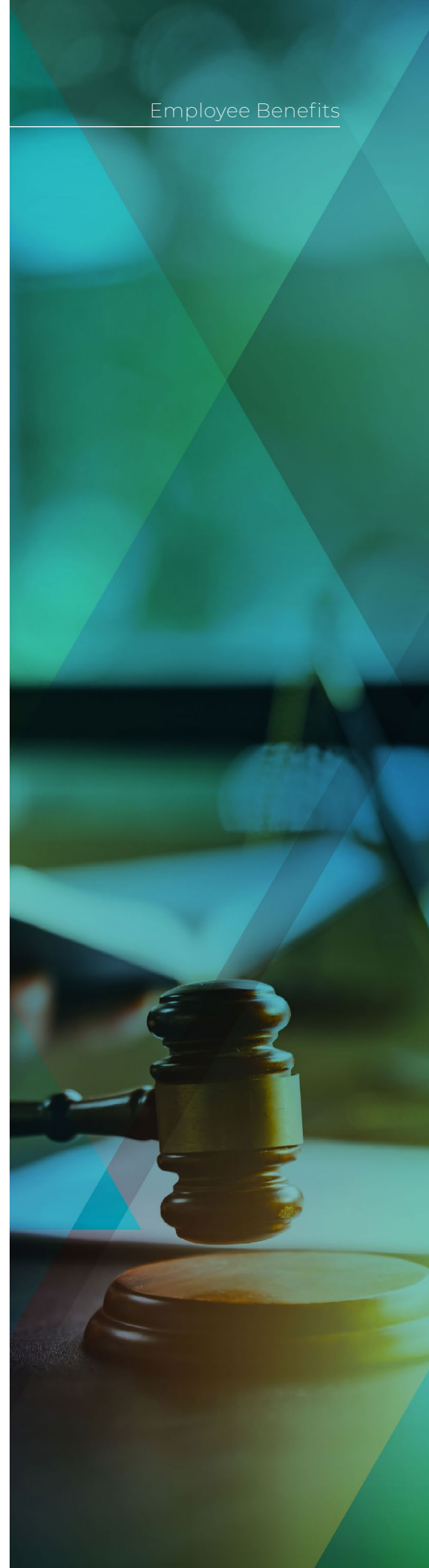
Medicare Part D Notice Reminder

Employers that provide prescription drug coverage must disclose to plan participants (including COBRA participants) who are eligible for Medicare Part D whether the prescription drug coverage provided under the group health plan is creditable or non-creditable. Employers should send the notices by **October 15, 2026**.

Since it is often difficult for employers to identify all individuals (including dependents) who may be eligible for Medicare, many employers satisfy this requirement by including the notice in enrollment materials or in separate mailings provided to all employees who participate in the plan.

In addition to the annual notification, there are also other times that employers are required to provide this notice. Below is a list of times at which notice of creditable or non-creditable coverage is required:

- Prior to an individual's initial enrollment period for Part D,
- Prior to the effective date of coverage for any Medicare-eligible individual that joins the plan,
- Whenever prescription drug coverage ends or changes so that it is no longer creditable or becomes creditable, or
- Upon the request of the individual.



Some insurance carriers already send the notice annually to all participants, so employers should first check with their carrier to determine if a notice is already being provided to employees. For your convenience, we have attached model creditable and non-creditable coverage notices.

Important changes for 2027. In April 2026, CMS finalized two changes to the creditable coverage rules that apply to plan years beginning on or after January 1, 2027. First, the original simplified determination method, in use since 2009, has been sunset. Plans that do not perform an actuarial equivalence test (and that do not claim the retiree drug subsidy) must now use the revised simplified determination method, under which coverage is creditable only if it (i) provides reasonable coverage for brand name and generic prescription drugs and biological products, (ii) provides reasonable access to retail pharmacies, and (iii) is designed to pay, on average, at least 73% of participants' prescription drug expenses (up from 72% for 2026 and 60% under the prior method). CMS has indicated it will update this percentage annually as the value of the Part D benefit increases (the 2027 Part D out-of-pocket cap is \$2,400). Employers should confirm their plan's 2027 status with their plan administrator or benefits consultant before distributing notices and should remember that a change in status triggers an updated notice to participants and a new disclosure to CMS within 30 days.

Second, account-based plans, including health reimbursement arrangements (HRAs) and individual coverage HRAs (ICHRAs), are exempt from the creditable coverage disclosure requirements beginning in 2027. Employers that sponsor these arrangements alongside a group health plan with prescription drug coverage must still comply with respect to that plan, and employers with integrated HRAs may continue to include them when determining their plan's creditable status.

In addition, employers must certify their plan's creditable or non-creditable status to CMS. CMS requires the disclosure to be made:

- Within 60 days after the start of the plan year; and
- 30 days after plan termination or change in creditable coverage status.

The certification to CMS may be completed online by following this link: <https://www.cms.gov/medicare/employers-plan-sponsors/creditable-coverage/disclosure-form>

Model Coverage Notices

- [Model Creditable Part D Coverage Notice](#)
- [Model Non-Creditable Part D Notice](#)

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*STATISTICS ACCURATE AS OF MARCH 31, 2026.

About the Author

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