

COMPLIANCE ALERT

CMS Relieves Account-Based Plans of Medicare Part D Reporting Beginning in 2027

April 23, 2026

Action Required:

- Employers should determine if they sponsor a plan subject to Medicare Part D Creditable Coverage reporting rules.
- Employers and plan sponsors who continue to be subject to these requirements should assess if they can use the simplified method for creditable coverage determination.

The Centers for Medicare & Medicaid Services (CMS) recently issued a [final regulation](#) (“Final Rule”) which exempts account-based medical plans from the requirement to complete and furnish a Medicare Part D Creditable Coverage Notice to plan participants and CMS. Account-based plans include health reimbursement arrangements (HRAs) and individual coverage HRAs (ICHRAs). Additionally, for plans still subject to this Medicare Part D Notice reporting requirement, and which do not receive retiree drug subsidies, the Final Rule also updated the rules for using the “simplified method” of determining whether plans are considered “creditable.”

What Should Employers and Plan Sponsors Do Next?

Plan Sponsors of account-based plans should determine whether they sponsor a plan that is subject to the Medicare Part D Creditable Coverage reporting requirements. Plan sponsors who are still subject to these requirements should determine if they can use the new simplified method for creditable coverage determination. As always, if there are questions about these updates to the Medicare Part D Creditable Coverage requirements or anything else, CSG’s Compliance and Account Management Teams are here to assist. ■

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↓ Full Explanation Follows ↓

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How Does This Change the Law?

When this Final Rule goes into effect, employers and plan sponsors will no longer have to complete the Medicare Part D Creditable Coverage Notice for account-based plans, including HRAs and ICHRAs, for plan years beginning on or after January 1, 2027.

What Led to This Change?

As background, group health plans, including account-based medical plans, that provide prescription drug coverage are currently required to provide annual [Medicare Part D Creditable Coverage Notices](#) to plan participants and CMS (see our last E-Alert on this [here](#)). The purpose of this notice is to inform Medicare Part D-eligible participants and CMS whether the coverage is “creditable,” meaning whether the portion of the costs the plan pays for Part D drugs equals or exceeds what Medicare pays.

The Final Rule acknowledged that account-based medical plans, such as HRAs and ICHRAs, do not actually offer prescription drug coverage. Rather, they often supplement other coverage, providing financial benefits for employees through tax savings and reimbursements, making the reporting requirements irrelevant to these arrangements. In light of this acknowledgement, CMS issued this Final Rule, relieving sponsors of these account-based plans of their requirement to complete and disclose the Medicare Part D Creditable Coverage Notice.

Additionally, the Final Rule updates the “simplified method” for creditability determinations, which is a method group health plans may use to demonstrate that their coverage is creditable if they are not receiving a retiree drug subsidy. The Final Rule provides that, for plan years beginning on or after January 1, 2027, the prescription drug coverage of a plan that is not receiving the retiree drug subsidy will be qualified as creditable if it provides reasonable coverage for brand name and generic prescription drugs and biologicals, provides reasonable access to retail pharmacies, and is designed to pay on average at least 73% (adjusted annually) of the prescription drug expenses for the plan participants.

When does the Final Rule Go into Effect?

The Final Rule goes into effect on June 1, 2026, while the exemption from Medicare Part D Creditable Coverage reporting for account-based plans, and the new rules on the simplified method for creditability determinations, will go into effect for plan years beginning on or after January 1, 2027.

What Should Plan Sponsors Do Next?

Plan Sponsors of account-based plans should determine whether they sponsor a plan that is subject to the Medicare Part D Creditable Coverage reporting requirements. Plan sponsors who are still subject to these requirements should determine if they can use the new simplified method for creditable coverage determination. As always, if there are questions about these updates to the Medicare Part D Creditable Coverage requirements or anything else, CSG’s Compliance and Account Management Teams are here to assist. ■

**If you have any additional questions,
please call your Corporate Synergies
Account Manager or 866.CSG.1719.**