



**TO: Our Valued Clients and Brokers**  
**FROM: Health Plans, Inc.**  
**DATE: August 21, 2025**  
**RE: Medicare Part D Creditable Coverage – Update to HPI’s Annual Determination/Notice Process**

Health Plans, Inc. (HPI) is issuing this Compliance *eBlast* to update clients and brokers about changes to our Medicare Part D creditable coverage process.

As a reminder, group health plan prescription drug coverage is considered “non-creditable” when it does not provide, on average, as much coverage as Medicare's standard Part D plan. Employers who offer prescription drug coverage must distribute a notice of creditable coverage status to Medicare-eligible individuals before October 15, coinciding with the Medicare Part D open enrollment period which generally runs from October 15 to December 7 each year. The purpose of this notice is to ensure that Medicare-eligible individuals who delay enrollment in Medicare Part D are aware that they may incur late enrollment penalties unless they enroll in other creditable coverage.

The Inflation Reduction Act made several changes impacting the structure of the Part D program beginning in calendar year 2025, most notably the substantial reduction to the annual out-of-pocket cap on prescription drug costs from \$8,000 in 2024 to \$2,000 in 2025. Following the 2025 changes, in accordance with the Centers for Medicare & Medicaid Services Final CY 2026 Part D Redesign Instructions, additional changes have been approved for the Medicare Part D 2026 cycle including employer-sponsored prescription drug plans must now pay 72% of drug expenses on average (up from 60% in prior reporting years) and an increase to the annual out-of-pocket cap on prescription drug costs to \$2,100 (up from \$2,000 in 2025). Further complicating the Medicare Part D creditable coverage process is that the 2025 Medicare Part D cycle uses a “bridge year” to allow, in CY 2026 only, plan sponsors to use either:

- The current actuarial value method based on 60% threshold, or
- The new method that requires covering 72% threshold of drug costs.
  - o Note: Starting CY 2027, only the new 72% threshold of drug costs method is allowed.

As a result of these continued changes to the federal Medicare Part D creditable coverage process, HPI has reevaluated our Medicare Part D creditable coverage determination service to provide clients with a more streamlined, compliant, and sustainable service option. Effective immediately, HPI will now be utilizing the services of MZQ Consulting for Medicare Part D determinations. MZQ Consulting is an industry leader in Medicare Part D determination services that utilizes proprietary mathematical systems to assess plan credibility taking into account both the 60% and 72% threshold options for this Medicare Part D reporting cycle.

What does this mean for you:

- Clients will need to direct HPI if they would like their plan(s) tested for Med D determination utilizing the MZQ tool (“opt in”).
  - o For clients who “opt in” to use the MZQ tool there is a **\$300 client fee per plan design** that is tested that will apply.
    - HPI will invoice clients who “opt in” to the MZQ tool once the client’s plan(s) is run through the MZQ tool and the Med D determination is generated and issued to the client.
- For clients who “opt in” to the MZQ tool, HPI will be following up shortly with our annual Medicare Part D communication as to the plan status as well as reminding clients’ of their responsibilities when it comes to Medicare Part D.

- In that notice, HPI will continue to offer mailing notices on behalf of clients for a nominal postage fee.
- To assist with this transition in process, during this first year of utilizing MZQ Consulting and the MZQ tool for Medicare Part D determination, HPI will conduct the needed data entry into the MZQ Consulting platform for HPI clients that “opt in” to the use of MZQ Consulting for their Medicare Part D determination.
- As in years past, clients can always use different services independent of HPI and our vendors for Med D determination.

**To “opt in” to please send you request by FRIDAY SEPTEMBER 19<sup>th</sup> to [MedD@healthplansinc.com](mailto:MedD@healthplansinc.com) and please include:**

- **Your name**
- **Your company/group name**
- **Your business address/PO box**
- **Plans to be tested**
- **Your email address to be used to receive the results**

**If you have further questions, please contact your HPI Account Service Team directly.**

**The information in this Compliance *eBlast* is intended to provide a summary of our understanding of recent regulatory developments which may affect our clients’ plans. It should not be construed as specific legal advice or legal opinion.**