



TO: Our Valued Clients and Brokers
FROM: Health Plans, Inc.
DATE: September 18, 2024
RE: Medicare Part D Creditable Coverage – Update on 2025 Creditability Determinations

Health Plans, Inc. (HPI) is issuing this Compliance *eBlast* to further update Clients and Brokers about Medicare Part D Creditable Coverage and changes in 2025 that may affect a plan's Medicare Part D creditable coverage status.

On August 21st HPI issued a short *eBlast* alerting Brokers and Clients to the Medicare Part D creditable coverage changes in 2025, highlighting the change to a \$2,000 annual out-of-pocket cap on prescription drug costs. This is a substantial reduction from the 2024 cap of \$8,000. HPI stated that this reduction for 2024 to 2025 may make plans non-creditable. The HPI August 21st *eBlast* can be found [here](#).

HPI's approach has always been to use the Medicare Part D latest standards in a prospective manner for Medicare Part D creditable coverage review using the federal simplified determination methodology. As stated in our latest Annual Medicare Part D notification *eBlast* (found [here](#) and [here](#)), we used the simplified determination methodology applying the 2025 Medicare part D \$2,000 annual out-of-pocket cap to determine clients' plans' status. **For calendar year plans**, this methodology is accurate as confirmed by the Centers for Medicare and Medicaid Services (CMS); however, if a client wishes to obtain an actuarial analysis instead of using the simplified determination, the client can do so. If the actuarial determination changes the plan's status and the client wishes HPI to mail the notices to their employees, we will take the client's written direction. But, please be advised that we will need such direction **no later than this Friday, September 20th** in order to allow for sufficient mailing time.

For non-calendar year (non-CY) plans, understanding that the precipitous drop in the out-of-pocket cap on prescription drug costs from 2024 to 2025 has caused some alarm, HPI will deviate from our prospective approach and will run the federal simplified determination methodology for non-CY plans using the 2024 Medicare Part D Creditable Coverage benchmarks. This means that unless there were changes to the prescription coverage during 2024, if HPI determined your plans were creditable (or non-creditable) in 2024, the plans will also be creditable (or non-creditable) for 2025, but only until the plans are renewed later in 2025, whereupon the Medicare Part D Creditable Coverage 2025 benchmarks will be applicable. At that time, the plans will need to be tested under those benchmarks for creditable coverage status. HPI clients always maintain the right to utilize findings from an independent actuarial review separate from any HPI provided analysis.

As a reminder, employers are not required to have creditable prescription drug plans. The creditability of the plan only affects members who are Medicare eligible. Employers who offer prescription drug coverage must distribute a notice of creditable coverage status to Medicare-eligible individuals before October 15. 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.

Please be on the lookout for further HPI communication to our non-CY plan clients with the updated Medicare Part D determinations, if applicable.

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

Regards,

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Director, Regulatory Affairs

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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.