Medicare Part D Creditable Coverage
Client Informational Notice

SANFORD HEALTH PLAN

IMPORTANT: Federal law requires employers offering health coverage with prescription drug benefits to notify Medicare-eligible individuals whether their prescription drug coverage is **creditable** (meets or exceeds Medicare Part D standards) or **non-creditable**. Employers must also complete an annual disclosure to the Centers for Medicare & Medicaid Services (CMS). There are two different notices, but you only need to send **one notice per plan type**.

Please read carefully to determine which notice applies to your plan offerings.

Distribution and Disclosure Requirements

Notice Distribution

Employers must provide a Notice of Creditable Coverage or Notice of Non-Creditable Coverage to all Medicare-eligible individuals, including employees, dependents, retirees, and COBRA participants, if applicable. Notices must be received on or before **October 14, 2026**, prior to the Medicare Part D annual enrollment period.

- Use **Form CMS-10182-CC** (Model Notice of Creditable Coverage) for plans that are creditable
- Use **Form CMS-10182-NC** (Model Notice of Non-Creditable Coverage) for plans that are non-creditable
- Include the applicable notice with new hire enrollment materials
- Maintain documentation of when and how notices were distributed for audit purposes

CMS Disclosure Requirement

Employers must also file the online Disclosure to CMS Form for each plan offered. The disclosure must be submitted:

- Within **60 days of the start of the plan year** (for calendar-year plans, by March 1, 2027)
- Within **30 days** of plan termination or a change in creditable coverage status

The disclosure must be completed electronically through CMS: cms.gov/creditablecoverage

Regulatory Updates

CMS has implemented updated creditable coverage standards under the Inflation Reduction Act (IRA). As a result, some plans previously considered creditable may now be classified as non-creditable.

To be considered creditable, prescription drug coverage must generally:

- Pay at least 72% of covered prescription drug expenses on average
- Cover both generic and brand-name drugs, including biologics
- Provide reasonable access to participating pharmacies

Determining Creditable Coverage Status

Review your Sanford Health Plan offerings against the list below.

- If your plan is listed below, it is considered **non-creditable** and you should distribute **Form CMS-10182-NC** (Model Notice of Non-Creditable Coverage HP-8989)
- If your plan is **not listed below**, it is considered **creditable** and you should distribute **Form CMS-10182-CC** (Model Notice of Creditable Coverage HP-8990)

The following group plans are non-creditable for Plan Year 2027. All other Sanford Health Plan group plans are considered creditable.	
Plan Year 2027	
ACA Small Group	**Large Group Signature Series, TRUE, and PLUS**
• Sanford Simplicity $7,000 • Sanford Simplicity $6,250 • Sanford TRUE $7,000 • Sanford TRUE $6,250	None – all plans are considered creditable

Why this Matters

Medicare-eligible individuals enrolled in a non-creditable plan may be subject to a Medicare Part D late enrollment penalty if they experience a gap in coverage of more than 63 consecutive days before enrolling in a Medicare Part D plan.

Employer Action Checklist

☐ Determine whether your plan is creditable or non-creditable
☐ Distribute the appropriate CMS notice by October 14, 2026
☐ Include the applicable notice in new hire enrollment materials
☐ Provide notices to COBRA participants and retirees, if applicable
☐ Complete the online Disclosure to CMS Form within required timeframes
☐ Retain records of notice distribution for audit purposes
☐ Provide individualized notices upon request for employees or dependents transitioning to Medicare coverage

Questions?

For assistance, please contact Sanford Health Plan at (605) 328-7000.