

# Now & Next

## Benefits Alert

April 14, 2026

### **CMS excludes account-based plans from Medicare Part D notices**

By Mark L. Stember

CMS final rule eliminates Medicare Part D notices for HRAs and ICHRAs starting 2027.



#### **What's the impact?**

- CMS confirms HRAs and ICHRAs are excluded from Medicare Part D creditable coverage disclosure requirements effective January 1, 2027.
- The rule reduces administrative burden and eliminates confusing dual notices for Medicare-eligible participants.

The Centers for Medicare & Medicaid Services (CMS) recently published a final rule modifying the Medicare Part D regulations to exclude account-based health plans from the Medicare Part D creditable coverage disclosure requirements. Under the prior regulatory framework, group health plans—including health reimbursement arrangements (HRAs), and individual coverage HRAs (ICHRAs)—were required to provide annual disclosures to Medicare-eligible individuals regarding whether their coverage met the actuarial standard for creditable prescription drug coverage. CMS determined that because these account-based arrangements do not offer prescription drug coverage directly, the statutory disclosure mandate does not apply to them.

This regulatory change aligns with deregulatory objectives and responds to longstanding employer feedback regarding Medicare Part D Notices and HRAs.

## Key changes and implications

The final rule codifies that account-based medical plans, specifically HRAs and ICHRAs, are no longer required to determine, document, or disclose their creditable coverage status to Part D-eligible individuals. CMS concluded that the fundamental design of account-based arrangements—which provide tax-free reimbursements for medical expenses and individual policy premiums rather than comprehensive prescription drug benefits—makes actuarial comparisons to the Medicare standard drug benefit inapplicable. CMS also acknowledged that requiring these entities to provide creditable coverage disclosures created dual messaging that was “potentially contradictory and confusing” for beneficiaries when the individual’s separate prescription drug plan was simultaneously providing its own creditable coverage disclosures. CMS clarified that group health plans that offer prescription drug coverage—including those that also provide account-based medical coverage—remain fully subject to the Medicare Part D creditable coverage disclosure and notification requirements.

## Key takeaways

Sponsors of HRAs and ICHRAs will no longer be required to issue Medicare Part D Notices for coverage beginning January 1, 2027. This is particularly welcome for retiree HRAs, where the participant confusion on this issue is particularly problematic.

Nixon Peabody’s [employee benefits lawyers](#) help employers translate regulatory changes like this CMS final rule into clear, practical compliance strategies. Our team advises plan sponsors on HRAs, ICHRAs, and other employer-provided benefits, ensuring communications align with evolving regulations while minimizing participant confusion and administrative burden. We work closely with clients to keep benefits programs compliant, efficient, and responsive to regulatory change. For more information on the content of this alert, please contact your Nixon Peabody attorney or:

**[Mark L. Stember](#)**

202.714.5019

[mstember@nixonpeabody.com](mailto:mstember@nixonpeabody.com)

