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**DATE:** July 22, 2025

**TO:** All Medicare Advantage Organizations, Prescription Drug Plans, Cost Plans, Medicare-Medicaid Plans (MMPs), and PACE Organizations

**FROM:** Jerry Mulcahy  
Director, Medicare Enrollment and Appeals Group  
Center for Medicare

**SUBJECT: Release of the Calendar Year (CY) 2026 Part D Creditable Coverage Period Determinations and the Late Enrollment Penalty (LEP) Guidance**

This memo announces the release of the CY 2026 update of Chapter 4 of the *Medicare Prescription Drug Benefit Manual*, Creditable Coverage Period Determinations and the Late Enrollment Penalty Guidance. This updated guidance will apply to all enrollments with an effective date on or after January 1, 2026. This new guidance does not change existing policy or propose new policy.

As a reminder, although model notices (Exhibits) and references to those Exhibits were removed from the updated Chapter 4, plans may continue to use the content and language from existing Exhibits, if all required data elements are included in the plan's notifications.

Changes to the CY 2026 version of Chapter 4 include:

- Addition of language to clarify that all prior/current drug coverage under the Indian Health Service (IHS), Tribe or Tribal organization, or Urban Indian program (I/T/U) is considered creditable coverage, and that, generally, no Part D late enrollment penalty (LEP) should be assessed for these individuals.
- Removal of reference to Medicare and the State Health Insurance Assistance Program (SHIP) in the creditable coverage cover letter requirements in § 40.2.
- Addition of the definition of Independent Review Entity
- Addition of clarifying language and minor grammatical changes where appropriate.

The final version of the guidance is attached. The guidance will also be available on our webpage at:

<https://www.cms.gov/medicare/enrollment-renewal/part-d-plans/creditable-coverage-and-late-enrollment-penalty>

Please submit any questions related to the Creditable Coverage and Part D LEP Guidance to the LMI Mailbox: <https://enrollment.lmi.org/deepmailbox>.