

Original vs. Revised Simplified Determination Method Comparison

The following chart compares the two simplified determination method calculation options available for Medicare Creditable Coverage determinations:

Original Simplified Determination Method (2009)	Revised Simplified Determination Method (2025)
<p>A prescription drug plan design will be considered "creditable" if the following are met:</p> <ul style="list-style-type: none"> • Provides coverage for brand and generic medications • Provides reasonable access to retail providers • Is designed to pay on average at least 60% of participants' prescription drug expenses • Satisfies one of the following (non-integrated plan test): <ul style="list-style-type: none"> ○ No annual benefit maximum or a maximum annual benefit payable by the plan of at least \$25,000 ○ The prescription drug coverage has an actuarial expectation that the amount payable by the plan will be at least \$2,000 annually per Medicare eligible individual <p><i>Note: After the Affordable Care Act was passed in 2010, the integrated plan test analysis was no longer applicable to a majority of health plans.</i></p>	<p>A prescription drug plan design will be considered "creditable" if the following are met:</p> <ul style="list-style-type: none"> • Provides reasonable coverage for brand name and generic prescription drugs and biological products. • Provides reasonable access to retail pharmacies • Is designed to pay on average 72% of participants' prescription drug expenses <p>When determining whether the plan is designed to pay, on average, 72% of prescription drug expenses, new CMS guidance suggests changes that may help plans with higher annual deductibles reach a "creditable" determination:</p> <p>Plans may make a reasonable and supportable allocation of the deductible that is attributable to only prescription drug expenses for plans that have a combined deductible with major medical expenses, versus an entire deductible contribution through prescription drug costs.</p>

What does this really mean?

Although the revised simplified determination method requires a higher average prescription drug expense coverage design, 72%, versus 60% in the (original) simplified determination method, new CMS guidance acknowledges in some plan designs that broader medical expenses may be combined with prescription drug expenses for deductibles and may be factored into the creditable coverage calculation. Plan designs that are high-deductible health plans may want to utilize the revised simplified determination method, as they could be more likely to reach a "creditable" conclusion with this option.

However, plans that choose the revised determination method must provide reasonable access to biological products, which are not considered in the (original) simplified determination method. It is important to keep in mind that plans are not required to offer creditable coverage. For a more in-depth review of the CMS rules, please see our [Creditable Coverage FAQs](#).