

Late-Enrollment Penalties for Medicare Part A, Part B, and Part D

Medicare coverage comes in multiple “parts,” such as Medicare Part A (<http://www.medicareconsumerguide.com/medicare-part-a>)(hospital coverage), Part B (<http://www.medicareconsumerguide.com/medicare-part-b>) (medical coverage), and Part D (prescription drug coverage). Each of these parts of Medicare may have late-enrollment penalties if you don't sign up when you're first eligible and don't have other coverage. These penalties can be incentives for people to sign up as soon as they're eligible, instead of waiting to get health or prescription drug coverage when they have health problems.

This article will first discuss the financial consequences of delaying enrollment in Medicare Part A, Part B, and Part D, and then go over how you can avoid late-enrollment penalties.

Medicare Part A late-enrollment penalty

American citizens and legal permanent residents of at least five continuous years are first eligible for Original Medicare, Part A and Part B, when they turn 65. You may qualify before the age of 65 because of disability, end-stage renal disease, or Lou Gehrig's disease (amyotrophic lateral sclerosis, or ALS). You're **automatically enrolled** when you turn 65 if you're already receiving Social Security Administration (SSA) or Railroad Retirement Board (RRB) benefits. You're also automatically enrolled if you've been receiving SSA or RRB disability benefits for at least 24 consecutive months. If you have ALS, you'll be automatically enrolled in Medicare the same month you start receiving SSA or RRB benefits.

If you have end-stage renal disease, you may qualify for Medicare before age 65, but you need to enroll manually; information is at the end of this article.

If you've worked at least 10 years (40 quarters) and paid Medicare taxes while working, you'll get Medicare Part A at no cost (<http://www.medicareconsumerguide.com/income-and-medicare-premiums>). People who get premium-free Medicare Part A don't usually decide to delay enrollment, since the coverage comes at no cost.

However, you may not get Medicare Part A at no cost if you haven't worked long enough. If you don't qualify for automatic enrollment or premium-free Part A, and you don't sign up for Medicare Part A when you're first eligible, you may face a late enrollment penalty when you do enroll. The Medicare Part A penalty is a 10% higher monthly premium for twice the number of years you were eligible for Part A but didn't enroll.

Medicare Part B late-enrollment penalty

There's also a late-enrollment penalty for Medicare Part B if you don't sign up when you're first eligible. In most cases, eligibility for Medicare Part B is the same as for Part A, described above. Again, many people are automatically enrolled in Part B along with Part A. But if you don't qualify for automatic enrollment, you may need to sign up manually.

Medicare Part B comes with a monthly premium (<http://www.medicareconsumerguide.com/medicare-premiums-and-deductibles-2015>), so some people choose not to enroll or to defer enrollment. If you don't sign up for Medicare Part B when you're first eligible or drop your coverage later, a late-enrollment penalty may apply when you do sign up. This is a 10% higher premium for every full 12-month period that you were eligible but didn't enroll in Medicare Part B. You'll have to pay this penalty for as long as you have Part B. However, in some situations you may qualify for a Special Enrollment Period when you can sign up without a penalty; see “Avoiding Medicare late enrollment penalties” below.

Medicare Part D late enrollment penalty

You're first eligible for Medicare Part D (prescription drug coverage) when you're enrolled in Medicare Part A or Part B and live in the service area of a Medicare Prescription Drug Plan. Note that Medicare Part D coverage is optional. Original Medicare, Part A and Part B, covers certain prescription drugs in specific situations, but doesn't cover most of the prescription drugs you'd take at home. If you need prescription drug coverage, you can enroll in a Medicare Prescription Drug Plan (<http://www.medicareconsumerguide.com/medicare-part-d>) or a Medicare Advantage Prescription Drug plan.

You may face a late penalty if you don't sign up when you're first eligible for Medicare Part D and go without creditable prescription drug coverage for more than 63 days in a row, and then decide to sign up for this coverage. Creditable prescription drug coverage is coverage that's expected to pay, on average, as much as standard Medicare Part D coverage.

Your Medicare Part D penalty depends in part on how long you didn't have creditable prescription drug coverage. To determine the penalty, multiply 1% of the national base premium times the number of full months you were eligible for Medicare Part D but didn't enroll and didn't have creditable prescription drug coverage. This amount is rounded to the nearest \$0.10 and added to your Medicare Prescription Drug Plan premium. The national base premium is calculated by the Centers for Medicare & Medicaid Services and may increase from year to year, meaning your penalty may also cost more the longer you wait. For the most current national base premium, visit [Medicare.gov](https://www.medicare.gov/part-d/costs/penalty/part-d-late-enrollment-penalty.html) (<https://www.medicare.gov/part-d/costs/penalty/part-d-late-enrollment-penalty.html>).

If you owe a penalty when you sign up for a Medicare Prescription Drug Plan, you may have to pay this higher premium for as long as you have Medicare Part D coverage.

Avoiding Medicare late enrollment penalties

The simplest thing you can do to avoid paying a late-enrollment penalty for Medicare Part A, Part B, and Part D is to sign up when you're first eligible.

You're usually first eligible to enroll in Medicare Part A and Part B during your Initial Enrollment Period, which starts three months before you turn 65, includes the month you turn 65, and ends three months later. Medicare eligibility and enrollment work differently if you qualify before age 65 – for example, because of disability. See Medicare Enrollment and Election Periods (<http://www.medicareconsumerguide.com/medicare-enrollment-periods>) for more information.

If you delay Medicare Part A and/or Part B enrollment because you have other health coverage, you can avoid the late penalties for both if you qualify for a Special Enrollment Period and sign up during that time. Some people wait to enroll in Medicare Part B if they have coverage through an employer or union-sponsored plan, since Part B always comes with a premium. Individuals who pay a monthly premium for Medicare Part A may decide to delay enrollment for

similar reasons. In this case, you may be able to sign up for Medicare Part A and/or Part B during a Special Enrollment Period, which starts when your health coverage or the employment it's based on ends, whichever happens first. If you're not sure whether you qualify for a Special Enrollment Period, talk to your employment-based health plan administrator, or call Medicare (1-800-MEDICARE, or 1-800-633-4227). TTY users can call 1-877-486-2048). Medicare representatives are available 24 hours a day, 7 days a week.

If you delay Medicare Part D enrollment because you have other prescription drug coverage, such as through an employer or veterans' benefits, your plan should let you know every year whether your drug coverage is still creditable. Make sure to review these plan documents carefully and keep records in case you need to prove you had creditable prescription drug coverage later.

- If your coverage is no longer creditable, your plan must notify you. If this happens, you may qualify for a Special Election Period (SEP) when you can sign up for a Medicare Prescription Drug Plan or Medicare Advantage Prescription Drug plan. In this case, your SEP runs for two full months after the month the plan notifies you that your coverage is no longer creditable. Similarly, if you lose your creditable prescription drug coverage (for example, if your current plan ends coverage in your area), your SEP runs for two full months after you lose your creditable coverage. There may be other situations that qualify you for an SEP; if you have questions, you can talk to your plan administrator; or you can either call Medicare or talk to one of eHealth's licensed insurance agents (contact information for both are at the bottom of this page).
- If you don't qualify for an SEP or if you let the SEP expire, be aware that the longer you wait to sign up for a Medicare Prescription Drug Plan, the higher your penalty will be if and when you decide to sign up for this coverage.

If you're not signing up for Medicare Part A, Part B, or a Medicare Prescription Drug Plan because you can't afford to pay for coverage, there may be financial help available. Individuals with limited income may qualify for Medicare Savings Programs, which help pay for premiums, deductibles, coinsurance, and co-payments. Medicare Savings Programs are run by Medicaid programs in your state. The Medicare Extra Help program is also available to help with Medicare prescription drug costs. You can contact the Medicaid or State Health Insurance Assistance program in your state for more information on these programs.

Should I delay Medicare enrollment?

Aside from the Medicare late-enrollment penalties (which may be considerable, depending on how long you wait), you may want to consider the financial and health risks involved in going without hospital, medical, and drug insurance. Out-of-pocket costs for hospital stays and prescription drugs can be costly. It's important to carefully weigh all your options when deciding whether to delay Medicare enrollment.

For more information on enrolling in Medicare Part A and/or Part B, see these articles on Medicare enrollment (<http://www.medicareconsumerguide.com/category/medicare-enrollment>). If you'd like to see what your Medicare prescription drug coverage options are, you can enter your zip code in the form on this page.

To learn about Medicare plans you may be eligible for, you can:

- Contact the Medicare plan directly.
- Call 1-800-MEDICARE (1-800-633-4227), TTY users 1-877-486-2048; 24 hours a day, 7 days a week.
- Contact a licensed insurance agency such as Medicare Consumer Guide's parent company, eHealth.
 - Call eHealth's licensed insurance agents at 888-391-2659, TTY users 711. We are available Mon - Fri, 8am - 8pm ET. You may receive a messaging service on weekends and holidays from February 15 through September 30. Please leave a message and your call will be returned the next business day.
 - Or enter your zip code where requested on this page to see quote.

