



Late Enrollment Penalties

A Medicare Scholar presentation

What are they?

If you don't sign up for certain parts of Medicare when first eligible, your monthly premiums may go up due to a Late Enrollment Penalty

- Part A – Hospital Insurance
- Part B – Outpatient Insurance
- Part D – Prescription Drug Insurance

Part B LEP

- If you don't get Part B when you're first eligible, your monthly premium may go up 10% for each 12-month period you could've had Part B, but didn't sign up
- In most cases, you'll have to pay this penalty each time you pay your premiums, for as long as you have Part B

Part B LEP

Example:

- Your Initial Enrollment Period ended December 2016
- You waited to sign up for Part B until March 2019, with coverage starting July 1, 2019
- Your Part B penalty is 20%
- Even though you weren't covered for 31 months, this included only 2 full 12-month periods.

Part B LEP Exceptions

If you were covered by employer group coverage based on your or your spouse's current employment:

- Can sign up at any time while covered under the plan
- Can sign up within 8 months after the loss of coverage or employment, whichever happens first
- You will not incur a late enrollment penalty

Part B LEP Exceptions

If you have limited income and resources, your state may help you pay for Part B premiums.

- Monthly Income Limit (2021) - \$1,308 individual/\$1,762 married
- Resource Limit (2021) - \$7,970 individual/\$11,960 married
- This is part of your state's Medicare Savings Program
- You may also qualify for Extra Help to pay for your Medicare prescription drug coverage

Part D LEP

- You may owe a penalty if at any time after your Initial Enrollment Period ends, there's a period of 63 consecutive days or more when you don't have creditable drug coverage
- You'll generally have to pay the penalty for as long as you have Medicare drug coverage

Part D LEP

The cost of the penalty depends on how long you went without Part D or creditable drug coverage.

- 1% of the “national base premium”, \$33.06 in 2021, times the number of full months you didn’t have Part D or creditable coverage
- The penalty is rounded to the nearest \$.10 and added to your monthly Part D premium
- The national base premium may change each year, so your penalty amount may also change

Part D LEP

Example:

- Your Initial Enrollment Period ended May 31, 2017
- You sign up for coverage starting January 1, 2020
- Since you were without coverage for 31 months, your penalty is \$10.30 each month in 2021

$$\begin{aligned} & \$33.06 && \text{(base premium)} \\ & \times .31 && \text{(1\% x 31 months)} \\ & = \$10.25 && \text{(rounded to} \\ & && \text{nearest \$.10)} \end{aligned}$$

Total Penalty - \$10.30

Part D LEP Exceptions

Examples of creditable coverage include:

- Employer/Union group coverage
- State Pharmaceutical Assistance Programs
- Indian Health Service
- VA
- TRICARE/TRICARE for Life
- Individual Health Insurance Coverage

Part D LEP Exceptions

If you have limited income and resources, you may qualify for Extra Help:

- Income less than 150% of the Federal Poverty Level
- Resources less than \$13,920 individual/\$26,520 married (2021 limits)
- As long as you qualify for Extra Help, you do not owe a Late Enrollment Penalty

Part A LEP

- If you don't qualify for premium-free Part A, and you don't buy it when you're first eligible for Medicare, your monthly premium may go up 10%
- You'll have to pay the higher premium for twice the number of years you didn't sign up

Part A LEP

Example:

- You were eligible for Part A for 5 years but didn't sign up
- You'll have to pay the penalty for 10 years

Part A LEP Exceptions

If you were covered by employer group coverage based on your or your spouse's current employment:

- Can sign up at any time while covered under the plan
- Can sign up within 8 months after the loss of coverage or employment, whichever happens first
- You will not incur a penalty

Part A LEP Exceptions

If you have limited income and resources, your state may help you pay for Part A premiums

- Monthly Income Limit (2021) - \$1,094 individual/\$1,472 married
- Resource Limit (2021) - \$7,970 individual/\$11,960 married
- This is part of your state's Medicare Savings Program
- You may also qualify for Extra Help to pay for your Medicare prescription drug coverage

Appeals

Medicare Part A and Part B

- Social Security
- 800-772-1213
- Local Office

Medicare Part D

- Work with your Part D provider



Questions?



Thank You For Attending!

Sources

- <https://www.medicare.gov/your-medicare-costs/part-b-costs/part-b-late-enrollment-penalty>
- <https://www.medicare.gov/drug-coverage-part-d/costs-for-medicare-drug-coverage/part-d-late-enrollment-penalty>
- <https://www.medicare.gov/your-medicare-costs/get-help-paying-costs/find-your-level-of-extra-help-part-d>
- <https://www.medicare.gov/your-medicare-costs/part-a-costs/part-a-late-enrollment-penalty>
- <https://www.medicare.gov/your-medicare-costs/get-help-paying-costs/medicare-savings-programs>