

Part A late enrollment penalty

Some people have to buy Part A because they don't qualify for premium-free Part A. If you have to buy 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.

Example:

If you were eligible for Part A for 2 years but didn't sign up, you'll have to pay the higher premium for 4 years. Usually, you don't have to pay a penalty if you meet certain conditions that allow you to sign up for Part A during a [special enrollment period](#).

Note:

If you have limited income and resources, [your state may help you pay for Part A, and/or Part B](#). You may also qualify for [Extra Help](#) to pay for your Medicare prescription drug coverage.

Part B late enrollment penalty

If you didn'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. And, the penalty increases the longer you go without Part B coverage.

Usually, you don't pay a late enrollment penalty if you meet certain conditions that allow you to sign up for Part B during a Special Enrollment Period. [Read more about different situations that may affect when you decide to get Part B](#).

If you have limited income and resources, [your state may help you pay for Part A, and/or Part B](#). You may also qualify for [Extra Help](#) to pay for your Medicare prescription drug coverage.

Example:

Your Initial Enrollment Period ended December 2016. You waited to sign up for Part B until March 2019 during the General Enrollment Period. Your coverage starts July 1, 2019. Your Part B premium penalty is 20% of the standard premium, and you'll have to pay this penalty for as long as you have Part B. (Even though you weren't covered a total of 27 months, this included only 2 full 12-month periods.)

Part D late enrollment penalty

The late enrollment penalty is an amount that's permanently added to your Medicare drug coverage (Part D) premium. You may owe a late enrollment penalty if at any time after your Initial Enrollment Period is over, there's a period of 63 or more days in a row when you don't have Medicare drug coverage or other creditable prescription drug coverage. You'll generally have to pay the penalty for as long as you have Medicare drug coverage.

How much is the Part D penalty?

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

Medicare calculates the penalty by multiplying 1% of the "national base beneficiary premium" (\$33.37 in 2022) times the number of full, uncovered months you didn't have Part D or creditable coverage. The monthly premium is rounded to the nearest \$.10 and added to your monthly Part D premium.

The national base beneficiary premium may change each year, so your penalty amount may also change each year.

Example

Mrs. Martinez has Medicare, and her first chance to get Medicare drug coverage (during her Initial Enrollment Period) ended on July 31, 2018. She doesn't have prescription drug coverage from any other source. She didn't join a Medicare drug plan by July 31, 2018, and instead joined during the Open Enrollment Period that ended December 7, 2020. Her Medicare drug coverage started January 1, 2021.

Since Mrs. Martinez was without creditable prescription drug coverage from August 2018–December 2020, her penalty in 2022 is 29% (1% for each of the 29 months) of \$33.37 (the national base beneficiary premium for 2022) or \$9.68 each month. Since the monthly penalty is always rounded to the nearest \$0.10, she will pay \$9.70 each month in addition to her plan's monthly premium.

Here's the math:

.29 (29% penalty) × **\$33.37** (2022 base beneficiary premium) = **\$9.68**

\$9.68 rounded to the nearest \$0.10 = **\$9.70**

\$9.70 = Mrs. Martinez's monthly late enrollment penalty for 2022

How do I know if I owe a penalty?

After you join a Medicare drug plan, the plan will tell you if you owe a penalty and what your premium will be. In general, you'll have to pay this penalty for as long as you have a Medicare drug plan.

What if I don't agree with the late enrollment penalty?

You may be able to ask for a "reconsideration." Your drug plan will send information about how to request a reconsideration.

Complete the form, and return it to the address or fax number listed on the form. You must do this within 60 days from the date on the letter telling you that you owe a late enrollment penalty. Also send any proof that supports your case, like a copy of your notice of creditable prescription drug coverage from an employer or union plan.

Do I have to pay the penalty even if I don't agree with it?

By law, the late enrollment penalty is part of the premium, so you must pay the penalty with the premium. You must also pay the penalty even if you've asked for a reconsideration. Medicare drug plans can disenroll members who don't pay their premiums, including the late enrollment penalty portion of the premium.

How soon will I get a reconsideration decision?

In general, Medicare's contractor makes reconsideration decisions within 90 days. The contractor will try to make a decision as quickly as possible. However, you may request an extension. Or, for good cause, Medicare's contractor may take an additional 14 days to resolve your case.

What happens if Medicare's contractor decides the penalty is wrong?

If Medicare's contractor decides that all or part of your late enrollment penalty is wrong, the Medicare contractor will send you and your drug plan a letter explaining its decision. Your Medicare drug plan will remove or reduce your late enrollment penalty. The plan will send you a letter that shows the correct premium amount and explains whether you'll get a refund.

What happens if Medicare's contractor decides the penalty is correct?

If Medicare's contractor decides that your late enrollment penalty is correct, the Medicare contractor will send you a letter explaining the decision, and you must pay the penalty.