

MEDICARE PARTS A, B & D

Late Enrollment Penalties

Part A Late Enrollment Penalty (LEP)

Some Medicare-eligible individuals don't qualify for premium-free Part A and must buy it. If they don't buy it when first eligible, they may pay a penalty of an extra 10% on their monthly Part A base premium.

They'll pay the higher premium for twice the number of years they could have had Part A but didn't sign up.

Example: Mrs. Jones was eligible for Part A in 2022 but waited until 2024 to enroll. Because she waited 2 years to enroll, she'll pay the higher premium for 4 years.

Part B Late Enrollment Penalty (LEP)

If a Medicare-eligible individual doesn't sign up for Part B when first eligible, they may pay a late enrollment penalty. This penalty lasts for as long as they have Part B. Their monthly Part B premium may go up 10% for each 12 month-period that they could've had Part B but didn't sign up.

If they're allowed to sign up for Part B during a Special Enrollment Period, they usually won't pay a late penalty.

Example: Mr. Smith's Initial Enrollment Period ended December 2021. He waited to sign up for Part B until March 2024 during the General Enrollment Period. His coverage began April 1, 2024. Because he wasn't covered for 2 full 12-month periods, his Part B premium penalty is 20%. He'll have to pay this penalty for as long as he has Part B.

Part D Late Enrollment Penalty (LEP)

A Medicare-eligible individual could have a late enrollment penalty permanently added to their Medicare Part D premium. This happens when individuals do not receive Extra Help. And they go a period of 63 or more days in a row after their *Initial Enrollment Period* without having one of the below coverages. They'll generally pay this late enrollment penalty for as long as they have Medicare drug coverage (Part D), even if they switch plans.

- Another form of creditable drug coverage, such as employer/union coverage
- A stand-alone Medicare Prescription Drug Plan (Part D)
- Any Medicare health plan offering Medicare Rx coverage, such as an MAPD

How Part D LEP is calculated: (National Base Premium*) x (.01 or 1%) x (# of number of full, uncovered months). The monthly premium is rounded to the nearest \$.10 and added to the monthly Part D premium.

*The National Base Premium for 2024 is \$34.70. It may increase each year; penalty amount may also increase each year.