

What is the Part D late enrollment penalty?

The late enrollment penalty is an amount that's added to your 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 Part D or other [creditable prescription drug coverage](#).

Note: If you get [Extra Help](#), you don't pay a late enrollment penalty.

3 ways to avoid paying a penalty:

1. **Join a Medicare drug plan when you're first eligible.** You won't have to pay a penalty.
2. **Don't go 63 days or more in a row without a Medicare drug plan or other creditable coverage.** Creditable prescription drug coverage could include drug coverage from a current or former employer or union, TRICARE, Indian Health Service, the Department of Veterans Affairs, or health insurance coverage. Your plan must tell you each year if your drug coverage is creditable coverage. This information may be sent to you in a letter or included in a newsletter from the plan. Keep this information, because you may need it if you join a Medicare drug plan later.
3. **Tell your plan about any drug coverage you had if they ask about it.** When you join a Medicare drug plan, and the plan believes you went at least 63 days in a row without other creditable prescription drug coverage, the plan will send you a letter. The letter will include a form asking about any drug coverage you had. Complete the form and return it to your drug plan. If you don't tell the plan about your creditable prescription drug coverage, you may have to pay a penalty.



Definitions
of [blue](#) words
are on pages
133–136.

How much more will I pay?

The cost of the late enrollment penalty depends on how long you didn't have [creditable prescription drug coverage](#). Currently, the late enrollment penalty is calculated by multiplying 1% of the “national base beneficiary [premium](#)” (\$31.08 in 2012) times the number of full, uncovered months that you were eligible but didn't join a Medicare drug plan and went without other creditable prescription drug coverage. The final amount is rounded to the nearest \$.10 and added to your monthly premium. Since the “national base beneficiary premium” may increase each year, the penalty amount may also increase each year. You may have to pay this penalty for as long as you have a Medicare drug plan.

Example: Mrs. Jones didn't join when she was first eligible—by May 1, 2008. She joined a Medicare drug plan with an effective date of January 1, 2012. Since Mrs. Jones didn't join when she was first eligible and went without other creditable drug coverage for 43 months (June 2008–December 2011), she will be charged a monthly penalty of \$13.40 in 2012 ($\$31.08 \times .01 = \$.3108 \times 43 = \13.36, rounded to \$13.40) in addition to her plan's monthly premium.

After you join a Medicare drug plan, the plan will tell you if you owe a penalty, and what your premium will be.

What if I don't agree with the penalty?

If you don't agree with your late enrollment penalty, you can ask for a review or reconsideration. You'll need to fill out a reconsideration request form (that your Medicare drug plan will send you), and you'll have the chance to provide proof that supports your case, like information about previous creditable prescription drug coverage. If you need help, call your [Medicare plan](#). You can also contact your State Health Insurance Assistance Program (SHIP). See pages 129–132 for the phone number.