



LATE ENROLLMENT PENALTIES

It's important to sign up for Medicare coverage during your Initial Enrollment Period (IEP), unless you have other coverage that's similar in value to Medicare (like from an employer). If you don't, you may have to pay an extra amount called a late enrollment penalty. These penalties are added to your monthly premium and not just a one-time fee. These fees will be charged for as long as you have that type of coverage and increase the longer you wait to enroll (does not apply to Part A).

PART A LATE ENROLLMENT PENALTY

- Some people must buy Part A because they don't qualify for premium-free Part A.
- If you do 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 penalty 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.

PART B LATE ENROLLMENT PENALTY

- Generally, you won't have to pay a Part B penalty if you qualify for a Special Enrollment Period.
- You'll pay an extra 10% for each year you could have signed up for Part B but did not.
- You may also pay a higher premium depending on your income.

PART D LATE ENROLLMENT PENALTY

The late enrollment penalty is an amount that can be added to your Medicare drug coverage (Part D) premium. You may have to pay 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.

Medicare calculates the penalty by multiplying 1% of the "national base beneficiary premium" (\$38.99 in 2026) times the number of full, uncovered months you didn't have Part D or creditable coverage. The monthly penalty is rounded to the nearest \$.10 and added to your monthly Part D premium.

**The national base beneficiary premium may increase or decrease each year, so your penalty amount may also increase or decrease 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, 2023. She doesn't have prescription drug coverage from any other source. She didn't join a Medicare drug plan by July 31, 2025, and instead joined during the Open Enrollment Period that ended December 7, 2025. Her Medicare drug coverage started January 1, 2026. Since Mrs. Martinez was without creditable prescription drug coverage from August 2023–December 2025, her penalty in 2026 is 29% (1% for each of the 29 months) of \$38.99 (the national base beneficiary premium for 2026) or \$11.31 each month. Since the monthly penalty is always rounded to the nearest \$0.10, she will pay \$11.30 each month in addition to her plan's monthly premium.

$$.29 \text{ (29\% penalty)} \times \$38.99 \text{ (2026 base beneficiary premium)} = \$11.31$$

$$\$11.31 \text{ rounded to the nearest } \$0.10 = \$11.30$$

$$\$11.30 = \text{Mrs. Martinez's monthly late enrollment penalty for 2026}$$