

# The Part D Late Enrollment Penalty

The Part D late enrollment penalty is an extra fee that may be permanently added to your Medicare drug coverage (Part D) monthly premium if you go without Part D or other creditable prescription drug coverage for any period of 63 or more days in a row, after your Initial Enrollment Period is over.

You'll generally pay this penalty for as long as you have Medicare drug coverage, even if you switch plans or join a plan that has a \$0 monthly premium. The penalty amount changes each year.

If you don't have Medicare drug coverage, the main way to avoid the Part D late enrollment penalty is to keep creditable prescription drug coverage.

## What's creditable prescription drug coverage?

Creditable prescription drug coverage (also called "creditable coverage") is drug coverage that's expected to pay, on average, at least as much as Medicare drug coverage. This could include drug coverage from a current or former employer or union, TRICARE, Indian Health Service (IHS), Tribe or Tribal organization, or Urban Indian program and other health plans. Your plan must tell you in writing whether your coverage is creditable. If you're not sure if your coverage is creditable, contact your plan directly.

## Tell your plan about prior creditable coverage

When you join a plan with Medicare drug coverage, the plan will review Medicare's systems to find out if you had a potential break in creditable coverage for 63 or more days in a row. If so, the plan will send you a notice, along with a form asking for information about your prior drug coverage.

**It's important to complete, sign, and return the form by the deadline listed on it. It's your chance to let the plan know if you had creditable coverage that they didn't know about. Otherwise, you may get a penalty. You can also call your plan to let them know that you had prior creditable coverage.**

## How does Medicare calculate the late enrollment penalty?

Medicare uses this formula to calculate your penalty:

**1% × national base beneficiary premium × number of full months without Part D or creditable coverage**

Your penalty depends on how long you went without Part D or other creditable prescription drug coverage. The monthly penalty is rounded to the nearest \$0.10 and added to your monthly Part D premium.

The base beneficiary premium is \$38.99 for 2026.

**Since this amount can change each year, the amount of your penalty can also change each year.**

### Example

Ray disenrolled from his Medicare drug plan effective August 1, 2024. He later joined another Part D plan in Fall 2025 during the Open Enrollment Period, with coverage effective January 1, 2026. Ray went 17 months (August 1, 2024–December 31, 2025) without creditable coverage.

Starting January 1, 2026, he has to pay a penalty equal to 17% (1% for each full, uncovered month that he went without creditable coverage) of the base beneficiary premium for 2026 (\$38.99). The penalty amount is \$6.63 each month. Since the monthly penalty is always rounded to the nearest \$0.10, Ray will pay \$6.60 each month in 2026 in addition to his plan's monthly premium.

### Here's the math:

**0.17** (17% penalty) × **\$38.99** (2026 base beneficiary premium) = **\$6.63**

**\$6.63** rounded to the nearest \$0.10 = **\$6.60**

**\$6.60 = Ray's monthly late enrollment penalty for 2026. This amount is added to his plan's monthly premium.**

## Will I need to pay the late enrollment penalty if I qualify for Extra Help?

**No. If you qualify for Extra Help to help you pay Part D premiums, deductibles, coinsurance, and other costs, you won't be charged a late enrollment penalty while you're getting Extra Help.** If, in the future, you drop Medicare drug coverage and go 63 or more days in a row without Part D or other creditable coverage, Medicare may charge you a late enrollment penalty if you join Medicare drug coverage later **and** you no longer qualify for Extra Help.

However, Medicare won't count any months when you didn't have creditable coverage **before** you qualified for Extra Help towards a penalty.

## Example

Kim didn't add Medicare drug coverage before her Initial Enrollment Period ended in July 2023. In October 2023, she joined a Medicare drug plan (effective January 1, 2024). However, she qualified for Extra Help in 2023, so Medicare didn't charge her a late enrollment penalty for the 5 months she didn't have coverage in 2023.

Kim dropped her Medicare drug plan effective June 30, 2024, even though she still **did** qualify for Extra Help. Kim didn't have creditable coverage after leaving her Medicare drug plan in June 2024.

In 2025, Kim **did not** qualify for Extra Help and **did not** have creditable prescription coverage during 2025.

During the 2025 Open Enrollment Period, Kim joined a Medicare drug plan. Her coverage with the new plan started on January 1, 2026. Since Kim didn't have Part D or any other creditable coverage during 2025 and didn't qualify for Extra Help that year, she'll be charged a 12% late enrollment penalty (1% for each of the 12 months).

For 2026, Medicare calculated Kim's penalty using the 2026 base beneficiary premium (\$38.99). Her monthly penalty in 2026 is 12% of \$38.99, or \$4.68. Since the monthly penalty is always rounded to the nearest \$0.10, she'll pay \$4.70 each month in addition to her plan's monthly premium.

### Medicare doesn't count these months toward calculating Kim's late enrollment penalty:

- The 5 uncovered months from 2023, before Kim qualified for Extra Help
- The 6 uncovered months in 2024 that Kim didn't have Part D or creditable coverage because she still qualified for Extra Help through December 2024

### These months do count toward calculating Kim's late enrollment penalty:

- The 12 full months in 2025 that Kim didn't have Part D or creditable coverage and didn't qualify for Extra Help

### Here's the math:

**0.12** (12% penalty) x **\$38.99** (2026 base beneficiary premium) = **\$4.68**

**\$4.68** rounded to the nearest \$0.10 = **\$4.70**

**\$4.70 = Kim's monthly late enrollment penalty for 2026. This amount is added to her plan's monthly premium.**

## What if I disagree with the late enrollment penalty?

You may ask for a "reconsideration" if you disagree with the late enrollment penalty by using the form that the plan included in the late enrollment penalty notice. Return the form to the address or fax number listed **within 60 days of the date on the letter telling you that you owe a late enrollment penalty.**

If you don't submit the reconsideration request by the deadline, you'll have to explain why your form is late. Send any proof that supports your case, like a copy of your notice of creditable prescription drug coverage from an employer or union plan. If you're already paying the late enrollment penalty, joining a different plan generally won't give you a reason to ask for a reconsideration.

A Medicare contractor not connected with the plan does the reconsideration. In general, Medicare's contractor makes reconsideration decisions within 90 days and will try to make a decision as quickly as possible. However, Medicare's contractor may take an additional 14 days to resolve your case if you request an extension to submit more information, or if the contractor finds good cause to do so (for example, the contractor asks for more information that supports your case).

By law, the Part D late enrollment penalty is part of the premium, so you must pay the penalty with your premium even if you don't agree with it. **You must also pay the penalty even if you've asked for a reconsideration, while you're waiting for a decision.** Medicare plans can disenroll you if you don't pay your premiums, including the late enrollment penalty.

### **If Medicare's contractor decides your penalty is incorrect**

If Medicare's contractor decides all or part of your late enrollment penalty is wrong, they'll send you and your drug plan a letter explaining its decision.

Your plan will:

- Remove or adjust the late enrollment penalty.
- Notify you of your correct premium amount.
- Explain if you'll get a refund for the penalty amounts you paid while your case was being reviewed, if Medicare miscalculated or removed your penalty.

### **If Medicare's contractor decides your penalty is correct**

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

## **For more information**

- Visit [Medicare.gov/basics/costs/medicare-costs/avoid-penalties](https://www.medicare.gov/basics/costs/medicare-costs/avoid-penalties).
- Call 1-800-MEDICARE (1-800-633-4227). TTY users can call 1-877-486-2048.



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