INSURED AMERICAN & FAMILY

VETERAN / FAMILY OWNED & OPERATED
(813) 919-8536
C.Gruenbaum@insuredaf.com
insuredaf.com

Medicare Late Enrollment Penalties

Part B + Part D + Part A, what they cost, how to avoid them

Miss your Medicare enrollment window. Pay extra for the rest of your life.

WHAT IT IS

Medicare has Late Enrollment Penalties (LEPs) for Parts A, B, and D. They kick in when you delay enrollment past your Initial Enrollment Period (IEP) without qualifying for an exception. The penalties are calculated as a percentage added to your premium, PERMANENTLY. Most people don't realize they're paying an LEP until they look at their first Medicare bill. Some can be avoided, some can be appealed, but the easiest fix is enrolling on time.

THE THREE LEPs

Part B LEP
10% added per 12-month period you could've enrolled

Part D LEP
1% of national base premium × months without

Part A LEP
10% for double the delay period (rare, most get A free)

Parts B and D = permanent
As long as you have Medicare

Part A LEP ends
Once penalty period equals delay period

HOW TO AVOID THEM

Enroll during IEP
7-month window around your 65th birthday

Have creditable coverage
Employer (20+ employees) delays Part B safely

Use Part B SEP
8 months from losing creditable coverage

Avoid Part D gaps
Stay on a Medicare drug plan or VA pharmacy

File an appeal
If Social Security made an enrollment error

THE 3 THINGS PEOPLE GET WRONG

1. **"If I have employer coverage, I can delay Part B with no penalty."**
   Only true for plans from employers with 20+ employees. Plans from smaller employers (or COBRA, or retiree plans) don't count as creditable for Part B, meaning the LEP clock IS ticking even if you're covered.

2. **"The Part D penalty is small, not worth worrying about."**
   Compounds over time. At 60 months delay × $38.99 base premium × 1% = $23.39/mo extra (2026 figures). Over a 20-year Medicare span, that's $5,000+ in extra premiums for forgetting a $20-50/mo Part D plan.

3. **"I can wait to enroll in Part B if I don't need it."**
   Risky. The LEP is calculated based on every 12-month period you COULD'VE enrolled but didn't. Delay 5 years, pay 50% more in Part B premium for life. At today's premium, that's $100+/mo extra forever.

THE TWO PART B SCENARIOS THAT TRIP PEOPLE UP

First: Working past 65 with COBRA. COBRA does NOT count as creditable coverage for Part B, you must enroll in Part B at 65 even if you have COBRA. Second: Retiring before 65 with retiree health benefits. Retiree plans don't count either. If you're on a retiree plan when you turn 65, Part B enrollment is on you. Missing these two scenarios is the #1 source of Part B LEPs.

Worried you might owe an LEP? Call or text Craig, I'll review your enrollment history and check whether you qualify for an SEP or appeal.

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