

Blue words in the text are defined on pages 115–118.

## What is the Part D Late Enrollment Penalty?

The late enrollment penalty is an amount that is added to your Part D **premium**. You may owe a late enrollment penalty if one of the following is true:

- You didn't join a Medicare drug plan when you were first eligible for Medicare, and you didn't have other **creditable prescription drug coverage**.
- You had a break in your Medicare prescription drug coverage or other creditable coverage of at least 63 days in a row.

**Note:** If you get **Extra Help**, you don't pay a late enrollment penalty.

Here are a few ways to avoid paying a penalty:

- **Join a Medicare drug plan when you're first eligible.** You won't have to pay a penalty, even if you've never had prescription drug coverage before.
- **Don't go for more than 63 days 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, or the Department of Veterans Affairs. Your plan will tell you each year if your drug coverage is creditable coverage. Keep this information, because you may need it if you join a Medicare drug plan later.
- **Let your Medicare drug plan know if you had other creditable coverage.** When you join a plan, you may get a letter asking if you have creditable coverage. Complete the form they send you. If you don't tell the plan about your creditable coverage, you may have to pay a penalty.

## How Much More Will You Pay?

When you join a Medicare drug plan, the plan will tell you if you owe a penalty, and what your premium will be. To estimate your penalty amount, count the number of full months that you didn't have creditable coverage after you were eligible to join a Medicare drug plan. If you multiply this number by the "1% penalty calculation" which is \$.32 in 2010, you can estimate the amount that will be added each month to your Medicare drug plan's premium for the current year. This penalty amount may increase every year.

## If You Don't Agree With Your Penalty

If you don't agree with your late enrollment penalty, you may be able to ask Medicare for a review or reconsideration. You will need to fill out a reconsideration request form (that your drug plan will send you), and you will have the chance to provide proof that supports your case such as information about previous prescription drug coverage.