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Medicare Part D and the Late Enrollment Penalty

Medicare offers prescription drug coverage to everyone with Medicare. Even if you don't take a lot of prescription drugs now, you should still consider joining a Medicare drug plan. To get Medicare prescription drug coverage, you must join a Prescription Drug Plan or Medicare Advantage Plan that includes prescription drug coverage run by an insurance company or other private company approved by Medicare.

To join a Medicare Prescription Drug Plan, you must have Medicare Part A *or* Part B. To join an Advantage Plan, you must have Part A *and* Part B. You must also live in the service area of the Medicare Drug or Advantage plan you want to join.

You can join, switch or drop a Medicare drug plan when you first become eligible for Medicare and between October 15 and December 7 each year or any time of year if you qualify for "Extra Help". Also you may be able to use a Special Election Period based on circumstance such as moving from a plan service area.

Most drug plans charge a monthly fee that varies by plan. Your Part D monthly premium can be higher based on your income. This includes Part D coverage you get from a Medicare Prescription Drug Plan or a Medicare Advantage Plan or Medicare Cost Plan that includes Medicare Prescription drug coverage. If your individual adjusted gross income is above \$85,000, you will pay a higher monthly premium for Medicare Part D.

The Medicare Part D late enrollment penalty is an amount that is added to your Part D monthly premium. You owe a late enrollment penalty if any of the following are 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 didn't have Medicare prescription drug coverage or other creditable prescription drug coverage for 63 days in a row or more.

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 (\$59.02 for 2013) times the number of full months that you were eligible but didn't join a Medicare drug plan and went without other creditable prescription drug coverage and added to your monthly Part d plan premium. Since the national

base beneficiary premium may increase each year, the penalty amount may also increase every year. You have to pay this penalty as long as you have Medicare Part D coverage. If you receive “extra help” you do not pay a late enrollment penalty.

When you join a Medicare drug plan, the plan will tell you if you owe a penalty, and what your premium will be. If you don't agree with your late enrollment penalty, you can ask Medicare for a review or reconsideration. You will need to fill out a reconsideration request form and you will have the chance to provide proof that shows your previous prescription drug coverage was creditable drug coverage for Medicare Part D.

By: Steven Shapiro
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