

AARP

When Does the Part B Late Penalty Clock Start Ticking?

Avoid late fees. Know your enrollment deadline

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Q. How does the Part B late penalty work? I missed signing up during my initial enrollment period, which expired at the end of August, but I enrolled the following February. I was told I must pay a 10 percent penalty on all my future [Part B premiums](#). Is this correct?

A. No, in your case, it's not correct. The law says that a 10 percent penalty is imposed "for each full 12-month period" that people delay enrolling in Part B when eligible to do so (unless they have group [health insurance](#) from their own or their spouse's current employer). If the delay is less than 12 full months, the penalty should not apply.

Social Security officials explain that the penalty clock starts ticking at the beginning of the month after your seven-month initial enrollment period (IEP) expires, and shuts off on the final day of the annual general enrollment period (GEP) in which you sign up for Part B.

So in your case, although you failed to enroll during your IEP, you did sign up the following February, during the GEP that runs from Jan. 1 to March 31. For you, the enrollment delay was officially seven months (Sept. 1 through March 31), so you won't incur a late penalty.

Here's a different example showing how the late penalty can hit. Say your IEP expires at the end of March and you sign up for Part B the following January during the GEP. That's an actual enrollment delay of only 10 months. But under Social Security rules, the clock continues to tick until the last day of the GEP in which you enroll. So the delay is considered to be a full 12 months (April 1 through March 31), and you must pay a 10 percent late penalty on all future Part B premiums.

Once you've missed your first deadline for joining Part B (according to the scenarios described below), you can enroll only during a general enrollment period, which runs from Jan. 1 to March 31 each year - with coverage not beginning until the following July 1. Missing each March 31 deadline means another full 12-month delay and a further 10 percent late penalty. For example, delaying enrollment by five years results in a 50 percent penalty — in other words, you'd permanently pay half as much again for the same coverage.

So it's important to know when your personal deadline for enrolling in Part B expires, and when the late penalty clock starts ticking, according to different circumstances:

- If you turn 65 and are not covered by group insurance provided by an employer for whom you or your spouse is still working: Your deadline comes at the end of your seven-month initial enrollment period (IEP), which expires at the end of the third month following the month in which you turn 65. For example, if your 65th birthday is in July, your IEP ends October 31.
- You can usually delay signing up for Part B beyond age 65 without risking late penalties if:
 - (a) You are covered by a group health insurance plan from your employer or union and you are still working, or
 - (b) You are covered by your spouse's group insurance and your spouse is still working.

If you lose this insurance or retire (or, if it's your spouse who has the employer plan, when he or she retires), you'll get a special enrollment period (SEP) of up to eight months to sign up for Part B without penalty at that time. But if you fail to enroll within this SEP, the Part B penalty clock is reset to the time when you retired or your group insurance ended, and not when your SEP expired. For example, let's say you retire in February, triggering an SEP that lasts through October, but you fail to sign up for Part B until the following open enrollment period in January through March. Since a full 12 months had elapsed (from the end of February to the end of open enrollment on March 31 of the following year, in this example), you would incur a 10 percent late penalty.

- If you are in a same-sex marriage, you have the same right to delay Part B (and to have a SEP later on) if you're covered by your spouse's employer insurance beyond 65—wherever you live in the United States, even if your state doesn't recognize same-sex marriage. (For more details, see ["Marital Status and Medicare Eligibility."](#))

You do not get an SEP, and therefore cannot delay enrolling in Part B past 65 without risking late penalties, if:

- (a) Your (or your spouse's) employer's health plan automatically becomes secondary to [Medicare](#) when you turn 65 — which may happen if the employer has fewer than 20 workers.
- (b) You are retired (and not covered by your spouse's insurance at work) even if you have retiree health benefits.
- (c) You are covered by [COBRA](#) temporary group health insurance.
- (d) You are covered by the employer insurance of a domestic partner (whether opposite sex or same sex) to whom you are not married

In all these circumstances, the Part B penalty clock starts ticking at the beginning of the month after your IEP expires.

- If you have individual health insurance the penalty clock starts ticking at the beginning of the month after your IEP expires. (With individual, instead of group, insurance, you don't get an SEP if you delay joining Part B even if you continue to work after age 65)
- If you become entitled to Medicare at a younger age through disability, your deadline may vary according to the same circumstances explained above, with three exceptions:
 - If you are covered by a group health plan provided by an employer for whom you or your spouse are working, you may be required to enroll in Part B if the employer has fewer than 100 employees.
 - If you are covered as a “family member” under the employer plan of your domestic partner, you are entitled to delay Part B without penalty until that employment ceases—provided that the employer has 100 or more employees.
 - If you miss your deadline for signing up for Part B and incur a penalty, the clock will be reset as soon as you turn 65. You'll then be eligible for Medicare based on your age instead of disability and you will no longer have to pay the penalty.
- If you live outside the United States after you turn 65, and you are not working, the penalty clock starts ticking at the end of your IEP. To avoid a late penalty, you must enroll and pay Part B premiums, even though you cannot use any Medicare services while overseas. You do not get an SEP to sign up when you return to live in the United States.

- If you are working outside the United States after turning 65, you are allowed a special enrollment period to sign up for Part B on your return if you have had American-style group health insurance from an employer; or were covered by the national public health system of the country where you live; or had coverage from an approved American volunteer program. These rules also apply to your covered spouse.

Note: If your state pays your Part B premiums under a Medicare Savings Program for people with limited incomes, the state will also pay any Part B penalties you've incurred.