



CALCULATING MEDICARE PART D PENALTIES

Avoid Medicare Despair | Wednesday, Sept. 6, 2017

EXAMPLE:

Mrs. Martinez is currently eligible for Medicare, and her Initial Enrollment Period ended on May 31, 2013. She doesn't have prescription drug coverage from any other source. She didn't join by May 31, 2013, and instead joined during the Open Enrollment Period that ended December 7, 2015. Her drug coverage was effective January 1, 2016.

2016

Since Mrs. Martinez was without creditable prescription drug coverage from June 2013–December 2015, her penalty in 2016 was 31% (1% for each of the 31 months) of \$34.10 (the national base beneficiary premium for 2016) or \$10.57. Since the monthly penalty is always rounded to the nearest \$0.10, she paid \$10.60 each month in addition to her plan's monthly premium in 2016.

HERE'S THE MATH:

$.31$ (31% penalty) \times **\$34.10** (2016 base beneficiary premium) = **\$10.57**

\$10.57 rounded to the nearest \$0.10 = **\$10.60**

\$10.60 = Mrs. Martinez's monthly late enrollment penalty for 2016

2017

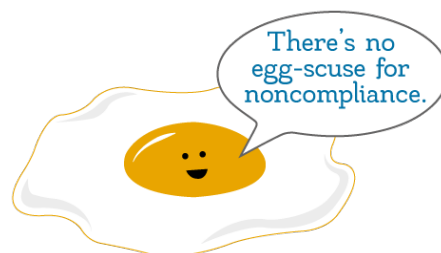
In 2017, Medicare recalculated Mrs. Martinez's penalty using the 2017 base beneficiary premium (\$35.63). So, Mrs. Martinez's new monthly penalty in 2017 is 31% of \$35.63 or \$11.05 each month. Since the monthly penalty is always rounded to the nearest \$0.10, she pays \$11.10 each month in addition to her plan's monthly premium.

HERE'S THE MATH:

$.31$ (31% penalty) \times **\$35.63** (2017 base beneficiary premium) = **\$11.05**

\$11.05 rounded to the nearest \$0.10 = **\$11.10**

\$11.10 = Mrs. Martinez's monthly late enrollment penalty for 2017



Have questions? Contact us at admin@compliancedashboard.net.