

Information partners can use on:

What Happens When a Plan Member Doesn't Pay Their Medicare Plan Premiums?

This tip sheet explains what happens if a person with Medicare doesn't pay the premiums for their Medicare drug plan or health plan.

Can a plan disenroll a member for not paying their monthly premium?

Yes, a plan can choose to disenroll a member who fails to pay plan premiums after proper notice and the plan's grace period. Disenrollment for failure to pay plan premiums is optional for each plan, so it's important for the member to know the rules for that plan. The plan will tell members the policy and length of the grace period (which must be at least 2 months) in the "Annual Notice of Change" and "Evidence of Coverage" sent each fall. The plan must apply the policy consistently to all members of the plan.

Note: A plan can also choose to disenroll a member who fails to pay the Part D late enrollment penalty, which is part of the monthly premium members pay to the plan. Generally, the plan charges the Part D late enrollment penalty monthly for as long as the member has Part D coverage, even if the person switches plans. If a plan charges a penalty, the member must pay the penalty amount even if the plan doesn't charge a premium. For more information about the Part D late enrollment penalty, visit [CMS.gov/partnerships/downloads/11222-P.pdf](https://www.cms.gov/partnerships/downloads/11222-P.pdf) to view "Information partners can use on: The Part D Late Enrollment Penalty."

A plan can't disenroll a member for failure to pay any outstanding monthly premiums if the member has plan premiums deducted from their Social Security payment. However, the plan may disenroll them for failure to pay an outstanding premium in these situations:

- The plan finds out from Medicare that the deduction from the Social Security or Railroad Retirement Board (RRB) payment has stopped.
- The request for premium deduction was initially rejected, and the plan bills the member for their premiums until the deduction from Social Security (or RRB) starts.

What are plans required to do before they disenroll a member from the plan?

Plans are required to:

- Send a bill with the amount due and a due date.
- Send a written notice of non-payment. The notice must explain that the plan will disenroll the person from the plan if they haven't made full payment by the end of the grace period.

Plans are encouraged to send additional notices or attempt to contact the member about the late premiums prior to the end of the grace period. If the person with Medicare still doesn't pay the amount that's past due, the plan can disenroll them as of the first day of the month following the end of the grace period. When this happens, the plan will send a final notice to the member about the disenrollment.

How does the grace period work?

A plan must give a grace period of at least 2 calendar months. Some plans may choose to provide a longer grace period.

Example: Plan XYZ has a 2-month grace period for premium payment. Mr. Smith's premium was due on February 1. He didn't pay this premium. On February 7, the plan sent a non-payment notice to Mr. Smith. He ignored this notice and the follow-up premium bills. The grace period includes the months of February and March. If Mr. Smith doesn't pay his plan premium before the end of March, he'll be disenrolled as of April 1.

Can a plan disenroll a member for not paying their Part D-Income Related Monthly Adjustment Amount (Part D-IRMAA)?

People with higher incomes are assessed a Part D-IRMAA that they pay directly to the government, not to their Medicare drug plan or Medicare health plan with drug coverage. Medicare has established a 3-month initial grace period before members can be disenrolled from their plan because they failed to pay their Part D-IRMAA. After the 3-month grace period, Medicare will tell the plan to disenroll the member. The plan must send the member a written notice of disenrollment within 10 calendar days of being notified by Medicare. **A member may be disenrolled from a Medicare Advantage Plan or employer group health plan if that plan includes their Medicare drug coverage.**

What happens after a plan disenrolls a member from the plan?

Once a plan disenrolls a member from the plan, the person must wait until the next available enrollment period to join another plan. Someone who's disenrolled from a Medicare Advantage Plan will automatically be enrolled in Original Medicare. Generally, people with Medicare can make changes to their coverage between October 15–December 7 each year, unless they qualify for a Special Enrollment Period.

Important for people losing Medicare drug coverage: If there's a period of 63 days or more in a row when the person with Medicare isn't enrolled in Medicare drug coverage and doesn't have other creditable prescription drug coverage, they may have to pay a monthly Part D late enrollment penalty when they join a new plan. Creditable prescription drug coverage is coverage (for example, from an employer or union) that's expected to pay, on average, at least as much as Medicare's standard drug coverage.

Can a member re-enroll in Medicare drug coverage if they repay the drug premium?

Yes. If a Medicare plan disenrolls a member for failing to pay drug premiums and the member wants to re-enroll in the plan, the Medicare plan may require them to pay any outstanding premiums owed before accepting the enrollment request. Also, the member must re-enroll during a valid enrollment period, since payment of past due drug premiums after disenrollment doesn't create an opportunity for reinstatement into the plan. **Re-enrollments after losing coverage for nonpayment of drug premiums are never retroactive.**

A member may also ask to get their coverage back through reinstatement under Medicare's "Good Cause" policy, if the member can show a good reason for not paying the premiums within the grace period, like an emergency or unexpected situation that kept a member from paying their premium on time. If the plan approves the request, the member will have to pay all owed premium amounts within 3 months of the disenrollment to get the coverage back. To request Good Cause, members should contact their plan as soon as possible, but no later than 60 calendar days after the disenrollment effective date.

Where can plan members get more information?

- Their plan, for more information about disenrollment and premium payment options. Each plan may have different rules for disenrolling members who fail to pay plan premiums. Plans may also offer other premium payment options, like monthly credit card billing or Electronic Funds Transfer.
- 1-800-MEDICARE (1-800-633-4227), if they have questions about disenrollment for non-payment of Part D-IRMAA. TTY users can call 1-877-486-2048.
- Social Security at 1-800-772-1213, if they have questions about their Part D-IRMAA assessed amount. TTY users can call 1-800-325-0778.

You have the right to get Medicare information in an accessible format, like large print, Braille, or audio. You also have the right to file a complaint if you feel you've been discriminated against. Visit [Medicare.gov/about-us/nondiscrimination/accessibility-nondiscrimination.html](https://www.medicare.gov/about-us/nondiscrimination/accessibility-nondiscrimination.html), or call 1-800-MEDICARE (1-800-633-4227) for more information. TTY users can call 1-877-486-2048.

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