



Information Partners Can Use on:

Failure to Pay Medicare Advantage Plan or Medicare Drug Plan Monthly Premiums

As of February 2008

It's important for people with Medicare (or their caregiver) to open and read their mail often. If the person with Medicare doesn't have their plan premiums deducted from their Social Security payment, they will get a monthly premium bill in the mail from their plan. If the bill isn't paid, then the plan has the right to disenroll the individual. There may be other premium payment options as well, such as monthly credit card billing, or Electronic Funds Transfer. Individuals should check with their plan about premium payment options.

This tip sheet explains the process if a person with Medicare doesn't pay their monthly premiums.

Can a plan disenroll a person with Medicare if they didn't pay their monthly premium?

Yes, a plan can disenroll a member for non-payment of premiums after proper notice and an appropriate grace period. Disenrollment for failure to pay plan premiums is optional for each plan, so it's important to review plan materials, or contact the plan directly, to know what the rules are for that plan, including the length of the grace period.

A plan can't disenroll a person with Medicare for failure to pay any outstanding monthly premiums if the member has their plan premium deducted from the Social Security payment. If individuals elect to have their premium deducted from their Social Security payment, a plan may only disenroll them for failure to pay an outstanding premium after the plan has received notice from Medicare that the deduction from the Social Security payment has ended. Also, the plan must have billed the member and provided the grace period as well before they can disenroll the member.

What are plans required to do *before* an individual is disenrolled from the plan?

Plans are required to:

- Send a bill to the person with Medicare with the amount due and due date.
- Send a notice (first notice) no later than 10 days after the due date if the premium isn't paid. The notice must explain that the individual will be disenrolled from the plan if payment hasn't been made by the end of the grace period.

Plans may also send additional notices or attempt to contact the individual regarding delinquent premiums. If the person with Medicare still doesn't pay the premium, 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 individual about the disenrollment action.



How does the grace period work?

A plan must provide individuals with a grace period of not less than one calendar month. However, some plans may provide a grace period that is longer than one month.

Example: Plan XYZ has a one-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 notice to Mr. Smith. He ignores this notice and any follow-up premium bills. The grace period is the month of February. If Mr. Smith doesn't pay his plan premium before the end of February, he will be disenrolled as of March 1.

What happens if a person with Medicare is disenrolled from their plan?

Once an individual is disenrolled from their plan, they must wait until the next available enrollment period to join another plan. Individuals being disenrolled from Medicare Advantage Plans will automatically be enrolled in the Original Medicare Plan.

The annual enrollment period is November 15–December 31, and the open enrollment period is from January 1–March 31 each year. Dual-eligible individuals have an ongoing Special Enrollment Period to join, switch, or disenroll from a Medicare Advantage Plan or Medicare drug plan.

Important for people with Medicare losing Medicare prescription drug coverage:

If there is a period of 63 continuous days or more during which the person with Medicare isn't enrolled in a Medicare drug plan and doesn't have creditable coverage, they may have to pay a late-enrollment penalty when they join a new plan.

Can an individual re-enroll in the plan if they re-pay their premium?

If a person with Medicare is disenrolled for failure to pay premiums and wants to re-enroll in the plan during an available enrollment period, the plan may require them to pay any outstanding premiums owed before accepting the enrollment request.

For more information

Since disenrollment for plan members who fail to pay plan premiums is optional and may vary from plan to plan, the best resource for more information is the plan itself.

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