3 Key Reasons Employees Can Delay Medicare Part B Enrollment Without Penalties: A Guide to Avoiding Late Enrollment Fees

Turning 65 means you're suddenly facing big choices about Medicare Part B enrollment. Many assume they have to sign up right away or face penalties.

But in some cases, you can delay enrollment and avoid paying extra later. If you have qualifying health coverage through a job or another source, you might be able to delay Medicare Part B without penalties.

The trick is knowing what qualifies as coverage and making sure you follow the right steps when you're ready. There's a lot of confusion here, and it's easy to make mistakes.

This guide digs into the situations where you can safely delay Part B. We'll look at what kinds of health coverage qualify and how to avoid headaches later on.

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Reason 1: Having Creditable Health Coverage from a Current Employer

Do you have health insurance through a current employer? You can delay Medicare Part B enrollment without penalties. This applies to coverage from your own job or your spouse's job.

The employer must have at least 20 employees. That size requirement determines whether your work plan or Medicare pays first.

Your **employer coverage** needs to be "creditable," meaning it's as good as or better than Medicare Part B. Not every plan meets this standard, so check.

Confirm with your HR or personnel office that your plan is group health coverage based on your current employment. That documentation is your proof if anyone ever asks.

When you retire or lose your job-based coverage, you have eight months to enroll in Part B. That's your special enrollment period. Move quickly, or you risk coverage gaps and penalties.

> **NOTE:** Special Enrollment Periods for Part D coverage and Advantage Plans are only 63 days — not eight months.

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Understanding the 20-Employee Requirement

20+ Employees

Your employer plan pays first

Medicare is secondary

You can safely delay Part B

Fewer than 20 Employees

Medicare becomes primary at 65

Employer plan is secondary

You should enroll in Part B

The employer must have at least 20 employees. That size requirement determines whether your work plan or Medicare pays first.

Confirm with your HR or personnel office that your plan is group health coverage based on your current employment. That documentation is your proof if anyone ever asks.

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Reason 2: Being Covered Under a Spouse's Employer Health Plan

If you're covered under your spouse's employer health plan, you can delay Medicare Part B enrollment. This applies as long as your spouse is still working and the coverage is from their current job.

The plan must be based on ACTIVE work, not retirement benefits. If your spouse retires and you remain on their retiree health insurance, you must enroll in Medicare within eight months of their retirement.

The employer usually needs at least 20 employees for this to be penalty-free. The employer's coverage must also be primary — meaning it pays before Medicare would.

You can sign up for Medicare Part B later, after your spouse's employer-sponsored coverage ends. You'll get an eight-month Special Enrollment Period that starts after the job or coverage ends, whichever comes first.

Keep track of when your spouse's job or coverage ends. Miss the eight-month window, and you could face a lifetime penalty — 10% for each year you waited.

Reason 3: Maintaining Creditable Coverage Through a Union or Association Health Plan

Union and association health plans operate under their own rules with Medicare. If you're covered by a union-sponsored plan, you need to know when Medicare becomes your primary insurance.

Employer size matters. With 20 or more employees, your union plan is usually primary, so you can delay Medicare Part B without penalty.

Union plans come from collective bargaining. Both union reps and employers manage these plans together as a workplace benefit.

Ask your union benefits administrator about your specific plan. They'll tell you whether it's considered creditable coverage, meaning it's as good as Medicare.

Working for a smaller employer — fewer than 20 employees? The rules change. Medicare becomes primary when you turn 65, so you need to enroll in Original Medicare to maintain full coverage.

Keep proof of your union coverage. You might need it later when you enroll in Medicare Part B.

WARNING: Having COBRA Coverage Following Job Loss is NOT Creditable Coverage

COBRA coverage doesn't allow you to delay Medicare Part B enrollment without penalties. That's a common misunderstanding, and it can cost you.

COBRA is just continuation coverage from a former employer. It's not the same as having active group health insurance through a current job.

Medicare treats COBRA as secondary. So, you can't use it to avoid enrolling in Medicare.

If you become eligible for Medicare while on COBRA, you should enroll during your Initial Enrollment Period. Medicare will be your primary insurer, and COBRA will be secondary.

Relying on COBRA alone and skipping Medicare can result in late enrollment penalties once you finally sign up. Those penalties add up — 10% for every 12 months you delay enrollment, and they remain as long as you have Part B coverage.

When your COBRA ends, you're stuck waiting for the General Enrollment Period. That's only January through March. You could end up with a gap in coverage.

Understanding Medicare Part B Enrollment Rules

You can delay Medicare Part B if you have health coverage through your current employer. The rules vary based on your job status and employer size.

01

Check Your Coverage Type

Verify you have active employer coverage, not COBRA or retiree benefits

02

Confirm Employer Size

Ensure your employer has 20 or more employees

03

Track Coverage End Date

Mark when your job or coverage ends to start your 8-month window

04

Enroll During the SEP

Sign up for Part B within 8 months to avoid penalties

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Employer Health Coverage and Medicare Coordination

Whether you can delay Medicare Part B depends on whether your coverage comes from a current or former employer. Only active health insurance through a current job (yours or your spouse's) allows you to postpone enrollment without penalty.

If your employer has 20 or more employees, your workplace insurance usually pays first, and Medicare is secondary. That means you can safely delay **Part B enrollment**.

With fewer than 20 employees, Medicare becomes primary once you turn 65. Delaying Part B could leave you with gaps and possible penalties.

COBRA, retiree health plans, and VA benefits don't count as creditable coverage for delaying Part B. You need active employer coverage to qualify for a penalty-free delay.

Special Enrollment Period Explained

The Special Enrollment Period (SEP) gives you eight months to enroll in Part B after your employer-sponsored coverage ends. It begins the month after your job or group health coverage ends, whichever comes first.

Enroll during this eight-month window. Miss it, and you'll face a permanent late enrollment penalty — 10% for every 12 months you waited.

The penalty raises your premium as long as you have Part B. Miss the SEP, and you'll have to wait for the General Enrollment Period (January 1–March 31). That could leave you without insurance for months.

8-Month Window

Your Special Enrollment Period starts the month after your coverage ends

What Happens If You Miss It?

- Permanent 10% penalty per year delayed
- Wait for General Enrollment Period
- Possible coverage gaps

How Delaying Enrollment Affects Coverage

If you delay Medicare Part B, you rely on your employer's group health plan for doctor visits, outpatient care, and preventive services. That plan remains your primary insurance.

You won't receive Medicare Part B benefits during this time. Your employer plan must cover what Medicare Part B would, such as lab tests, specialist visits, and medical equipment.

Coverage gaps can happen if:

- Your employer coverage ends unexpectedly
- You lose your job or your hours drop below full-time
- Your employer switches to retiree-only coverage

You get a Special Enrollment Period to sign up for Part B when your job or coverage ends. That window lasts eight months after your work or coverage stops, whichever comes first.

Avoiding Late Enrollment Penalties

Enroll during your Initial Enrollment Period or a Special Enrollment Period to avoid penalties. The Part B penalty is 10% of the standard premium for each 12-month period you were eligible to enroll but didn't.

This penalty sticks around as long as you have Part B. It's not something you want to ignore.

To avoid penalties, make sure you:

Have Creditable Coverage

Employer coverage based on current employment

Work for Right Size Employer

Employer with 20 or more employees

Enroll Within 8 Months

After your job or coverage ends

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Employer Medicare & Retiree Benefits Advisor

An **Employer Medicare & Retiree Benefits Advisor** helps companies manage employees' transition to Medicare. They focus on reducing costs and helping to ensure compliance.

These advisors work directly with your HR team. They provide Medicare education and enrollment support, so your staff doesn't have to scramble for answers.

They provide personalized advice to employees nearing Medicare eligibility. If you've got questions about coverage options or timing, they're the go-to.

Typical services include:

- **Educational workshops** for your team
- One-on-one chats with employees about their **Medicare options**
- Advice on how employer coverage and Medicare work together
- Help with the shift from group health plans to Medicare
- Tips for avoiding late enrollment penalties and coverage gaps

Companies can save significantly on health insurance premiums when Medicare-eligible employees leave group plans. An advisor helps make those transitions smooth, so nobody's left in the lurch.

The advisor is essentially an extension of your benefits team, usually at no extra cost. They stay up-to-date on Medicare rules, sparing your HR team from having to become Medicare experts overnight.

This partnership helps keep both your company and your employees protected. You reduce liability, and your team gets expert help at a crucial moment. Your advisor navigates the Medicare maze while you focus on everything else.

Frequently Asked Questions

Employees with current employer coverage can delay Medicare Part B without penalties, but there are rules that depend on employer size, coverage type, and when you enroll.

What are the conditions under which an employee may defer Medicare Part B enrollment?

You can delay Medicare Part B enrollment if you have creditable health coverage from your current employer. The employer must have at least 20 employees for this to apply without penalties.

Coverage through your spouse's current employer counts, too, as long as that employer has at least 20 employees. Smaller companies just don't cut it here.

COBRA coverage doesn't count toward delaying Medicare Part B.

Some union and association health plans may qualify as creditable coverage. But you'll want to double-check with your plan administrator — don't assume all group plans meet the requirements.

What is the Special Enrollment Period for Medicare Part B, and how does it relate to employment?

The Special Enrollment Period (SEP) gives you eight months to sign up for Medicare Part B after your employer-sponsored coverage ends. This window begins the month after your job ends or your coverage stops, whichever comes first.

You can enroll any time you have employer coverage, and you won't face a penalty. There's no need to wait for a specific Medicare enrollment period if you're still covered by a current employer plan.

If you miss your SEP, you'll face late-enrollment penalties that last a lifetime. You'd also have to wait for the General Enrollment Period, which runs only from January 1 to March 31.

How can someone with employer coverage avoid the Medicare Part B late enrollment penalty?

You've got to keep creditable coverage through an employer with at least 20 employees. Smaller employer plans won't protect you if you delay signing up for Part B.

Sign up for Medicare Part B within eight months of your employer coverage ending. Seriously, mark your calendar when your coverage ends — don't let that deadline sneak up on you. Track this deadline carefully.

Reach out to your HR department to confirm that your coverage is creditable. Hang on to any paperwork that proves you had creditable coverage while you delayed. You'll need to show these dates when you enroll to avoid penalties.

More Frequently Asked Questions

What is the duration of the Medicare Part B late enrollment penalty?

The late enrollment penalty sticks around as long as you have Medicare Part B. You'll pay it every single month, for life.

The penalty adds 10% of the standard Part B premium for each full year you waited to sign up. For example, if you delayed for two years, you'd pay 20% more than the standard premium.

How does the Medicare Part B penalty affect high-income earners?

High earners already pay more for Medicare Part B because of the Income-Related Monthly Adjustment Amount (IRMAA). The late enrollment penalty piles on top of those higher premiums.

Your penalty percentage is calculated using the standard Part B premium, not your IRMAA-adjusted amount. Both the penalty and the IRMAA surcharge appear on your bill, but they're separate charges.

Are employees covered by group health plans required to enroll in Medicare Part B upon reaching eligibility?

You don't have to enroll in Medicare Part B at age 65 if you already have creditable coverage through your current employer. Medicare enrollment isn't mandatory when your employer's coverage qualifies.

If your employer has fewer than 20 employees, the rules change. In that case, you should sign up for Medicare Part B at 65, since Medicare will become your primary coverage.

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Ready to Optimize Your Employee Benefits, Reduce Risks, and Lighten Your Workload?

You face the challenges of balancing cost savings, compliance, and employee satisfaction. Partnering with an Employer Medicare & Retiree Benefits Advisor, makes it easier.

Rodney POWELL is affiliated with Senior Health Services and is popularly known as the "Medicare Video Guy." He serves as your risk-reduction partner, coming alongside your HR team while reducing your workload. He educates employees and retirees on Medicare, handles individual questions and transitions, and ensures your team is supported every step of the way.

Here's how he can help you:

Save Big

Up to $18,000+ per Medicare-eligible employee

Zero-Cost Transitions

Offer zero-cost Medicare transitions for your workforce

Free Education

Access free educational presentations tailored to your team

Expert Guidance

Rely on expert Medicare guidance to simplify employee transitions

With over 300 educational videos, 16,000+ subscribers, and a #1 ranking on Medicare Agents Hub in Texas, Rodney is licensed in 35+ states and ready to support your success.

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The Benefits

Save BIG. Reduce risks. Expert support at zero cost.

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