

# Medicare Part B Premium Penalties

## 072402



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Office of Audit Report Summary

### Objective

To determine whether the Social Security Administration (SSA) accurately assessed Medicare Part B premium penalties for Old-Age and Survivors Insurance (OASI) beneficiaries.

### Background

SSA and the Centers for Medicare and Medicaid Services share administrative responsibilities for Medicare. Medicare is a Federal health insurance program for individuals who are age 65 or older (as well as individuals under age 65 with certain medical conditions or disabilities). The Centers for Medicare and Medicaid Services is the program's primary administrator. SSA handles key aspects of Medicare's medical insurance program, Medicare Part B (Part B). Specifically, SSA enrolls beneficiaries, establishes applicable premium penalties, and collects premiums from individuals who receive Social Security benefits. If an individual signs up for Part B after their Initial Enrollment Period, they may have to pay a late enrollment penalty.

We identified 101,516 OASI beneficiaries who enrolled in Part B during the 2023 and/or 2024 General Enrollment Periods and whom SSA penalized for late enrollment. We reviewed a random sample of 200 of these beneficiaries.

### Results

SSA employees accurately processed 177 of the 200 Part B applications we reviewed. However, SSA employees did not accurately process the applications for the remaining 23 beneficiaries. As a result, SSA's systems improperly assessed approximately \$24,000 in Part B premium penalties.

Based on our sample results, we estimate SSA employees accurately processed approximately 90,000 beneficiaries' applications and did not accurately process 12,000 beneficiaries' applications. As a result, SSA's systems improperly assessed about \$12 million in Part B premium penalties.

These errors occurred because SSA employees did not consider Group Health Plan coverage, the impact of U.S. residency and lawful presence start dates on Initial Enrollment Period determinations, deemed enrollment, Exceptional Conditions, Special Enrollment Periods, and equitable relief.

We also found SSA's Medicare enrollment notices did not clearly explain the Part B late enrollment penalty. Although the notices included the total Part B premium amount, none of the 200 notices sent to our sampled beneficiaries included detailed penalty information. In addition, Notices of Award SSA sent 8 of our 200 sampled beneficiaries who refused Part B in 2023 and/or 2024 before later enrolling in the General Enrollment Period did not always include a clear explanation of the consequences of delaying or refusing enrollment. SSA did not provide information about the potential penalty for late enrollment in the notices it sent. SSA informed us the notices did not include additional information because SSA employees cover these details during the in-person/telephone application process. Beneficiaries who apply online can obtain additional information regarding Part B if they click a link during the application process.

### Recommendations

We made three recommendations for SSA to take corrective actions on beneficiaries' accounts, update the health insurance screen in its systems, and establish controls to prevent future incorrect processing. SSA agreed to implement our recommendations.