AMERICAN CITIZENS ABROAD
EDUCATE, ADVOCATE AND INFORM

Medicare Equity and Savings

I. Executive Summary

About 6 million Americans living overseas, of these there are military and civilian citizens that must pay Medicare Part B premiums if they wish to maintain their Medicare coverage. Most U.S. citizens living overseas are already covered for medical insurance in the country where they live however, some chose to maintain their Medicare benefits if they 1) return to the United States, 2) chose to have a medical procedure done in the U.S. and not in their home country.

This coverage can cost anywhere from $2,435–$8,279 (2026, standard to highest IRMAA tier)[i] a year for coverage that has no provider network, no reimbursement for care received abroad,[ii] and no usable value where they live. If individuals choose not to pay or stop paying, there is a permanent 10% annual late enrollment penalty applied upon return to the U.S. The penalty is cumulative over each year a person has not signed up, which can result in penalty assessments of 50 to 100%. The Treasury, meanwhile, subsidizes roughly 75% of every premium — about $7,295 (2026)[iii] per person per year — for a benefit that delivers zero service abroad.

A corrective measure would be to create a voluntary Part B suspension for Americans who carry Bonafide health insurance (individual or group organized in the country of their residence (e.g. mandated by law, government organized etc.), a guaranteed Special Enrollment Period on repatriation, and — for military retirees — a Choice Provision that preserves military healthcare without forcing them to buy Medicare they cannot use Estimated Treasury savings: ~$3.65 billion per year (updated to 2026 actuarial rates).[iv]

II. The Problem — The Populations

• Private-sector and federal civil-service retirees abroad. Pay out of fear of the penalty for coverage they cannot use but in the event that they may return to the U.S. or chose to have a procedure in the United States.

• Spouses who turn 65.

The Overseas Widow/Widower

The problem reaches its sharpest point in the surviving spouse of an American husband. They face the same Medicare enrollment obligation upon death of their spouse as any other overseas resident but usually with diminished resources and on a fixed income. A military widow/widower faces a further layer: they retain

WASHINGTON HEADQUARTERS
11140 ROCKVILLE PIKE, SUITE 100-162
ROCKVILLE, MARYLAND 20852

PHONE: +1 540 628-2426
EMAIL: INFO@AMERICANSABROAD.ORG
WEBSITE: WWW.AMERICANSABROAD.ORG

TRICARE coverage after the death of the spouse but must still pay Medicare Part B at 65 to maintain it, alone, on a fixed income.

The Foreign-Born Spouse

Foreign nationals married to U.S. citizens qualify for Medicare solely through Social Security spousal benefits These individuals age into Medicare eligibility not through their own U.S. work history, but through the right to receive spousal benefits based on their American spouse's earnings record. This eligibility carries full Medicare enrollment obligations and mandatory enrollment penalties

A foreign-born spouse, married to a U.S. military retiree covered under TRICARE Select Overseas will pay Medicare Part B premiums for coverage that has reimbursed none of their overseas medical care. The enrollment penalty they face for not complying is permanent and compounding.

• Military retirees on TRICARE For Life. Forced to pay Part B solely to keep TFL, though Medicare pays $0 for their care — and today, losing Part B means losing TFL entirely.

III. The Framework — Three Pillars

• Pillar 1 — Voluntary Suspension. Any Medicare-eligible American residing overseas more than 180 days a year may suspend Part B without penalty, on proof of creditable coverage.

• Pillar 2 —Special Enrollment Period. A guaranteed 90-day SEP on return to U.S. soil, modeled on the existing Peace Corps provision. A pause, not a withdrawal – reversible the moment one repatriates.

• Pillar 3 — Treasury Savings. A conservative 500,000 suspensions × ~$7,295 = ~$3.65 billion saved per year (2026 rates). Savings recapture, not new spending — and no new taxes.

IV. The Retiree Choice Provision

For military retirees whose healthcare currently depends on Medicare Part B, this proposal establishes a choice rather than a compulsion:

1. The Waiver. A military retiree permanently residing overseas is exempt from the mandatory Medicare Part B enrollment otherwise required to maintain military healthcare — no longer forced to buy coverage they cannot use abroad.

2. Late-Enrollment Protection. On permanent return to the United States,
There is a Special Enrollment Period, allowing the retiree to activate Part B with zero late-enrollment penalty.

3. The Option. In lieu of TRICARE For Life, the retiree is enrolled in TRICARE Select Overseas at the standard enrollment fee — roughly $300–$400 a year for an individual. They may use military treatment facilities (MTFs) on a space- available basis and, crucially, are fully covered for civilian care by their local in country provider.

V. Why It is Good Policy

• It cuts billions in subsidies for a benefit delivering 0% service to U.S. citizens overseas.

• For U.S. citizens it removes a lifetime 10% penalty on those living abroad who carry creditable coverage in their country of residence.

• For the veteran and military US citizens it ends a forced premium and restores genuine, locally usable coverage and medical coordination – a benefit restoration through smarter design, not a cut.

VI. Conclusion

"One size fits all" healthcare is a relic of 1965. This policy lets Americans abroad manage their care responsibly through host-nation systems with an option to enroll in Medicare Part B if their foreign residency changes. It gives overseas military retirees a real choice instead of a forced premium and saves the Treasury roughly $3.65 billion[v] a year in the process.

ACA thanks Gregory P. Simon, USAF (Ret.) for his contribution to this recommended treatment for Medicare benefits

---

[i] 2026 standard Medicare Part B premium: $202.90/month ($2,434.80/year). With IRMAA income surcharges, the monthly premium ranges from $284.10 to $689.90, placing the annual range at $3,409–$8,279. Sources: Centers for Medicare & Medicaid Services, "2026 Medicare Parts A & B Premiums and Deductibles" (cms.gov, 2025); United Medicare Advisors, "2026 Medicare Part B Premium" (unitedmedicareadvisors.com).

[ii] Medicare Part B is legally valid insurance but does not pay claims for services received outside the United States, with narrow exceptions near the Canadian border or in U.S. territories. The accurate characterization

is that Medicare provides no reimbursement for care received abroad. Sources: Medicare.gov, "Travel Outside the U.S." (medicare.gov/coverage/travel-outside-the-u.s.); Medicare Interactive, "Medicare Coverage for Those Who Live Permanently Outside the United States" (medicareinteractive.org).

[iii] The 2026 monthly actuarial rate for aged enrollees is $405.40. The standard beneficiary premium ($202.90) equals approximately 25% of total expected cost; the federal government subsidizes approximately 75%, or ~$608/month (~$7,295/year) per beneficiary. The $6,300 figure reflected 2024 actuarial data (~$524/month). Source: Federal Register, "Medicare Program; Medicare Part B Monthly Actuarial Rates, Premium Rates, and Annual Deductible Beginning January 1, 2026" (federalregister.gov, November 19, 2025).

[iv] Calculation: 500,000 projected voluntary suspensions × ~$7,295 government subsidy per beneficiary (2026 actuarial rate) = ~$3.65 billion/year. The 500,000 projection is conservative — American Citizens Abroad estimates 6 million Americans reside overseas, with a significant portion Medicare-eligible. Updated from the original $3.15 billion figure, which used 2024 subsidy data ($6,300/person). Sources: CMS, Federal Register (November 2025); American Citizens Abroad (aca.ch).

[v] Updated from $3.15 billion to reflect 2026 actuarial subsidy rates. See Footnote 4 for full calculation methodology.