

IOWA CITIZEN ACTION NETWORK EDUCATION FOUNDATION

MEDICARE EDUCATION PROJECT

Worksheet for Medicare's Basic Drug Benefit

This worksheet can help you estimate what you will have to pay in 2006 for prescription drugs under Medicare's Basic Benefit. If you have access to a computer with an Internet connection, you can use the Medicare calculator at Families USA's Web site (www.familiesusa.org). You enter your 2003 drug costs and the calculator will make the estimates for you.

You may qualify for additional help. If your 2004 family income is below \$13,965 (individual) or \$18,735 (couple), you may qualify for Medicare's low-income drug benefit. That will give you added help with your drug costs. You can use Families USA's "**Extra Help for Your Drug Costs: Do You Qualify?**" to help you determine whether or not you may be eligible.

1. **Your drug costs in 2003.** Include the amount you paid and the amount paid by any insurance, such as a retiree plan or Medigap policy. This is an individual benefit, so if you are a couple, you need to complete a separate worksheet for each person. 1. _____
2. **Estimate your drug costs for 2006 (that's when the benefit starts).** Even if your health stays the same, a conservative estimate is that your drug costs will go up by 33% from 2003 to 2006. Multiply your 2003 drug costs by 1.33 and enter the result here. 2. _____
3. **For the first \$0 to \$250 of your 2006 drug costs,** enter the total amount here. This is your 2006 deductible, and you have to pay all these costs yourself. 3. _____
4. **For your 2006 drug costs from \$251 up to \$2,250,** enter 25% of that amount here. (The plan pays 75% of costs, and you pay 25%.) 4. _____
5. **For drug costs from \$2,251 to \$5,100,** enter the full amount here. This is the "doughnut hole" or coverage gap, and you must pay for all your drug costs; Medicare pays nothing. 5. _____
6. **For drug costs over \$5,100,** enter 5% of the amount over \$5,100 here. (After you reach \$5,100 in drug costs, you pay 5% and Medicare pays the rest.) 6. _____
7. **Estimate what you'll pay for prescription drugs in 2006.** Add the numbers entered on lines 3 through 6. 7. _____
8. **Add your annual premium.** In addition to what you have to pay for prescription drugs, you'll have to pay an annual premium. The average 2006 premium is estimated at \$420 (\$35/month). 8. _____
9. **What you'll have to pay in total.** Add lines 7 and 8. Based on your estimated drug costs, this is what you'll have to pay for prescription drugs and the plan premium. 9. _____

Remember, what you have to pay will increase each year, because the Basic Benefit will change based on increases in Medicare's spending on prescription drugs. Also, each year, the deductible and the doughnut hole start over. The Medicare calculator on Families USA's Web site (www.familiesusa.org) uses your 2003 drug costs to estimate what you'll pay under the Basic Benefit in 2006 and in 2013, so you can see how your costs will change.