



# “On The Money Report”

---

By Steve Pomeranz, CFP

Host, *On The Money!* WXEL 90.7 FM

## ***SPECIAL REPORT***

### **NEW MEDICARE PRESCRIPTION DRUG PLAN**

#### **WHO CAN JOIN?**

Anyone with Medicare Part A and/or Part B can join a Medicare prescription drug plan offered in their area. If you are in a Medicare Advantage Plan (like an HMO or PPO), your plan may also offer drug coverage.

#### **WHEN CAN I JOIN?**

You must join the new Medicare prescription drug plan between November 15, 2005 and May 15, 2006.

#### **WHEN IS THIS NEW PLAN EFFECTIVE?**

This new plan is effective January 1, 2006

#### **WHAT DRUGS ARE COVERED UNDER THIS PLAN?**

Most prescription drugs are covered but you must check with Medicare to make sure your particular drugs are covered. Non-prescription drugs may not be covered so you must check the plan you choose to find out what they include and what they exclude.

---

Copyright © 2001 On The Money! Radio and S.L.Pomeranz Financial Management. All rights reserved.  
This content herein is for educational purposes only and is not an offer,  
solicitation or recommendation for any products or services.

[www.onthemoneyradio.org](http://www.onthemoneyradio.org)

1-866-MONEY-01



# “On The Money Report”

---

## **HOW DO I ENROLL IN THIS NEW PLAN?**

Several plans with different coverage may be offered in your area so you must check Medicare to see what is available and how you can enroll

## **WHAT IS THE COST OF ENROLLING IN THIS PLAN?**

Depending on the plan you may have substantial savings in prescription drugs costs. In general, if you incur out of pocket expenses in excess of \$3,600, it would be advantageous for you to enroll.

## **DO I NEED TO MAKE A DECISION ABOUT ENROLLING NOW?**

No you don't have to make a decision about enrolling now. But there is a 1% penalty per month after May 15. So you need to take a look at your particular situation now.

## **WHERE DO I GET MORE INFORMATION ABOUT THIS NEW PLAN?**

You may call 1-800-633-4227 or go to the Medicare website at [www.medicare.gov](http://www.medicare.gov)

*Steve*

**Steve Pomeranz, CFP**  
“The Investor’s Advocate”  
November 1, 2005

---

Copyright © 2001 On The Money! Radio and S.L.Pomeranz Financial Management. All rights reserved.  
This content herein is for educational purposes only and is not an offer,  
solicitation or recommendation for any products or services.

**MEDICARE PRESCRIPTION DRUG COVERAGE COST COMPARISON**

	<b>Total Prescription Drug Cost to Insured</b>	<b>New Medicare</b>	<b>Cummulative Cost</b>
<b>Monthly Premium</b>	n.a.	\$444.00	\$444.00
<b>Deductible</b>	n.a.	\$250.00	\$694.00
<b>Copayment</b>	n.a.	\$0.00	\$694.00
<b>Prescription Drug Costs:</b>			
25% of amount over 250 up to 2250	\$2,250.00	\$500.00	\$1,194.00
100 % of amount over 2250 up to 5100	\$5,100.00	\$2,850.00	\$4,044.00
5% over 3600:			
Example 1	\$5,100.00	\$0.00	\$4,044.00
Example 2	\$10,000.00	\$245.00	\$4,289.00
<b>Total Monthly Costs</b>			\$357.42

The breakeven point is about \$900

Prescription Costs	You Pay
250.00	700.00
1,000.00	882.00
2,500.00	1,444.00
5,100.00	4,000.00
10,000.00	4,300.00

Breakeven point is about \$900.

Every month you delay, cost increase 1% per month.

Take into consideration your health, age, life expectancy.

If you are just turning 65, you may have 20 years or more of life expectancy.

Put succinctly, this plan is advantageous for you if you spend now or anticipate spending more than \$3,600 in prescription drugs.