

Tracking Your Spending: Making a Sample Expense Log

It's important to track your spending to see when you will enter and exit the coverage gap. The sample expense log below shows you how.

Mary has Medicare prescription drug coverage for the seven medicines she takes every month. Her plan has a \$250 deductible at the beginning of the year and Mary pays a copay for each of her prescriptions. Your plan may be different than Mary's.



Monthly Expenses for Covered Drugs			
	Mary Paid:	Plan Paid:	Total Drug Cost:
January	\$350.00	\$400.00	\$750.00
February	\$125.00	\$625.00	\$750.00
March	\$125.00	\$625.00	\$750.00
<i>Total expenses from January to March</i>	\$600.00	\$1,650.00	\$2,250.00
April	\$750.00	\$0	\$750.00
May	\$750.00	\$0	\$750.00
June	\$750.00	\$0	\$750.00
July	\$750.00	\$0	\$750.00
<i>Total expenses from January to July</i>	\$3,600.00	\$1,650.00	\$5,250.00
August	\$37.50	\$712.50	\$750.00
September	\$37.50	\$712.50	\$750.00
October	\$37.50	\$712.50	\$750.00
November	\$37.50	\$712.50	\$750.00
December	\$37.50	\$712.50	\$750.00

Mary paid more in January because she had to meet her \$250 deductible before her plan started to pay toward the cost of her medicines.

Mary entered the coverage gap at the end of March because her total drug costs (what she paid plus what her plan paid) reached \$2,250.

Mary exited the coverage gap in July because the total amount that she paid herself for her medicines reached \$3,600.

In August, Mary entered "catastrophic coverage." This means that she paid 5% of the cost for her medicines and her plan paid the rest.

You can find out how much your plan paid by looking at your pharmacy receipt.

- The amount you paid plus the amount your plan paid is your total drug cost. Add your total drug costs each month to see how close you are to entering the coverage gap. Remember, in 2006 you enter the coverage gap when your total drug costs reach \$2,250. In 2007, that amount increases to \$2,400.
- Add the total amounts you paid each month to find out how close you are to exiting the coverage gap. In 2006, the out-of-pocket limit for most plans that have a coverage gap is \$3,600. In 2007, the out-of-pocket limit increases to \$3,850.