



Department of Human Resources
311 West Saratoga Street
Baltimore MD 21201

Family Investment Administration
ACTION TRANSMITTAL

Control Number: #04-36

Effective Date: June 1, 2004

Issuance Date: May 15, 2004

**TO: DIRECTORS, LOCAL DEPARTMENTS OF SOCIAL SERVICES
DEPUTY/ASSISTANT DIRECTORS FOR FAMILY INVESTMENT
FAMILY INVESTMENT SUPERVISORS AND ELIGIBILITY STAFF**

FROM: KEVIN M. MCGUIRE, EXECUTIVE DIRECTOR

RE: MEDICARE PRESCRIPTION DRUG CARD PROGRAM

PROGRAM AFFECTED: FOOD STAMP PROGRAM

ORIGINATING OFFICE: OFFICE OF POLICY, RESEARCH AND SYSTEMS

SUMMARY:

The Medicare Prescription Drug Improvement and Modernization Act of 2003 authorizes the Medicare-Approved Drug Discount Card Program. This program will help people who receive Medicare with the cost of prescription drugs. This action transmittal provides information about the program and how it will affect food stamps.

GENERAL INFORMATION ABOUT THE PROGRAM:

Starting in May, Medicare beneficiaries, except for those who have Medical Assistance drug coverage (see "Exception" below), can enroll in a Medicare-Approved Prescription Drug Discount Card Program. Beginning in June, the discount cards will provide discounts off the regular cash price of prescription drugs.

Also beginning in June, Medicare will provide a \$600 credit in 2004 and up to an additional \$600 credit in 2005 to help with the cost of prescriptions. Medicare beneficiaries whose incomes are 135 percent or less of the federal poverty level (FPL) will get this credit if they do not have certain other drug coverage (See "Exception" below). The 135 percent of FPL income limit is currently \$1,048/month for a single person and \$1,406/month for a married couple.

Individuals who qualify for the credit will pay:

- 5 percent of the discounted price for each prescription until the credit is used up if monthly income is between \$0 and \$776, if single, or between \$0 and \$1041, if married.
- 10 percent of the discounted prescription price until the credit is used up if monthly income is between \$777 and \$1,048, if single, or between \$1,042 and \$1,406, if married.

After the credit is used up, the customer will pay the full discounted price for prescriptions offered through the prescription card.

Medicare-approved discount programs can charge an enrollment fee of up to \$30 per year. Medicare will pay the enrollment fee for beneficiaries who qualify for the credit.

Exception: Customers that receive prescription benefits from Medical Assistance, Maryland Pharmacy Assistance, or the Maryland Discount Drug Program are ineligible to receive the new Medicare-Approved Drug Discount Card.

ACTION REQUIRED FOR FOOD STAMPS:

- The \$30 per year fee is an allowable medical expense.
- Do not count any discount or credit the household gets as income or as an asset.
- Households cannot claim a medical deduction for the cost of any prescriptions that they receive free through the use of the card. Allow only out-of-pocket expenses.

See Food Stamp Manual sections 212.8 and 213.4 for the policy.

Examples:

Mrs. Jones provides verification in June that she has enrolled in a Medicare- Approved Discount Drug Card Program and is required to pay a \$30 annual fee. She also pays a Medicare Premium of \$66 monthly. The case manager uses the \$30 prescription card expense as a one time only expense. Mrs. Jones would receive the \$30 medical deduction in the on-going month for that month only. CARES adds the \$30 to the monthly \$66 Medicare premium. The medical deduction for the one month would be \$61 ($\$66 + \$30 = \$96 - \$35 = \61).

Mrs. Smith provides verification that she is paying the \$30 enrollment fee for a Medicare Approved Discount Drug Card. She also pays a \$66 Medicare premium and \$50.75 for a monthly hospital bill payment. The case manager decides to prorate the expense for the discount card over the certification period. The case manager divides the \$30 annual fee over the 12-month certification period (\$2.50). CARES allows an \$84.25 monthly medical deduction ($\$66 + 2.50 + 50.75 = \$119.25 - \$35 = \84.25).

CARES PROCEDURES:

- List all allowable out-of-pocket medical expenses on the FSME screen as a one-time expense or monthly depending on how they are to be treated
- Do not enter the credit on CARES.

ACTION DUE:

This policy is effective with applications, recertification or interim changes on or after June 1, 2003.

INQUIRIES:

Please direct policy questions to Kay Finegan at 410-767-7939

cc: Management Staff Help Desk Constituent Services