



**United States
Department of
Agriculture**

Food and
Nutrition
Service

Northeast Region

10 Causeway St.
Room 501
Boston, MA 02222

August 3, 2004

**Food Stamp Program Regional Letter 04-35
Subject: Medicare Prescription Drug Card; Another Option for
Determining the Discount**

At the request of two state agencies, we are offering another option that state agencies may use to determine the amount of the medical deduction as a result of the new Medicare Prescription Drug Discount Card. The attached Question and Answer explains how this option would work. The question is provided in addition to the compilation transmitted via Regional Letter 04-31.

If you have any comments about this question and answer, please contact Katie Blanchette at (617) 565-6415.

Sincerely,

A handwritten signature in cursive script that reads "Laura A. Hurd".

Laura A. Hurd, Acting Chief
State Program Improvement
Food Stamp Program
Northeast Region

Attachment

Question 49:

FNS's guidance, dated June 18, 2004, gives states two options for estimating the amount of a client's prescription discount:

- **Option 1 - Add together the prorated credit and the verified out-of-pocket expense, then multiply the sum by 1.25 (this automatically includes the discount in the product), or**
- **Option 2 - Deem the discount to be \$23 per client per month.**

Under either option, the client then has the option of presenting verification that the actual discount is larger.

Would it be acceptable for a state to use a third option, to verify the normal (undiscounted) price of each prescription drug and not use either of the other options?

Answer:

Yes, but only under the following conditions:

- *The household would be required only to provide information regarding participation in the Medicare Prescription Discount Card program, an adequate description of the prescriptions, and the pharmacy where the prescription is filled.*
- *The state would be responsible for obtaining all necessary verification in a timely manner.*
- *For verifying these prescriptions' pre-card costs, all regulations that refer to a household's responsibility to obtain verification would not apply.*
- *All delays in obtaining verification would be state agency-caused delays.*

If States use this method, caseworkers must be careful to budget the full retail price of the prescription (the amount that an uninsured person would pay) – not the discounted price.