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**Field Operations Memo 2005-3**  
**February 1, 2005**

**To:** Transitional Assistance Office Staff

**From:**  Cescia Derderian, Assistant Commissioner for Field Operations

**Re:** Medicare Prescription Drug Discount Program Rules

**Background**

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This memo provides instructions for implementing the Medicare Prescription Drug Discount Program in 2005. Field Operations Memo 2004-43, dated November 2, 2004 is now obsolete. The instructions in that memo were inaccurate as a result of subsequent USDA guidance. Based on those instructions, there may be AUs containing MPDDP participants which were processed incorrectly. Central Office is reviewing these AUs and if further action is necessary, instructions will be issued in a future Field Operations Memo.

**MPDDP in 2005**

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The Medicare Modernization Act (MMA) of 2003 enacted the Medicare Prescription Drug Discount Program (MPDDP) and the Transitional Assistance Program that provides the MPDDP subsidies. A FS applicant/recipient who enrolled in MPDDP in 2004 and verified MPDDP participation during 2004 was entitled to a \$1200 subsidy (\$600 for 2004 and \$600 subsidy for 2005). However:

- a FS applicant/recipient who enrolled in MPDDP during 2004 but does not verify MPDDP participation until 2005 is eligible for only the \$600 subsidy for 2005; or
  - a FS applicant/recipient who enrolls in MPDDP during 2005 and verifies MPDDP participation in 2005 will have the \$600 subsidy prorated based on enrollment date. The 2005 subsidy will be reduced by \$150 per quarter in accordance with the chart on page 2 of this memo.
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MPDDP in 2005  
(Continued)

MPDDP Enrollment Date	Subsidy Amount	Monthly MPDDP Subsidy on BEACON
Enrolled in 2004, told DTA in 2004	\$1,200	1,200/12 months = \$100
Enrolled in 2004, told DTA in 2005	\$600	600/12 months = \$50
January 1, 2005 - March 31, 2005	\$600	600/12 months = \$50
April 1, 2005 - June 30, 2005	\$450	450/12 months = \$37.50
July 1, 2005 - September 30, 2005	\$300	300/12 months = \$25
October 1, 2005 - December 31, 2005	\$150	150/12 months = \$12.50

MPDDP participants are eligible for either:

1. the appropriate monthly subsidy *based on the MPDDP enrollment date*, the flat allowance of \$23 **plus** current (post-MPDDP) verified prescription drug expenses;  
**OR**
2. pre-MPDDP verified prescription drug expenses if these expenses total more than the monthly subsidy amount, the \$23 flat allowance **plus** any current (post-MPDDP) verified prescription drug expenses.

MPDDP participants may always claim and verify other out-of-pocket medical expenses such as fees for eyeglasses, dentures, hearing aids, attendant care, and hospital fees.

**Example: A recipient at recertification verifies the following:**

- MPDDP participation by showing a copy of the MPDDP card;
- enrollment date of January 5, 2005, by completing the new MPDDP Enrollment Date Self-Declaration form; and
- current (post-MPDDP) prescription drug expenses of **\$75** per month.

Pre-MPDDP prescription drug expenses already on file for this recipient is **\$100**.

**In this example, the AU is entitled to:**

- a monthly subsidy of \$50 (see chart);
- a flat allowance of \$23; and
- current (post-MPDDP) prescription drug expenses of **\$75**.

**Rationale:** The MPDDP allowances plus current (post-MPDDP) prescription drug expenses (\$50+\$23+\$75) total **\$148**, which is greater than the AU's pre-MPDDP prescription drug expenses of **\$100**.

This MPDDP participant may also claim and verify other out-of-pocket medical expenses such as fees for eyeglasses, dentures, hearing aids, attendant care, and hospital fees.

**BEACON  
2005 MPDDP  
Changes**

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BEACON has been changed to accommodate the processing of 2005 MPDDP participants. The changes include the following:

On the *Interview Q&A Navigator/Income and Expenses window* and the *Medical Expenses window*, the *2005 Med. Drug Dscnt Subsidy* was added to the *Type* dropdown list and the original Med Drug Discount Subsidy was renamed the *2004 Med. Drug Dscnt Subsidy* for the purpose of distinguishing between 2004 and 2005 participants who are eligible for different subsidy amounts.

**Verifying  
MPDDP  
Enrollment,  
Participation  
and Prescription  
Drug Expenses**

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To verify MPDDP participation and enrollment, the MPDDP participant must:

- Provide a copy of a Medicare Approved MPDDP card. The Medicare approved logo is attached (see Attachment A); and
- Verify date of enrollment in the MPDDP by completing the MPDDP Enrollment Date Self-Declaration form (see Attachment B).

The AU Manager must file the completed MPDDP Self-Declaration Enrollment form in the AU record.

To verify *current* (post-MPDDP) *prescription drug expenses*, the AU Manager must request:

- paid receipts for the prescription drug items used during the current month or the month prior to application/recertification; or
- the MPDDP participant's pharmacy record showing the prescription drug items and payment amounts for the current month or the month prior to application/recertification.

**Note:** Some recipients may submit a one-time only prescription drug expense of substantial amount which must be averaged over the certification period assigned at recertification/application or the remainder of the certification period in the case of a change reported during the certification period.

To verify *pre-MPDDP prescription drug expenses*, the AU Manager must request:

- copies of paid receipts for the prescription drug items used during a three-month pre-MPDDP period; or
- the MPDDP participant's pharmacy record showing the prescription drug items and payments during a three-month pre-MPDDP period.

Failure to verify *current* (post-MPDDP) *prescription drug expenses or pre-MPDDP prescription drug expenses* means the applicant/recipient will be entitled to **only** the appropriate monthly subsidy and the monthly flat allowance. The AU Manager must zero out any prescription drug expenses on file and note in the Narrative that the applicant/recipient did not verify any prescription drug expenses.

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**Processing an  
Application or  
Recertification  
Containing a  
MPDDP  
Participant**

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*When processing an application or recertification containing a MPDDP participant, the AU Manager must:*

- Tell the applicant/recipient that based on verification of MPDDP participation, they will be allowed medical expenses of:
  - a monthly subsidy based on enrollment date;
  - the \$23 flat monthly allowance; and
  - current (post-MPDDP) verified prescription drug expenses.

**OR**

- pre-MPDDP verified prescription drug expenses if these expenses total more than the appropriate monthly subsidy, the \$23 flat allowance, plus any current (post-MPDDP) prescription drug expenses.

**AND**

- Inform the applicant/recipient that all MPDDP participants are allowed to claim and verify other out-of-pocket medical expenses such as fees for eyeglasses, dentures, hearing aids, physician co-payments and hospital fees.

**Remember:** MPDDP allowances are credited at the assessed person level just like medical expenses that are not associated with MPDDP. So an AU comprised of two or more MPDDP participants would have BEACON entries representing each MPDDP participant's medical expenses.

*After the applicant/recipient verifies MPDDP participation and enrollment, the AU Manager must make the following entries on the Medical Expenses window:*

- Enter the appropriate subsidy (*see* chart on page 2 of this memo);
- Enter the flat allowance; and
- Enter current (post-MPDDP) prescription drug expenses;

**OR**

- Enter pre-MPDDP prescription drug expenses.

**Note:** Applicants/recipients claiming pre-MPDDP expenses are not entitled to either the subsidy or flat allowance.

**AND**

- Enter other verified out-of-pocket medical expenses;
  - Give the AU a certification period of twelve months; and
  - Authorize the AU.
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**Processing Case Maintenance on an AU Containing a 2005 MPDDP Participant**

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*When an ongoing AU verifies MPDDP participation and enrollment, the AU Manager must:*

- Enter the appropriate subsidy (*see* chart on page 2 of this memo);
- Enter the flat allowance; and
- Enter current (post-MPDDP) prescription drug expenses;

**OR**

- Enter pre-MPDDP prescription drug expenses.

**Note:** Applicants/recipients claiming pre-MPDDP expenses are not entitled to the subsidy or flat allowance.

**AND**

- Enter other verified out-of-pocket medical expenses;
- Allow the *certification period to expire*, do not extend or change the certification period; and
- Authorize the AU.

**Note:** AU Managers must follow-up at the next recertification to ensure that the AU is allowed MPDDP benefits for twelve months.

*Example: An ongoing MPDDP participant with SSN ending in 6, had MPDDP allowances entered onto BEACON on February 20, 2005. The current end certification date is July 9, 2005. This AU will be eligible for eight additional months of MPDDP allowances at the next recertification.*

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**Questions**

If you have any questions, please have your Hotline designee call the Policy Hotline at 617-348-8478.

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# Medicare Prescription Drug Discount Program (MPDDP) Self-Declaration Enrollment Form

I verify under the penalty of perjury that \_\_\_\_\_ of my  
Name of MPDDP Participant  
Food Stamp household enrolled in the MPDDP program on

\_\_\_\_\_  
Date

I have also provided a copy of the MPDDP card to the Department of  
Transitional Assistance.

\_\_\_\_\_  
Signature of Head of Household

\_\_\_\_\_  
Date