



March 11, 2004

Food Stamp Program Regional Letter: 04-12

Subject: Medicare Prescription Drug Card

**United States
Department of
Agriculture**

Food and
Nutrition
Service

Northeast Region

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This references the Medicare prescription drug card that will be available to many Medicare recipients this spring. The recently enacted Medicare Prescription Drug Improvement and Modernization Act of 2003 authorizes the implementation of the Medicare-Approved Drug Discount Card Program. This program is designed to help people with Medicare with the cost of prescription drugs. Starting in May, Medicare beneficiaries, except for those who have Medicaid drug coverage, will have the opportunity to enroll in a Medicare-approved prescription drug discount card, which will help to lower their prescription drug costs. Beginning in June 2004, the discount cards will provide discounts off the regular cash price of prescription drugs. In addition, also beginning in June, Medicare will provide a \$600 subsidy in 2004 and up to an additional \$600 in 2005 to Medicare beneficiaries whose incomes are not more than 135 percent of the poverty line if they do not have certain other drug coverage. These funds will be provided through the Medicare-approved drug discount card in which the beneficiary enrolls.

Medicare-approved discount card programs can charge a beneficiary an enrollment fee up to \$30 per year. (Medicare will pay the enrollment fee for beneficiaries who qualify for the \$600.) This annual fee, when paid by a household, should be treated as an allowable medical expense under 7 CFR 273.9(d)(3)(iii) because it is an expenditure on prescription drugs.

In addition, in accordance with Section 1860D-31(g)(6) of the Medicare Prescription Drug Improvement and Modernization Act and CMS regulations at 42 CFR § 403.810(e), any discount and/or subsidy households receive through the prescription drug discount card program must not be treated as income or resources in determining eligibility and benefits for the Food Stamp Program. State agencies should be reminded, however, that households may not claim a medical deduction for the cost of any prescriptions they receive free through use of the card since such costs would not be out-of-pocket.