

Number: SS-PT-04-20

Issue Date: 09/08/04

Authorized Signature _____

Topic: Medicare-Approved Drug Discount Card

Transmitting (check the box that best applies):

- New Policy
 Policy Change
 Policy Clarification
 Executive Letter
 Administrative Rule
 Manual Update
 Other: _____

Applies to (check all that apply):

- | | |
|---|--|
| <input type="checkbox"/> All DHS employees | <input type="checkbox"/> County Mental Health Directors |
| <input checked="" type="checkbox"/> Area Agencies on Aging | <input type="checkbox"/> Health Services |
| <input checked="" type="checkbox"/> Children, Adults and Families | <input checked="" type="checkbox"/> Seniors and People with Disabilities |
| <input type="checkbox"/> County DD Program Managers | <input type="checkbox"/> Other (please specify): _____ |

Policy/Rule Title:	Medicare-Approved Drug Discount Card		
Policy/Rule Number(s):	461-160-0055, 461-160-0030 and 461-115-0651	Release No:	
Effective Date:	October 1, 2004	Expiration:	
References:	Medicare Prescription Drug, Improvement and Modernization Act of 2003, Section 1860-31 (g) (6)		
Web Address:			

Discussion/Interpretation: The drug discount card was authorized by Medicare Prescription Drug, Improvement and Modernization Act of 2003 and became effective June 1, 2004. The Medicare-Approved drug discount card provides Medicare beneficiaries with negotiated prices that should be lower than the regular price of prescription drugs. The law requires that households using the drug discount card cannot experience any reduction in food stamp benefits. FNS gave states several options for implementing this policy. Based on input from field staff, DHS will use the actual, pre-discount expense for prescriptions as an allowable medical deduction.

As part of the drug card program, Medicare beneficiaries with income below 135% of FPL can receive a subsidy of \$600 this year and up to \$600 in 2005. This subsidy is not counted as income nor does it affect the medical deduction.

Many insurance companies offer prescription discount cards. This policy applies only to Medicare-Approved cards. The policy regarding treatment of prescriptions paid using other cards has not changed and we will continue to allow only the out-of-pocket costs as a medical deduction.

In order to receive the medical deduction for the pre-discount expense, staff must:

- Verify that the client has a Medicare-Approved Drug Discount Card. Medicare-Approved drug cards have a Medicare approved seal on the front.
- Verify the pre-discount expense. Use the pharmacy receipt, pharmacy printout or other appropriate verification.

In addition, there is an annual fee for the Medicare-Approved card which is an allowable medical deduction. The fee cannot exceed \$30 and workers will need to determine the amount the client paid for the card.

Clients who had the Medicare-Approved Card and were certified June 1 or later, may request restoration of FS benefits if they would have been eligible for higher benefits due to the use of actual, pre-discount prescription expenses as a medical deduction.

Implementation/Transition Instructions: Apply policy upon receipt of this transmittal as medical deductions are changed or at the next recertification.

Training/Communication Plan: Central Office will file temporary rules to support the change effective September 7, 2004 and update the FSM Manual to reflect the new policy with the January 2005 release.

Local/Branch Action Required: Share the information with staff at the next staff meeting.

Central Office Action Required: Update policy and Food Stamp Manual to reflect change.

Field/Stakeholder review: X Yes No

If yes, reviewed by: Food Stamp Policy Group and Policy Point People for input on which of the three Federal options it would be best to implement.

Filing Instructions:

f you have any questions about this policy, contact:

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