

**DSS ADMINISTRATIVE LETTER NO. ECONOMIC SERVICES 16-2005,  
Budgeting Drug Expenses Under the Medicare Drug Discount Card  
and New Medicare Drug Program (Part D) (December 21, 2005)**

**(Food Stamps)**

**TO:** County Directors of Social Services

**ATTENTION:** Food Stamp Supervisors

**DATE:** December 21, 2005

**SUBJECT:** Budgeting Drug Expenses Under the Medicare Drug Discount Card and New Medicare Drug Program (Part D)

**EFFECTIVE:** January 1, 2006

**I. GENERAL INFORMATION**

Since the middle of 2004, many food stamp recipients who also receive Medicare have participated in Medicare's Drug Discount Card Program. Medicare will begin phasing out the Drug Discount Card Program on January 1, 2006. The Medicare Prescription Drug Plans, also known as Medicare Part D, will replace the Medicare Drug Discount Card. Implementation of Medicare Part D will result in significant simplification of the food stamp policy relating to the treatment of prescription drug expenses for eligible households. The Food Stamp Program will return to the former policy of considering only non-reimbursed out-of-pocket expenses for prescription drugs in determining the household's medical deduction.

This Administrative Letter provides instructions for implementing the procedures for the new Medicare Prescription Drug Plan (Part D) as well as instructions for ending the Drug Discount Card Program.

**II. POLICY PROCEDURES**

**A. Individuals with a Medicare-Approved Drug Discount Card on December 31, 2005 and Not Enrolled in Medicare Part D:**

The Medicare Drug Discount Card will remain in effect until the effective date of the client's enrollment in Part D, or May 15, 2006; whichever is earlier.

1. Medicare recipients not enrolled in Medicare Part D after May 15, 2006, will be automatically enrolled in a Medicare Part D Prescription Drug Plan.

2. If an individual who has not enrolled in Medicare Part D applies for

Food Stamp benefits, or completes a recertification from January 1, 2006 through May 15, 2006, follow current procedures for the Medicare Drug Discount Card as outlined in current food stamp policy.

3. If an individual applies for Food Stamp benefits and the certification

period begins on June 1, 2006 or later, anticipate the client's actual out-of-pocket expenses.

## **B. Determining Allowable Medicare Part D Deductions**

1. Individuals enrolled in Medicare Part D will receive a notice specifying the monthly premium if the client must pay a premium. Individuals must provide verification of the monthly premium in order to receive a deduction for the amount of the premium.

2. The Medicare Part D Premium may be paid by bank draft, check or money order directly to the provider, or it can be deducted each month from social security benefits, similar to the Medicare Part B premium.

3. Many individuals will receive a waiver of their monthly premium due to income guidelines. Individuals who have the monthly premium waived are not eligible for a deduction for the premium amount. Please note that most Medicare recipients who receive food stamp benefits will not pay a monthly premium due to the income guidelines. Ask individuals if they are responsible for paying the Medicare Part D premium.

## **C. Changes Reported During Certification Period**

1. Individuals are not required to report changes in medical expenses. If a change is reported, react to the change according to the household's reporting requirements. Refer to Food Stamp Manual Sections 400 through 500 of the Food Stamp Certification Manual.

2. Individuals reporting enrollment in Medicare Part D, will continue to receive a medical deduction for verified expenses from participation in the Medicare Drug Discount Program through the end of the current certification period.

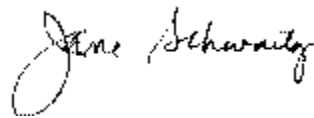
3. If a Medicare individual does not report the end of participation in the Medicare Drug Discount Card Program on or after May 15, 2006, continue the budgeted medical deductions for the remainder of the certification period. Determine the new medical deduction using current food stamp policy at recertification.

### **III. IMPLEMENTATION INSTRUCTIONS**

This policy clarification applies to all individuals currently enrolled in the Medicare Drug Prescription Card Program and/or currently approved Medicare recipients. This clarification is effective with each application, change in situation, or recertification taken or processed on or after January 1, 2006.

If you have any questions regarding this information, please contact your Food Assistance and Energy Programs Representative.

Sincerely,

A handwritten signature in cursive script that reads "Jane Schwartz".

Jane Schwartz, Chief

Economic Services Section

JS:dl/js