

CHANGE NOTICE FOR MANUAL

MANUAL: Food Stamp Certification Manual

CHANGE NO.: 2-2005 DATE: March 18, 2005

TO: County Directors of Social Services

EFFECTIVE April 1, 2005, make the following changes to the Food Stamp Certification Manual.

I. BACKGROUND

The purpose of this change is to provide instructions regarding the Medicare Prescription Drug Card as outlined in the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA), Public Law 108-173. MMA authorized the Medicare-Approved Drug Discount Card, the first step toward a prescription drug benefit for Medicare beneficiaries. The discount drug card, offered by private companies, is not a comprehensive Medicare prescription drug benefit. It is intended as a temporary program to provide immediate assistance in lowering prescription drug costs for Medicare beneficiaries during 2004 and 2005 and will end when Medicare implements the new comprehensive prescription drug benefit on January 1, 2006.

The discounts and credits a household receives through the drug discount card must be treated as standard medical expenses to be used in determining the household's medical expense deduction. This prevents households from experiencing any reduction in their food stamp benefits as a result of receiving the discount drug card. The enrollment fee for the drug discount card is also a medical expense deduction.

This change also updates the federal mileage rate for medical and self-employment expenses to 40.5 cents.

A. Anyone receiving Medicare is eligible to enroll in a Medicare-Approved Drug Discount Card Program **except** those who have their prescription drugs covered by Medicaid. Enrollment in the Medicare-Approved Drug Discount Card Program is voluntary and individuals must apply for the card.

B. Medicare beneficiaries with income less than or equal to 135 percent of the federal poverty level will receive a \$600 credit (Transitional Assistance) on the card in 2004 and again in 2005 to be used for the purchase of prescription drugs.

Anticipate that individuals who received the card in 2004 will renew participation in 2005 unless there is evidence to the contrary. The renewal process is automatic for individuals who received the \$600 credit in 2004.

In 2005, a person who is newly applying for the prescription card loses \$150 for every quarter that passes. For example, an applicant for the card in April, May or June of 2005 will only qualify for a credit of \$450. That amount will continue to decrease every quarter.

C. The discount card offers Medicare beneficiaries negotiated prices that result in discounts off the regular price of prescription drugs. The Centers for Medicare and Medicaid Services (CMS) has estimated the value of prescription drug discounts to be \$276 per year, or \$23 per month.

D. Individuals whose income exceeds 135 percent of the federal poverty level are charged an enrollment fee of up to \$30. The federal government pays the discount drug card enrollment fees for individuals whose income is at or below 135 percent of the federal poverty level.

E. An individual may choose to use, as a medical deduction, actual out-of-pocket prescription expenses incurred prior to using the discount card. The individual must provide receipts to verify the expense amount of the actual pre-discount expenses. For individuals without receipts, use the CMS average of \$48.17 for each prescription drug cost that the individual has evidence for when calculating a household's pre-discount drug costs. Evidence includes, but is not limited to, pharmacy printouts or prescription containers.

F. Act on all changes related to the Medicare-Approved Drug Discount Card that increase the household's benefit amount. Changes in the household's medical expenses due to the implementation of the Medicare-Approved Drug Discount card take precedence over policy to not react to changes until the next recertification.

II. SPECIFIC CHANGES

A. Food Stamp Manual Section 280.14, Medical Deductions

1. Allow each card holder a medical expense deduction of \$23 per month, the value of the prescription drug discounts received by card holders. The individual is eligible for this deduction even if the discount drug card covers all the individual's prescription drug expenses. Receipt of the discount drug card is enough verification to allow the deduction. Add \$23 to the existing medical expenses.

2. Allow up to a \$600 credit (Transitional Assistance) as a medical expense for each individual who has a Medicare-Approved Drug Discount

Card **and** has income that does not exceed 135 percent of the Federal Poverty Level. Any cardholder whose income is not more than the gross income test for food stamp purposes will receive the \$600 credit for 2004 and will receive the \$600 credit for 2005. No further verification of the credit is necessary. Allow the credit regardless of whether the individual pays any out-of-pocket expenses.

3. Allow up to \$30 for an enrollment fee paid by each card holder as a medical expense deduction. Only individuals whose income exceeds 135 percent of the Federal Poverty level are required to pay the fee. No further verification is necessary.

4. Increase the mileage rate to 40.5 cents for medical deductions as allowed by federal guidelines.

5. Use the "Review for Change" Fields on the DSS-8590 to track cases on which this deduction is being budgeted.

III. IMPLEMENTATION INSTRUCTIONS

These changes are effective with each application, change in situation, or recertification taken or processed on or after April 1, 2005, for benefits effective April 1st or later. For ongoing cases, make the change effective the month following the month in which the change was reported.

It is necessary to track the cases on which the Medicare Prescription Drug Card deduction is being budgeted. Complete "Review for Change" fields 73 and 74 on the DSS-8590. Enter the initial month of the deduction as the review for change date. Enter as the review for change code "S". The meaning of code "S" is now Participant(s) Has Medicare Drug Card.

IV. INSTRUCTIONS FOR MAINTENANCE OF THE FOOD STAMP CERTIFICATION MANUAL

REMOVE		INSERT	
Section	Pages	Section	Pages
280	11-22	280	11`-24

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

Sincerely,

Jane Schwartz, Chief

Economic Services Section

JS/vw

Attachments

[FSs280](#)