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Informational Letter

Section 1

Transmittal:	06-INF-19
To:	Local District Commissioners
Issuing Division/Office:	Division of Employment and Transitional Supports
Date:	June 13, 2006
Subject:	Medicare Part D Prescription Drug Plan and End of the Medicare-Approved Prescription Drug Discount Card Program Deduction
Suggested Distribution:	TA Directors, FS Directors, Staff Development Coordinators, TOP Coordinators
Contact Person(s):	Eastern Region Team at 1-800-343-8859, extension 3-1469
Attachments:	None
Attachment Available On – Line:	

Filing References

Previous ADMs/INFs	Releases Cancelled	Dept. Regs.	Soc. Serv. Law & Other Legal Ref.	Manual Ref.	Misc. Ref.
01-ADM-08 04-ADM-07		387.12(c) 387.14		FSSB Section 5 FSSB Section 11	

Section 2

I. Purpose

The purpose of this directive is to inform local districts of the Food Stamp program implications of the recently implemented Medicare Part D Prescription Drug Program, and the end of eligibility for the interim Medicare-Approved Prescription Drug Discount Card Program and its accompanying enhanced deduction.

II. Background

In 2004 the federal government instituted a **temporary** program that made Medicare Approved Prescription Drug Discount Cards available to Medicare recipients. For participants eligible for food stamps, provisions were made to allow certain discounts and credits as medical deductions. In addition to discounts on prescription drugs that enrollees received with the card, those with

income below 135% of the poverty level were given an annual credit of \$600 against the cost of their prescription drugs and an additional \$23 per month to offset the discount. As explained in detail in 04-ADM-07, New York chose to provide the credits and discount with a \$73 per month medical deduction.

Households that enrolled in the program in 2004 were entitled to the \$73 deduction for a period of 24 months regardless of whether the household converted to the new Medicare Part D prescription drug program that went into effect January 1, 2006. To that end, the WMS system:

1. **Upstate:** Allowed workers to initially determine the period for which an individual would be entitled to the enhanced medical deduction and then note the month when the medical deduction would be discontinued. To input the deduction, the worker manually either would have posted the \$73 deduction to the ABEL budget under 'Medical' or entered '1' in the 'P' field under the 'Additional Deductions/Exclusions' of the FS ABEL budget input screen (WBFSWB), and manually posted an Anticipated Future Action code 230 "ENDMEDPR" to WMS. Removal of the enhanced deduction from the ABEL food stamp budget must be done manually by the caseworker by the end of the last month of eligibility for the deduction. Further direction is provided below.
2. **New York City:** A new date field was added to the ABEL individual budget screen. This field was posted to designate the individual as a card-holder in a Medicare-Approved Prescription Drug Discount Card Program. Removal of the enhanced deduction from the NYC WMS food stamp budget will be done automatically.

Example: For individuals enrolled during 2004 the date set was to be 24 months after the \$73 standard medical deduction was budgeted. For example, November 2006 would have been set as the end date for those individuals first budgeted with the enhanced \$73 deduction in December 2004.

Individuals who enrolled in the Interim Medicare Prescription Drug Discount Card program in 2005 were entitled to the \$73 deduction for 12 months or less, dependent on the quarter of enrollment. This was again supported on the system by use of the codes as explained above.

The enhanced \$73 deduction must be removed from the food stamp budget by the end of the last month of eligibility for the deduction. As described below, this must be done even if the food stamp household is in the middle of its certification period.

III. Program Implications

With the exception of those FS recipients described above who still have some remaining months of eligibility for the \$73 deduction, Food Stamp applicants on Medicare should now only receive medical deductions for actual out-of-pocket expenses in excess of \$35 per month. Under the new Medicare Part D plan, due to reduced prescription costs and loss of the \$73 deduction, some recipients will see a reduction in Food Stamp benefits. This reduction should be more than offset by their reduced out-of-pocket prescription drug expenses.

Questions have been raised as to whether the "simplified medical deduction" implemented as part of the federal reauthorization options in October 2002 (02-ADM-07) in conjunction with the use

of certification periods of up to 24 months (01-ADM-08), would prevent districts from ending the \$73 deduction, thereby reducing medical deductions during the course of a certification period.

USDA has instructed OTDA that as they relate to enrollees in the interim Medicare-Approved Prescription Drug Discount Card program, these qualifiers do not apply. Since the end date for the benefit was known ahead of time, it can not be construed as making a reduction due to a “reported” change in a medical deduction.

IV. Systems Implications

Upstate, as stated above, the removal of the \$73 enhanced deduction from the ABEL food stamp budget must be done manually by the worker. Depending upon how the deduction first was entered, this may be done either by removing the \$73 deduction from the ABEL budget under ‘Medical’ or by removing the ‘1’ from the ‘P’ field under ‘Additional Deductions/Exclusions’ of the FS ABEL budget input screen (WBFSWB).

In New York City WMS, removal of the enhanced deduction will be done through a mass re-budgeting of the affected food stamp budgets later this year.

Issued By _____
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