United States Department of Agriculture

Food and Nutrition Service

Mountain Plains Region

1244 Speer Boulevard
Denver, CO
80204-2581

Reply to Attn of: CACFP-730
SP 04-11
SFSP-501

JUL 07 2004

Subject: Medicare Prescription Drug Card Benefits Disregarded as Income for Eligibility Determination for Free and Reduced Price Benefits

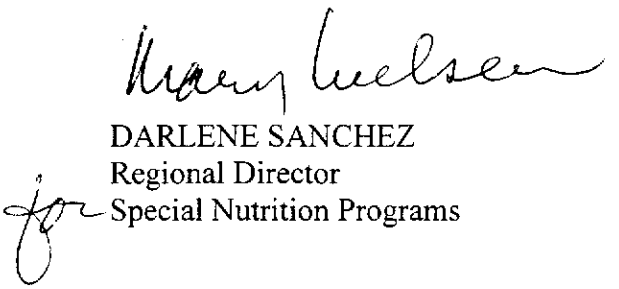
To: STATE AGENCY DIRECTORS - (Special Nutrition Programs)

Colorado ED, Colorado DPHE, Iowa, Kansas, Missouri ED, Missouri DH, Montana OPI, Montana DPHHS, Nebraska, North Dakota, South Dakota, Utah and Wyoming

Authorized by the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA), the prescription drug discount card provides Medicare beneficiaries with negotiated prices that should be lower than the regular price of prescription drugs. Additionally, from June to December 2004, Medicare is providing through the drug discount cards a $600 subsidy ("transitional assistance") to Medicare beneficiaries whose incomes are not more than 135 percent of the poverty line and who do not have certain other drug coverage. An additional subsidy of up to $600 will be provided in calendar year 2005.

Section 1860D-31(g)(6) of the Social Security Act, as amended by the MMA, states that the availability of negotiated prices or transitional assistance received through the prescription drug card "shall not be treated as benefits or otherwise taken into account in determining an individual's eligibility for, or the amount of benefits under, any other Federal program." Therefore, in accordance with the MMA and regulations issued by the Centers for Medicare and Medicaid Services, any subsidy that a household receives through the prescription drug discount program must not be treated as income in determining eligibility for free and reduced price meals under any of the Child Nutrition Programs.

If you have any questions, please contact our office at (303)-844-0354.



DARLENE SANCHEZ
Regional Director
for Special Nutrition Programs