

2 December 2004

SUBJECT: New Medicare Prescription Drug Card Q&As

TO: All Regional Program Directors
Food Stamp Program

We have been asked whether to adopt for food stamp benefit purposes the \$48.17 average cost for prescription drug purchases that the Centers for Medicare and Medicaid Services (CMS) calculated. The answer is yes, with some caveats. We have prepared two new Q&As to outline how this should work. We will add these to the current Q&As on the Food Stamp Program website. Meantime, here are the new Q&As:

Question 51: Can a State agency use the Centers for Medicare and Medicaid Services (CMS) average of \$48.17 in lieu of an actual documented prescription drug cost when calculating a household's pre-discount drug costs?

Answer: Yes. For example, a person states that he or she wishes to use the actual out-of-pocket prescription expenses that he or she incurred before getting the prescription drug card, in order to calculate the medical discount. The person has evidence of the amount of prescription drugs purchased during the last month, but does not have receipts for all the past month's drug purchases. The State agency may elect to use the CMS average prescription drug price (\$48.17) to estimate the value of each purchase of a prescription drug the person bought during that period, but for which he or she does not have a receipt.

Question 52: Well, now, is this an alternative to the prorated credit and the verified out-of-pocket expense (the 1.25 multiplier and the \$23 average cost) options? If we decide to use the \$48.17 average cost of drug purchase, do we then multiply it by 1.25 or add \$23 to it?

Answer: No, using the \$48.17 average drug purchase cost is a way to allow a household to claim actual pre-discount drug costs when the household does not have all the receipts for drugs bought during the month, or to allow you to adopt the third option listed in Q&A No. 50. Use of the pre-discount drug cost option replaces the other two options when the client or a State agency chooses to use it.

The contents of this guidance document do not have the force and effect of law and are not meant to bind the public in any way. This document is intended only to provide clarity to the public regarding existing requirements under the law or agency policies.

Please contact Dan Woodhead of my staff, at 703-305-2501, if you have questions about this change in policy.

Signed

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