Food Distribution
National Policy Memorandum

United States Department of Agriculture

Food and Nutrition Service

3101 Park Center Drive

Alexandria, VA 22302-1500

DATE: June 29, 2004

POLICY NO: FD-029: The Commodity Supplemental Food Program (CSFP)

SUBJECT: Medicare Prescription Drug Card

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. In addition, from June through December 2004, Medicare is providing through the drug discount cards a subsidy of up to $600 ("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 card program must **not** be treated as income in determining eligibility for participation in CSFP.

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