

September 3, 2004

TO: Members, LCOG Executive Committee

FROM: Ted Stevens

SUBJECT: Advocacy Regarding Eligibility for Medicare Drug Discount Card
\$600 per Year Credit

Background:

Congress enacted the Medicare Modernization Act in 2003. Among its many goals, it endeavored to create mechanisms to help Medicare recipients pay for prescription medications. Starting in January 2006, a new prescription drug benefit will be added to Medicare. For calendar years 2004 and 2005, a Drug Discount Card Program has been created to provide a “bridge” benefit while the more comprehensive prescription drug program is under development.

While supporters and critics will debate the benefits of the Drug Discount Card Program, there is one group who will clearly enjoy a benefit between now and December 31, 2005 -- low income Medicare recipients who qualify for a \$600 per year credit to help pay for prescriptions. Under the current program, a person must meet all of the following conditions to qualify for the annual credit:

- Have Medicare Part A and/or Part B;
- Not have other health insurance with any outpatient prescription drug coverage (except for a Medicare + Choice plan or a Medigap policy);
- Have an annual income in 2004 of no more than \$12,569 if single, or no more than \$16,892 if married (and, once defined by CMS, slightly higher income levels in 2005).

The Councils' Advocacy Committee, at its July meeting, discussed the Medicare Drug Discount Card Program. Members felt that the design for eligibility for

participation in the annual \$600 credit portion of the program was flawed in a significant way. In response, they approved a position statement on this matter and asked that it be presented to the Senior Services and Disability Services Advisory Councils at their upcoming meetings. (This statement is presented in the Request Action paragraph below.) The Senior Services Advisory Council supported it at its August meeting. It will be considered by the Disability Services Advisory Council at its September 10th meeting.

Requested Action:

It is recommended that the Executive Committee support the position being advocated by the Advisory Councils, and recommend it to the LCOG Board of Directors at its September 30, 2004 meeting. The action desired by the Advisory Councils is as follows: That LCOG send letters to members of Oregon's Congressional delegation and to the U.S. Centers for Medicare and Medicaid Services (CMS) urging that the eligibility requirements for the annual \$600 credit within the Medicare Drug Discount Card Program be amended to look at gross income minus recurring medical and long term care expenses, rather than gross income alone. (Note: The intent of this action would be to use CMS' thresholds of \$12,569 for single persons and \$16,892 for married persons, however, to apply these limits to net annual income, as defined above, rather than gross income.)

A copy of a proposed letter to Dr. Mark McClellan, Administrator of CMS, is attached for Executive Committee members' review.

Attachment