



**United States  
Department of  
Agriculture**

June 28, 2004

Food and  
Nutrition  
Service

**SUBJECT:** Medicare Prescription Drug Card

**TO:** Special Nutrition Programs  
All Regions  
State Agencies  
Child Nutrition Programs  
All States

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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 card program must not be treated as income in determining eligibility for free and reduced price meals under any of the Child Nutrition Programs.

Signed

A handwritten signature in cursive script, appearing to read "Stanley C. Garnett".

STANLEY C. GARNETT  
Director  
Child Nutrition Division

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.