



## Information Partners Can Use on: MEDICARE PRESCRIPTION DRUG COVERAGE AND OTHER FEDERAL MEANS-TESTED PROGRAMS

### New Medicare Prescription Drug Coverage

As of May 25, 2005

**Note:** This information is intended to help partners and stakeholders explain how Medicare prescription drug coverage will work with other federal means-tested programs.

#### Food stamps

Food stamps offsets income with medical expenses over \$35 per month. Therefore, people with high drug spending may see their food stamps benefit lowered as a consequence of lower drug spending if they receive extra help paying for Medicare prescription drug coverage. However, the reduction in food stamps will be more than offset by the value of the extra help they'll receive paying for a Medicare prescription drug plan. Generally, every \$1 increase in adjusted income (because drug spending declines), results in only \$0.30 decline in food stamps. Some people who currently receive the minimum food stamps benefit of \$10 because high drug spending reduces their income enough to qualify for food stamps, may no longer qualify for food stamps as their drug spending declines.

#### HUD-housing assistance

Similarly, HUD offsets income with medical expenses over 3% of income. HUD housing assistance may be reduced as a consequence of lower drug spending for people who receive extra help paying for Medicare prescription drug coverage. However, just as with food stamps, any housing assistance reduction will be more than offset by the value of the extra help. Generally, every \$1 increase in adjusted income (because drug spending declines), results in only \$.30 decline in HUD assistance. Most recipients of HUD housing assistance pay no more than 30% of adjusted income for rent. They may see their portion of the rent increase and their housing assistance decrease if they no longer have high drug spending, but they will not lose their eligibility for housing assistance.

## Medicaid

Medicaid eligibility based on income alone will not be affected by extra help with Medicare prescription drug coverage. Medicaid eligibility in states that have “medically needy” programs (where income is offset by medical bills) may be affected to the extent that an individual’s medical spending is no longer high enough to qualify for Medicaid benefits. Anyone receiving Medicaid benefits in summer 2005-winter 2005 will be automatically eligible for extra help for the entire 2006 calendar year regardless of whether or not they lose Medicaid benefits because their drug spending is no longer high enough to “spend down” to Medicaid eligibility come 2006.

## Low Income Home Energy Assistance Program (LIHEAP)

Home energy assistance is based on income that is not adjusted for medical expenses. Therefore, extra help paying for Medicare prescription drug coverage will not affect the receipt of LIHEAP benefits.

## Supplemental Security Income (SSI)

SSI benefits are generally based on income without regard to medical expenses. For a small group of individuals who are disabled and returning to work, benefits may be affected by the new Medicare prescription drug coverage. These are individuals who currently have out-of-pocket expenses for prescription drugs that allow them to work. Those expenses are used to reduce the person’s countable income and thus increase their SSI. To the extent that the person’s out-of-pocket expenses are reduced because of eligibility for extra help, the person’s income exclusion will also be reduced.

## For more information about Medicare prescription drug coverage...

Read the “Medicare & You 2006” handbook you get in the mail in October 2005. It will include more detailed information about Medicare prescription drug plans, including which plans will be available in your area. After that time, if you need help choosing a Medicare prescription drug plan that meets your needs, you can

- Visit [www.medicare.gov](http://www.medicare.gov) on the web and select “search tools” to get personalized information.
- Call your State Health Insurance Assistance Program (SHIP). (See your copy of the “Medicare & You 2006” handbook for their telephone number) You can also call 1-800-MEDICARE (1-800-633-4227), or look at [www.medicare.gov](http://www.medicare.gov) on the web to get their telephone number. TTY users should call 1-877-486-2048.
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