

September 30, 2004

Dr. Mark McClellan, Administrator
Centers for Medicare and Medicaid Services
7500 Security Blvd.
Baltimore, MD 21244-1850

Dear Dr. McClellan:

RE: Eligibility for the Medicare Drug Discount Card Annual \$600 Credit

On behalf of the Board of Directors of Lane Council of Governments (LCOG), the policy body for the Area Agency on Aging for Lane County, Oregon, I write to urge the Centers for Medicare and Medicaid Services (CMS) to amend one of the eligibility criteria for receipt of the \$600 per year credit within the Medicare-approved drug discount card program.

Under CMS' current rules, for a person to qualify for the credit, all of the following conditions must apply:

- Be enrolled in Medicare Part A and/or Part B;
- Not have other health insurance with outpatient prescription drug coverage (except for a Medicare + Choice plan or a Medigap policy);
- Have annual income in 2004 of no more than \$12,569 if single, or \$16,862 if married.

LCOG finds the annual income criterion noted above too restrictive, since it is based on gross income. We favor an approach which applies these limits to net income, after on-going medical and long term care expenses are deducted.

LCOG urges your conversion to this approach due to the fact that many Medicare recipients with incomes about these limits struggle to make ends meet each month due to high, on-going medical and long term care expenses. As an example, consider a 67 year old widowed woman with multiple sclerosis who has a monthly income of \$2,000 (or \$24,000/year). She is quite impaired, and spends \$1,200/month on medicine and attendant care. As a result, her "disposable" income for food, shelter, transportation, and other necessities, is limited to

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\$800/month, or \$9,600/year. However, since her gross income is higher than the threshold for the \$600 credit, she is not eligible for this helpful benefit.

LCOG hopes that CMS will recognize the problem with the use of gross income to determine eligibility for the \$600 credit and, as a consequence, will convert to the use of net income. This change will enable many near-poor Medicare beneficiaries to take advantage of the drug purchase credit.

Sincerely,

Jerry Miller, Chairperson
LCOG Board of Directors

c: Senator Gordon Smith
Senator Ron Wyden
Congressman Peter DeFazio

