

Rico, and Virgin Islands, are eligible to enroll in an endorsed program. Whereas Medicare beneficiaries residing in the 50 States and the District of Columbia are ineligible for the Medicare drug discount card program if they have outpatient prescription drug coverage under Medicaid or a section 1115 waiver demonstration, as provided in § 403.817(d) of our regulations and as discussed in section II.J. of this document, Medicare beneficiaries residing in the territories who also receive outpatient prescription drug coverage under Medicaid or a Medicaid section 1115 waiver are eligible for the Medicare drug discount card program.

## 2. Eligibility for Transitional Assistance

Under section 1860D–31(b)(2) of the Act, and as provided in § 403.810(b) of our regulations, a beneficiary is eligible to receive transitional assistance if the beneficiary is eligible for the Medicare drug discount card program and meets the following requirements:

(1) The beneficiary resides in one of the 50 States or the District of Columbia;

(2) The beneficiary's income is not more than 135 percent of the poverty line applicable to the beneficiary's family size; and

(3) The beneficiary does not have coverage for covered discount card drugs under one or more of the following sources: (a) TRICARE coverage under chapter 55 of title 10, (b) a Federal Employee's Health benefit plan under chapter 89 of title 5, or (c) a group health plan or health insurance coverage, as those terms are defined under section 2791 of the Public Health Service Act (42 U.S.C. 300gg–91), other than a plan under Medicare Part C or a group health plan or health insurance coverage consisting solely of excepted benefits, as that term is defined under section 2791 of the Public Health Service Act (42 U.S.C. 300gg–91(c)).

The poverty line is defined in section 673(2) of the Community Services Block Grant Act, 42 U.S.C. 9902(2), and is revised annually by the Secretary. Excepted benefits include, but are not limited to, medical supplemental insurance (Medigap insurance), limited scope dental or vision benefits, liability insurance (for example, automobile insurance), coverage for a specific disease or illness, and workers' compensation insurance.

Under section 1860D–31(f)(2)(B) of the Act, beneficiaries who have been verified as eligible for transitional assistance will be considered so eligible for the entire period of their enrollment in any endorsed program. We therefore provide in § 403.810(b) of the regulations that a beneficiary is eligible

for transitional assistance if he or she satisfies the above requirements at the time of applying for transitional assistance. Thus, we specify in 403.810(d) that once a beneficiary has been determined eligible for transitional assistance, he or she will remain eligible for transitional assistance for the duration of the beneficiary's enrollment in the Medicare drug discount card program. A beneficiary will no longer be eligible for transitional assistance if he or she disenrolls from the program; specifically, if he or she disenrolls from an endorsed program and is ineligible for a special election period that would allow the individual to enroll in another endorsed program in accordance with § 403.811(b)(2) of the regulations, as discussed below in section II.A.6.

Although beneficiaries with outpatient drug coverage under a group health plan or health insurance coverage generally are ineligible for transitional assistance, as noted above, the statutory definition of transitional assistance eligible beneficiaries carves out from this exclusion outpatient drug coverage under a Part C plan described in section 1851(a)(2) of the Act or a policy consisting solely of excepted benefits. Consequently, provided that they meet all other eligibility criteria, beneficiaries with outpatient drug coverage under a Part C plan or a policy consisting solely of excepted benefits, such as Medigap, are still eligible for transitional assistance even if their employer pays all or a portion of the premium for such plans or policies.

Section 1860D–31(f)(1)(B) of the Act gives the Secretary the authority to define "income" and "family size" as it pertains to determinations of a beneficiary's eligibility for transitional assistance. Income refers to the amount, type, and ownership of income that will be counted in determining whether an applicant's income is no more than 135 percent of the poverty line for the beneficiary's family size. For purposes of the Medicare drug discount card program, we have defined "income" as including the components of adjusted gross income, as defined under 26 U.S.C. 62, and, to the extent not included in the components of AGI retirement and disability benefits, or, if the beneficiary is married, the sum of such income for both the beneficiary and his or her spouse.

Family size means the number of beneficiaries by which 135 percent of the poverty line must be adjusted to determine the income threshold the beneficiary's income may not exceed in order to be eligible for transitional assistance. For purposes of this program, we have defined "family size"

as one for unmarried individuals and two for individuals who are married. This definition is based on the rules of the Supplemental Security Income (SSI) program established under title XVI of the Act. While the SSI program does not actually define "family" or "family size," it makes eligibility determinations based in part on whether a beneficiary is single or married. The income definition above is not based on the SSI definition because the systems-based process we intend to use to determine eligibility for transitional assistance is different from the interview determination process used to determine eligibility for SSI, and from the process we will use under Part D. For this short-term program, the statute directs us to determine eligibility based on self-certification, with CMS to perform eligibility verifications via computer matching of Federal databases, as discussed below. We will not use an individual determination process as SSI uses; hence we have chosen a simpler definition than the elaborate definition SSI uses.

In section 1860D–31(f) of the Act, the statute directs us to determine eligibility based on self-certification, with CMS to verify self-certified eligibility through data matching. We have developed an information system for verifying beneficiaries' eligibility for the Medicare drug discount card program. Among other functions, this system will verify, to the extent possible, that the income of beneficiaries applying for transitional assistance does not exceed 135 percent of the poverty line for their family size. As provided in section 1860D–31(f)(3) of the Act, this system relies on income and retirement benefit information provided by the Internal Revenue Service (IRS) and the Social Security Administration, and may include additional data sources as they become available.

As part of the standard enrollment form, a beneficiary must certify, under penalty of perjury that, to the best of the beneficiary's knowledge, the information about his or her current income status and outpatient prescription drug coverage, as provided on the form, is accurate. If we are unable to conclusively verify whether an individual's income is no more than 135 percent of the poverty line for his or her family size, we may request that the beneficiary provide us with additional financial information. In § 403.810(f)(2) of our regulations, we reserve the right to make the provision of this additional information a condition of receiving transitional assistance.

Section 1860D–31(f)(3)(C)(i) of the Act gives the Secretary the authority to find