

that Medicare beneficiaries eligible under title XIX as Qualified Medicare Beneficiaries (QMBs), Specified Low-Income Medicare Beneficiaries (SLMBs), or as Qualifying Individuals (QIs) satisfy the income threshold requirement for eligibility for transitional assistance. Therefore, § 403.810(c) of our regulations specifies that these individuals by definition will be deemed to have met the income threshold requirement for transitional assistance. However, these individuals must meet the other eligibility criteria set forth in § 403.810(b) of our regulations to be determined eligible for transitional assistance.

Section 1860D–31(b)(4) directs the Secretary to issue appropriate rules addressing the eligibility of medically needy beneficiaries, as described in section 1902(a)(10)(C) of the Act, for transitional assistance. Medically needy beneficiaries will be treated the same as all other beneficiaries applying for transitional assistance and therefore will be eligible for transitional assistance if at the time of applying for transitional assistance they meet the eligibility criteria set forth in § 403.810(b) of the regulations. An individual who is already enrolled in an endorsed discount card program and subsequently qualifies for outpatient drug coverage under Medicaid as a medically needy beneficiary, will not be disenrolled or denied transitional assistance solely because he or she is now receiving outpatient drug coverage under Medicaid.

Under § 403.810(b)(2) of our regulations, residents of the territories are not eligible for transitional assistance under the Medicare drug discount card program. However, under section 1860D–31(j)(2) of the Act, and as provided in § 403.817(e) of our regulations, a territory may establish its own transitional assistance plan. As discussed in section II.J. of this document, a territory choosing to establish its own transitional assistance plan may offer transitional assistance to any individual entitled to benefits, or enrolled, under Medicare Part A or enrolled under Medicare Part B, whose income is no more than 135 percent of the poverty line for the individual's family size, regardless of whether that individual receives outpatient drug coverage under Medicaid or a section 1115 waiver demonstration.

As specified in section 1860D–31(g)(6) of the Act and provided in § 403.810(e) of our regulations, any benefits received under the Medicare drug discount card program will not be taken into account in determining a beneficiary's eligibility for, or the

amount of benefits under, any other Federal program.

3. Enrollment in an Endorsed Program

Section 1860D–31(c)(1) of the Act requires the Secretary to establish a process through which beneficiaries enroll in endorsed programs. Section 403.811(a) of our regulations specifies the programmatic requirements of this process.

We anticipate that endorsed sponsors will begin enrolling eligible beneficiaries in their endorsed programs no later than six months after enactment of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003.

Throughout this document, when we refer to a beneficiary, enrollee, or individual in the context of taking action regarding the Medicare drug discount card program, such as applying for the discount card, transitional assistance, or reconsideration, we also mean the individual's authorized representative. This representative can complete an enrollment form on a individual's behalf, certify the accuracy of its content, authorize CMS to verify the individual's eligibility information, conduct other enrollment and disenrollment transactions, and otherwise represent the individual with regard to this program. Our regulations at § 403.806(l) specify the way endorsed sponsors must treat authorized representatives.

Under the authority in section 1860D–31(c)(1)(A) of the Act, we provide in § 403.811(a)(5) of our regulations, that an individual who is not currently enrolled in an endorsed card program can enroll in any endorsed program serving residents of their State at any time during the enrollment period. As provided in section 1860D–31(c)(1) of the Act and § 403.811(a)(6) of our regulations, an individual may only enroll in one endorsed program at a time. Relying on the authority in section 1860D–31(c)(1) of the Act, we provide in § 403.811(a)(7) of our regulations that an individual can enroll in one endorsed program per year during the enrollment period. Finally, § 403.811(a)(9) of our regulations specifies that no new enrollment or changing of endorsed card election can occur during the transition period.

Under section 1860D–31(c)(1)(A) of the Act, and as provided in § 403.811(a)(10) of our regulations, a discount card eligible individual not already enrolled in an endorsed program may enroll in any endorsed program serving residents of the State in which the beneficiary resides, with the exception of beneficiaries enrolled in

certain Part C or reasonable cost reimbursement plans offering “exclusive card programs.” (A Part C organization as described in section 1851(a)(2)(A) of the Act that offers enrollment in a coordinated care plan or an organization that offers enrollment under a reasonable cost reimbursement plan described in section 1876(h) of the Act are hereinafter referred to as “Medicare managed care organizations” and the plans they offer, “Medicare managed care plans,” respectively.) An “exclusive card sponsor” is a Medicare managed care organization that offers an endorsed program with enrollment limited to members of one or more of its Medicare managed care plan(s). Under section 1860D–31(c)(1)(E) of the Act, members of Medicare managed care plans offered by exclusive card sponsors that include access to an exclusive card program as part of the plan's benefit package, may only enroll in such exclusive card programs. Medicare managed care organizations as card sponsors, including exclusive card sponsors, are discussed in section II.G. of this document.

As part of our verification system, we will verify whether each beneficiary seeking enrollment receives outpatient drug coverage under Medicaid or a section 1115 waiver demonstration, is enrolled in another endorsed program, or is a member of a Medicare managed care plan offering an exclusive card program. This system will include files provided to us by the State Medicaid programs and a database for tracking beneficiaries' enrollment and disenrollment from endorsed programs.

If a beneficiary wishes to apply for transitional assistance when he or she applies to enroll in an endorsed program, the endorsed sponsor may not enroll the beneficiary in its endorsed program until the beneficiary is determined eligible for transitional assistance. If the beneficiary is determined ineligible for transitional assistance and still wishes to enroll in the endorsed sponsor's endorsed program, the sponsor must provide the beneficiary with an opportunity to actively choose to enroll in the drug card only through enrollment processes as specified by the Secretary and permitted by the endorsed sponsor. This requirement is specified in § 403.811(a)(3) of our regulations. We create this requirement because we believe a beneficiary's eligibility or ineligibility for transitional assistance may influence his or her decision to enroll in the Medicare drug discount card program and which endorsed program he or she selects.