

# The Role of the States in the Drug Discount Card

**Nancy Atkins, MSN, RNC, NP  
Medicaid Director, West Virginia**

**National Association of  
State Medicaid Directors**  
An affiliate of the American Public Human Services Association

## The Role of the States in the Drug Discount Card

### 1. Beneficiary Outreach and Education

- State Medicaid agencies and State Pharmaceutical Assistance Programs (SPAPs) will need to be able to answer beneficiaries' questions about the Medicare drug discount card and how it will interact with Medicaid and SPAP benefits.

## The Role of the States in the Drug Discount Card (continued)

### 2. Providing Data to CMS

- State Medicaid agencies will provide data files to CMS on a monthly basis that identify dual eligibles.
- Dual eligibles with Medicaid drug coverage are excluded from the drug discount card program. CMS will use state data to ensure that duals are not enrolled in a drug discount card.
- The data will also identify QMBs, SLMBs, and QI-1s. These categories of beneficiaries will be deemed as meeting the income eligibility requirements for transitional assistance.

## The Role of the States in the Drug Discount Card (continued)

### 3. Coordinating Benefits for Medicaid Beneficiaries with Medicare Drug Discount Cards

- Although Medicaid beneficiaries are excluded from the drug discount card program, some individuals will end up enrolled in both programs.
- Once a person enrolls in a drug discount card, they can keep the card even if they later enroll in Medicaid.

## The Role of the States in the Drug Discount Card (continued)

### 4. Coordinating Benefits for State Pharmaceutical Assistance Program (SPAP) Beneficiaries with Medicare Drug Discount Cards

- SPAPs can choose to coordinate benefits with drug discount card programs. This may involve changing the SPAP benefit structure, contracting with and/or coordinating benefits with drug card sponsors and pharmacies, and educating beneficiaries.

## State Concerns

### 1. Coordinating Benefits for Individuals Enrolled in Both Medicaid and a Drug Discount Card with Transitional Assistance (TA)

- CMS has indicated that states are expected to apply standard third-party liability requirements to the TA program.
- When a Medicaid beneficiary enrolled in a discount card with TA purchases a drug, any remaining TA funds should be applied to the cost of the drug prior to billing Medicaid. However, Medicaid will be responsible for the beneficiary's mandatory TA co-pay.
- States do not currently have systems that would enable them to coordinate benefits with TA funds and do not have time to implement the required systems prior to the start of the drug card program.

## State Concerns (continued)

---

### 2. “Woodwork Effect”

- Medicaid programs may experience an increase in applicants as persons who apply for the drug discount card learn that they might also be eligible for Medicaid.

### 3. Administrative Expenses

- Sharing dual eligible data with CMS will increase state administrative costs and staff workload.
- 

## State Concerns (continued)

### 4. Coordinating Benefits for Individuals Enrolled in an SPAP and the Drug Discount Card

- SPAPs will have to work with drug card sponsors, pharmacies, and beneficiaries to ensure successful coordination of benefits.

### 5. Medicaid Drug Prices

- The discounts offered by pharmaceutical companies through drug discount card programs may be offset by raising drug prices for other purchasers, such as Medicaid programs.
-