

107TH CONGRESS
1ST SESSION

S. 1600

To amend the Internal Revenue Code of 1986 to allow medicare beneficiaries a refundable credit against income tax for the purchase of outpatient prescription drugs.

IN THE SENATE OF THE UNITED STATES

OCTOBER 31, 2001

Mr. DAYTON introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to allow medicare beneficiaries a refundable credit against income tax for the purchase of outpatient prescription drugs.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Rx Relief for Seniors
5 Act”.

6 **SEC. 2. REFUNDABLE CREDIT FOR OUTPATIENT PRESCRIP-**
7 **TION DRUGS FOR MEDICARE BENEFICIARIES.**

8 (a) IN GENERAL.—Subpart C of part IV of sub-
9 chapter A of chapter 1 of the Internal Revenue Code of

1 1986 (relating to refundable credits) is amended by redese-
 2 ignating section 35 as section 36 and by inserting after
 3 section 34 the following new section:

4 **“SEC. 35. OUTPATIENT PRESCRIPTION DRUGS FOR MEDI-**
 5 **CARE BENEFICIARIES.**

6 “(a) IN GENERAL.—In the case of an eligible indi-
 7 vidual, there shall be allowed as a credit against the tax
 8 imposed by this subtitle an amount equal to the amount
 9 paid during the taxable year, not compensated for by in-
 10 surance or otherwise, for qualified outpatient prescription
 11 drugs for such individual.

12 “(b) LIMITATION.—The amount allowed as a credit
 13 under subsection (a) to the taxpayer for the taxable year
 14 shall not exceed \$500 (\$1,000 in the case of a joint return
 15 by 2 eligible individuals).

16 “(c) ELIGIBLE INDIVIDUAL.—For purposes of this
 17 section, the term ‘eligible individual’ means, with respect
 18 to any taxable year, any individual entitled to any benefits
 19 under title XVIII of the Social Security Act during such
 20 taxable year.

21 “(d) QUALIFIED OUTPATIENT PRESCRIPTION
 22 DRUGS.—For purposes of this section, the term ‘qualified
 23 outpatient prescription drugs’ means, with respect to any
 24 taxable year, any prescription drug the cost of which is

1 not covered under title XVIII of the Social Security Act
 2 during such taxable year.

3 “(e) SPECIAL RULES.—

4 “(1) COORDINATION WITH MEDICAL EXPENSE
 5 DEDUCTION.—The amount which would (but for this
 6 paragraph) be taken into account by the taxpayer
 7 under section 213 for the taxable year shall be re-
 8 duced by the credit (if any) allowed by this section
 9 to the taxpayer for such year.

10 “(2) APPLICATION OF SECTION.—This section
 11 shall not apply to any taxable year beginning after
 12 December 31, 2001.”.

13 (b) CONFORMING AMENDMENTS.—

14 (1) Paragraph (2) of section 1324(b) of title
 15 31, United States Code, is amended by inserting be-
 16 fore the period “, or from section 35 of such Code”.

17 (2) The table of sections for subpart C of part
 18 IV of subchapter A of chapter 1 of the Internal Rev-
 19 enue Code of 1986 is amended by striking the last
 20 item and inserting the following new items:

“Sec. 35. Outpatient prescription drugs for medicare beneficiaries.
 “Sec. 36. Overpayments of tax.”.

21 (c) NOTIFICATION OF CREDIT.—The Secretary of
 22 Health and Human Services shall notify each individual
 23 who is or becomes entitled to benefits under title XVIII
 24 of the Social Security Act in 2001 of the individual’s eligi-

1 bility for the refundable credit for outpatient prescription
2 drugs under section 35 of the Internal Revenue Code of
3 1986 (as added by this section).

4 (d) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to taxable years beginning after
6 December 31, 2000.

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