

108TH CONGRESS
1ST SESSION

S. 142

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

IN THE SENATE OF THE UNITED STATES

JANUARY 13, 2003

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 an advanced 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. ADVANCED REFUNDABLE CREDIT FOR OUT-**
4 **PATIENT PRESCRIPTION DRUGS FOR MEDI-**
5 **CARE BENEFICIARIES.**

6 (a) IN GENERAL.—Subpart C of part IV of sub-
7 chapter A of chapter 1 of the Internal Revenue Code of
8 1986 (relating to refundable credits) is amended by redes-

1 ignating section 36 as section 37 and by inserting after
 2 section 35 the following new section:

3 **“SEC. 36. OUTPATIENT PRESCRIPTION DRUGS FOR MEDI-**
 4 **CARE BENEFICIARIES.**

5 “(a) IN GENERAL.—In the case of an eligible indi-
 6 vidual, there shall be allowed as a credit against the tax
 7 imposed by this subtitle an amount equal to so much of
 8 the amount paid during the taxable year, not compensated
 9 for by insurance or otherwise, for qualified outpatient pre-
 10 scription drugs for such individual as exceeds 10 percent
 11 of the taxpayer’s taxable income for such taxable year.

12 “(b) ELIGIBLE INDIVIDUAL.—For purposes of this
 13 section, the term ‘eligible individual’ means, with respect
 14 to any taxable year, any individual entitled to any benefits
 15 under title XVIII of the Social Security Act during such
 16 taxable year.

17 “(c) QUALIFIED OUTPATIENT PRESCRIPTION
 18 DRUGS.—For purposes of this section, the term ‘qualified
 19 outpatient prescription drugs’ means, with respect to any
 20 taxable year, any prescription drug the cost of which is
 21 not covered under title XVIII of the Social Security Act
 22 during such taxable year.

23 “(d) COORDINATION WITH MEDICAL EXPENSE DE-
 24 Duction.—The amount which would (but for this para-
 25 graph) be taken into account by the taxpayer under sec-

tion 162(l) or 213 for the taxable year shall be reduced by the credit (if any) allowed by this section to the taxpayer for such year.

“(e) **ADVANCED REFUNDABILITY.**—The Secretary shall provide for the advanced refundability of the credit allowed under this section to be made in quarterly payments to taxpayers providing such information as the Secretary requires in order to make a proper determination of such payments.”.

(b) **CONFORMING AMENDMENTS.**—

(1) Paragraph (2) of section 1324(b) of title 31, United States Code, is amended by inserting before the period “, or from section 36 of such Code”.

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

“Sec. 36. Outpatient prescription drugs for medicare beneficiaries.
“Sec. 37. Overpayments of tax.”.

(c) **NOTIFICATION OF CREDIT.**—The Secretary of Health and Human Services shall notify each individual who is or becomes entitled to benefits under title XVIII of the Social Security Act in 2002 of the individual’s eligibility for the advanced refundable credit for outpatient prescription drugs under section 36 of the Internal Revenue Code of 1986 (as added by this section).

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2002.

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