

108TH CONGRESS  
1ST SESSION

# S. 951

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.

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IN THE SENATE OF THE UNITED STATES

APRIL 30, 2003

Mr. WARNER (for himself, Mr. DAYTON, and Ms. COLLINS) introduced the following bill; which was read twice and referred to the Committee on Finance

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## 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 “Older Americans Pre-  
5 scription Drug Tax Relief 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 redes-  
2 ignating section 36 as section 37 and by inserting after  
3 section 35 the following new section:

4 **“SEC. 36. 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 50 percent  
9 of the amount paid during the taxable year, not com-  
10 pensated for by insurance or otherwise, for qualified out-  
11 patient prescription drugs for such individual.

12 “(b) LIMITATIONS.—

13 “(1) DOLLAR LIMITATION.—The amount paid  
14 for qualified outpatient prescription drugs which  
15 may be taken into account under subsection (a) for  
16 any taxable year with respect to any eligible indi-  
17 vidual shall not exceed \$1,000.

18 “(2) INCOME LIMITATION.—The amount allow-  
19 able as a credit under subsection (a) for any taxable  
20 year shall be reduced (but not below zero) by \$100  
21 for each \$1,000 (or fraction thereof) by which the  
22 taxpayer’s adjusted gross income for the taxable  
23 year exceeds \$75,000 (\$150,000 in the case of a  
24 joint return).

1       “(c) ELIGIBLE INDIVIDUAL.—For purposes of this  
2 section, the term ‘eligible individual’ means, with respect  
3 to any taxable year, any individual entitled to any benefits  
4 under title XVIII of the Social Security Act during such  
5 taxable year.

6       “(d) QUALIFIED OUTPATIENT PRESCRIPTION  
7 DRUGS.—For purposes of this section, the term ‘qualified  
8 outpatient prescription drugs’ means, with respect to any  
9 taxable year, any prescription drug other than a prescrip-  
10 tion drug any portion of the cost of which is covered under  
11 title XVIII of the Social Security Act during such taxable  
12 year.

13       “(e) COORDINATION WITH MEDICAL EXPENSE DE-  
14 DUCTION.—The amount which would (but for this para-  
15 graph) be taken into account by the taxpayer under sec-  
16 tion 162(l) or 213 for the taxable year shall be reduced  
17 by the credit (if any) allowed by this section to the tax-  
18 payer for such year.”.

19       (b) CONFORMING AMENDMENTS.—

20           (1) Paragraph (2) of section 1324(b) of title  
21           31, United States Code, is amended by inserting be-  
22           fore the period “, or from section 36 of such Code”.

23           (2) The table of sections for subpart C of part  
24           IV of subchapter A of chapter 1 of the Internal Rev-

1        enue Code of 1986 is amended by striking the last  
2        item and inserting the following new items:

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

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

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