MEDICARE RIGHTS CENTER
Getting Medicare right

Protect and Strengthen:
Medicare and Medicaid

Medicare guarantees access to health care for older adults and people with disabilities. Together with the Affordable Care Act (ACA) and Medicaid, Medicare builds health security and well-being for Americans of all ages. Any changes to these programs must aim for healthier people, better care, and smarter spending—**not paying more for less.**

For decades, Medicare and Medicaid have served as building blocks for health care and well-being for older adults and people with disabilities. The programs, with some overlap, serve different populations, provide different benefits, have different structures, and often face different political obstacles.

Medicare

- Medicare was established in 1965 to provide health insurance to people age 65 and older, regardless of income or medical history.

- The program was expanded in 1972 to include people under age 65 with permanent disabilities receiving Social Security Disability Insurance (SSDI) payments and people with end-stage renal disease (ESRD). In 2001, Medicare eligibility expanded further to cover people with amyotrophic lateral sclerosis (ALS, or Lou Gehrig's disease).[i]

- Today, Medicare helps 59 million older adults and people with disabilities of all ages pay for hospital and physician visits, prescription drugs, and other acute and post-acute care services.

Medicare Financing

- Medicare is primarily financed through payroll taxes, general revenues, and premiums paid by enrollees. Other sources include taxes on Social Security benefits, payments from states, and interest.

Medicare Services and Eligibility

- Medicare has four parts: A, B, C, and D. Each has its own eligibility requirements, as described below:

  - **Part A (Inpatient/Hospital Coverage)** covers most medically necessary hospital, skilled nursing facility, home health, and hospice care. For most people, there is no premium for Part A. Most people age 65

People with Medicare: Just the Facts

Most people with Medicare cannot afford to pay more. In 2016, half of all Medicare beneficiaries had incomes below $26,200 and one quarter had incomes below $15,250.

People of color live on even less. The median income for black beneficiaries is $17,350 per year and just $13,650 for Hispanic beneficiaries.

Older people of color are more likely to live in poverty. The poverty rate is 18% for black adults over 65 and 20% for Hispanic adults compared to 7% for white adults.

People with Medicare already pay a significant amount towards health care. In 2016, they paid 14% of household expenses towards health care costs, more than double that of non-Medicare households (6%).

and older are eligible for Part A, as are some people under age 65 with permanent disabilities and those with ESRD or ALS.

- o **Part B (Outpatient/Medical Coverage)** covers most medically necessary doctors' services, preventive care, durable medical equipment, hospital outpatient services, laboratory tests, x-rays, mental health care, and some home health and ambulance services. There is a monthly premium for this coverage. People eligible for Part A are also eligible for Part B.

- o **Part C (Medicare Advantage)** is not a separate benefit. Rather, it is the part of Medicare that allows private health insurance companies to provide Medicare benefits. Medicare Advantage Plans must offer, at minimum, the same coverage as Parts A and B, and most include Medicare prescription drug coverage (Part D). There is usually a monthly premium, which is in addition to the Part B monthly premium. People may choose to enroll in Part C if they are entitled to Part A and enrolled in Part B.

- o **Part D (Prescription Drug Coverage)** is the part of Medicare that provides outpatient drug coverage. Part D is provided only through private insurance companies that have contracts with the government. People are eligible for Part D if they are enrolled in Part A, Part B, or both.[ii]

- Medicare has notable coverage gaps. The program does not generally cover long-term care, vision, dental, or hearing services.[iii]

Medicaid

- The Medicaid program was established in 1965 by the same federal legislation that established Medicare. Originally conceived as a medical assistance supplement for people receiving cash welfare assistance, the Medicaid program has been expanded over time.[iv]

- Today, Medicaid covers 74 million Americans across a broad low-income population, including pregnant women, children and adults with diverse physical and mental health conditions, and low-income Medicare beneficiaries.[v]

Medicaid Financing

- Medicaid is financed and administered through a federal-state partnership. The federal government matches state Medicaid spending based on a statutory formula. States have flexibility in how they structure and provide benefits, but federal law specifies core requirements that all states must meet as a condition of receiving federal Medicaid funding.

People with Medicaid:
Just the Facts

Over 74 million people have health care coverage via Medicaid and the Children's Health Insurance Program (CHIP). This includes people on Medicaid as it existed prior to the ACA and people covered by the ACA's Medicaid expansion.

Thirty-two states have expanded Medicaid coverage to low-income adults between 19-64. Maine has also voted to expand Medicaid but has not implemented the expansion yet.

In 2015, the median Medicaid income limit for parents in the non-expansion states was about $9,200 for a family of three.

Over 11 million people have both Medicare and Medicaid.

Medicaid often covers many services that are not covered in Medicare, including long-term care, home and community based services, and dental services.

Medicaid Services and Eligibility

- States must cover core groups of low-income individuals, as outlined in federal law, and may expand coverage to include additional populations. These core groups include low-income pregnant women, children, parents, older adults, and people with disabilities.

- Most recently, the Affordable Care Act (ACA) established a new optional Medicaid eligibility group for low-income, non-elderly adults without dependent children.

- Medicaid covers an array of both health and long-term care benefits. Federal law specifies a set of "mandatory services" that state Medicaid programs must cover (e.g., physician services, inpatient and outpatient hospital care, and nursing facility services for adults). States have the flexibility to cover additional services that federal law designates as "optional" (e.g., personal care, dental services, home- and community-based services, and hospice.) About one-third of total Medicaid spending is attributable to optional services.

- Importantly, Medicaid is the nation's primary payer for long-term services and supports (LTSS), including for institutional and home- and community-based settings. Nearly 12 million individuals[vi]– known as "dual eligibles" – are enrolled in both Medicaid and Medicare, with Medicaid paying the majority of their long-term services and supports costs.[vii]

[i] Cubanski, J., et al. *A Primer on Medicare: Key Facts About the Medicare Program and the People it Covers*, (March 20, 2015) https://www.kff.org/report-section/a-primer-on-medicare-who-is-eligible-for-medicare/

[ii] Medicare Rights Center, https://www.medicareinteractive.org/get-answers/medicare-basics

[iii]Kaiser Family Foundation, *Medicaid's Role in Meeting Seniors' Long-Term Services and Supports Needs* (August 2, 2016) https://www.kff.org/medicaid/fact-sheet/medicaids-role-in-meeting-seniors-long-term-services-and-supports-needs/

[iv] Kaiser Family Foundation, *Medicaid: A Primer* (March 2013) https://kaiserfamilyfoundation.files.wordpress.com/2010/06/7334-05.pdf

[v]Centers for Medicare & Medicaid Services*, March 2018 Medicaid & CHIP Enrollment Data Highlights* (May 29, 2018) https://www.medicaid.gov/medicaid/program-information/medicaid-and-chip-enrollment-data/report-highlights/index.html

[vi] Centers for Medicare & Medicaid Services, *People Enrolled in Medicare and Medicaid* (February 2018) https://www.cms.gov/Medicare-Medicaid-Coordination/Medicare-and-Medicaid-Coordination/Medicare-Medicaid-Coordination-Office/Downloads/MMCO_Factsheet.pdf

[vii]Musumeci, MaryBeth and Erica L. Reaves, *Medicaid and Long-Term Services and Supports: A Primer* (December 15, 2015) https://www.kff.org/medicaid/report/medicaid-and-long-term-services-and-supports-a-primer/