

## Medicare Facts & Challenges for the Future

Created in 1965, Medicare is the national health insurance program for which Social Security recipients, either over 65 years of age or permanently disabled, are eligible, regardless of income, medical history, or health status. Medicare plays a key role in providing health and financial security to **59 million** older people and younger people with disabilities.

In 2013, 30% of Medicare beneficiaries had 5+ chronic conditions.

In 2016, 55% of Medicare beneficiaries were women.

In 2016, 50% of Medicare beneficiaries had incomes below \$26,200.

### What does Medicare Cover?

Medicare covers many basic health services, including hospital stays, physician services, home health care, and prescription drugs. Benefits are organized and covered as follows:

**PART A:** Inpatient hospital, skilled nursing facility, home health, and hospice care.

**PART B:** Physician, outpatient, preventive, home health care, DME and ambulance services.

**PART C:** Also known as “Medicare Advantage” (MA). Beneficiaries enroll in a private MA plan, rather than traditional Medicare, to receive all Medicare-covered Part A and Part B benefits and often Part D benefits as well.

**PART D:** Prescription Drug Coverage. Covers outpatient prescription drugs through private plans that contract with Medicare, including both stand-alone prescription drug plans and MA drug plans.

In 2017, more than 19 million Medicare beneficiaries (33%) were enrolled in private MA plans.

### The Value of Medicare

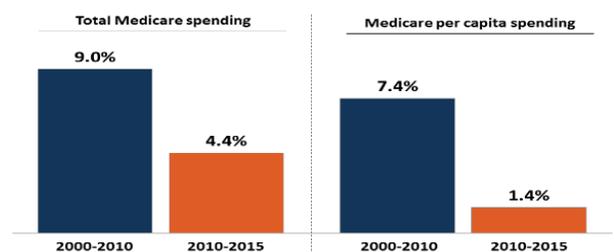
Medicare is a success story. Before Medicare, about half of America's older adults had no health insurance, and one-third lived in poverty. Today, nearly all older people have health insurance, and only about 14% live below the poverty line. Medicare is so popular that almost 80% of Americans support expanding its coverage to Americans aged 55 to 64.

### The Affordable Care Act & Medicare

The Affordable Care Act (ACA) improved Medicare benefits, slowed Medicare spending, and improved the quality and delivery of care by:

- ✓ Reducing prescription drug prices for Medicare beneficiaries and gradually closing the Donut Hole coverage gap.
- ✓ Adding many no-cost Medicare preventive benefits.
- ✓ Extending Medicare Trust Fund solvency by approximately 11 years.

The Affordable Care Act helped to reduce Medicare spending growth in the years following its enactment



SOURCE: Kaiser Family Foundation analysis of Medicare spending data from Boards of Trustees.

### Challenges to Medicare

- Medicare continues to be a target for policymakers that support privatizing the program and changing it into a “premium support” (voucher program), that would likely lead to many people paying more for less coverage.
- Despite costing more than traditional Medicare, many factors are tipping the scales in favor of enrollment in Medicare Advantage. Bias towards MA plans not only costs Medicare more, but provides less provider options for beneficiaries; this can be particularly harmful for people with chronic, debilitating, or serious illnesses or injuries.
- Although the ACA significantly improved access to health coverage and care, the Administration and Congressional allies have continued to undermine the law, reducing access to quality coverage. Full repeal of ACA would also further harm Medicare coverage and financial stability.

**Medicare needs to be strengthened and enhanced, not privatized.**

## Beneficiary Stories

“In 2013 I lost my job due to sickness and am still unemployed, jobless and on disability but before I was granted Medicare I was about to lose my health insurance. I worked...for the state of Tennessee and had to paid the full cost of the state insurance, which I barely could afford but along came this thing called the Healthcare act/Obamacare. I did have trouble getting it but I finally succeeded and for the next two years I had affordable healthcare at a price I was glad of and for the many back surgeries and infections it was a life saver.”

- ACA and Medicare Beneficiary, Tennessee

“Medicare saved my life. Without this program, I would be dead. I'm not exaggerating; it's no hyperbole when I say Medicare saved my life. I have a life threatening illness and if I had no access to doctors or medicines, I wouldn't be here. A few years ago, I had been prescribed Bactrim, which caused crystals to build up in my kidneys. I went into kidney failure, and because I have Medicare, I was able to go into the hospital and have the doctors reverse the damage. I also have another life threatening illness that will never go away. I have doctors who have taken care of me for years and I have been able to live a long and productive life. Without Medicare, this would have been impossible. *It is a lifesaving program...*”

- Medicare Beneficiary, Florida

“I am 71 years old and my only income in retirement is Social Security. Medicare is my healthcare insurance. Both Social Security and Medicare are working just fine for me as is. *Privatizing either one of these would just reduce my benefits since the private providers would want to take profits.*”

- Medicare Beneficiary, Wisconsin

“I will be on the streets at 66 yrs. old without Medicare/Medicaid. It's as simple as that. My money has all gone raising 3 granddaughters after their mother died. There are millions of stories like mine everywhere. We must help the least of us that had bad luck or are sick etc.”

- Medicare Beneficiary, Michigan

“I am a disabled woman. I have brittle bones and need to use an electric wheelchair. *Without Medicare I will die.*”

- Medicare Beneficiary, Louisiana

“My father hit Medicare age after being retired and using a "bridge" offered by his former company, located in the next state over from where he lived. As a former Insurance Company Man, he waded into Looking for a Medicare Advantage plan – and not surprisingly, those were all his former company recommended in their helpful online toolkit. If you were interested in non-private options, you needed to call to speak to someone. My Dad's search for a plan came up with just two companies, both operating only in his home state, neither offering coverage that would allow him access to the physicians, pharmacies, etc. that he had used for years when he worked in the neighboring state. Although geographically closer to him than any used by the two plans, they were out-of-state, and thus... out of network. *For the first time, my father felt the restrictions of HMOs.*

Luckily, he found a very good rep. when he called customer service number. When he explained his situation, she told him that Traditional Medicare, a Medigap plan, and a Part D plan would give him the flexibility he needed. In the end, it was some work to figure out what he needed and get signed up, but once it was all done, not only did he get to keep his very-necessary cardiologist, he could also now get prescriptions at both a national grocery chain and a national pharmacy chain minutes from home, rather than having to use one of two locations in the neighboring state, all thanks to Traditional Medicare.”

- Son of Medicare beneficiary, Connecticut