Medicare and medicaid

Medicare, Medicaid, and Medigap are forms of healthcare programs and policies for United States citizens. All three were provisioned out of the Social Security Act of 1935 to provided elderly, disabled and needy consumers with an option for healthcare coverage. Medicare became law in 1965 with the passage of the Social Security Act Amendments of 1965. The original social security proposal was submitted to congress in 1935 by President Franklin Roosevelt as the Economic Security Bill draft (ssa. gov, 2006).

The draft was later accepted as the Social Security Act in 1935 which was to provide old-age welfare pensions and compulsory contributory social insurance. Between 1935 and 1965, several other amendments were made to the Social Security Act of 1935. In 1965, President Linden Johnson signed the Medicare Program law after some 80 revisions and discussion as to who should provide social welfare policy (ssa. gov, 2006). In 2003, President George Bush signed the Medicare Modernization Act that created the Part D prescription drug benefit.

The Medicaid program became law in 1965 under Title XIX of the Social Security Act (cms. hhs. gov, 2006). The cooperative venture was jointed funded by Federal and State governments to assist states in furnishing medical assistance to eligible needy persons. Federal statutes provided guidelines to the individual states about regulations and policies, but each state determines their own requirements for eligibility. Therefore, a person eligible in one state may not be eligible in another state.

Medicare is the United Stateshealthcare program for people over 65. Certain people younger than 65 qualify under Medicare and include those who have

disabilities, permanent kidneyfailureand Lou Gehrig's disease (ssa. gov, 2006). The Medicare program helps people with the cost of health care coverage, but does not completely pay for all expenses. Medicare is financed by a portion of payroll taxes employees and employers pay to the federal government. Medicare is also partially financed by monthly premiums deducted from Social Security checks (ssa. gov, 2006). Medicare has four different parts that help with various healthcare coverage (ssa. gov, 2006):

- Part A is hospital insurance that helps pay for inpatient, skillednursingfacility, and some hospice care.
- Part B is medical insurance that helps pay for doctors services and other medical services or supplies not covered by hospital insurance
- Part C is Medicare Advantage coverage that allows people with both Part A and B to receive all of their healthcare coverage through a particular provider organization contracted with Part C.
- Part D is prescription coverage which helps to pay fordoctorprescribed medications.

Medicaid is a different program than Medicare, but they are often confused as one and the same. Medicaid is a state-run program that provides hospital and medical coverage to those with low income, Supplemental Security Income, or certain disabilities (cms. hhs. gov, 2006). Each state determines the rules about who is eligible and covered under Medicaid. Depending on age, disability or income factors, some people qualify for both Medicare and Medicaid. Children may also be eligible for Medicaid if they are U. S citizens,

regardless of the legal status of the parents and is based on the child's status not the parents (cms. hhs. gov, 2006).

Medigap is a healthcare policy that is sold by private insurance companies to fill the ' gaps' of the original Medicare Plan coverage (medicare. gov, 2006). Medigap helps to pay some of the healthcare costs that are not covered by Medicare such as prescription drugs, long-term custodial care, and catastrophic illnesses. In general, people must have both Medicare Part A and B coverage to qualify for medigap policies and policy costs can vary widely.

Early marketing problems plagued the medigap industry when insurance companies were misrepresenting insurance products and not giving consumers full access to information they needed. In 1990, medigap reform legislation had multiple objectives: to simplify the insurance market in order to facilitate policy comparisons; provide consumer choice; provide market stability; promote competition; and avoid adverse selection (Fox, 1996).

From the inception of the Medicare Program, the problems with medigap supplemental policies included marketing abuses by companies and agents; low rates of return on premiums; duplicate coverage, and low consumer knowledge (Fox, 1996). Medicare HMO plans also compete directly with Medigap programs. Consumers became confused on the services provided by HMO plans versus Medigap, causing problems when choosing appropriate plans. Problems and confusion about what is covered by Medicare also made medigap policies difficult to decipher. At one point Medicare covered catastrophic illness in 1988, but that addition was repealed after just one

year. Yet, medigap companies and agents were not clear on what exactly medigap policies would cover if purchased by consumers.

In all, Medicare and Medicaid has been instrumental in providing elderly, disabled, and needy persons with healthcare coverage they could not otherwise afford in the private healthcare sector. Medicare does not provide complete healthcare coverage, but does pay for most expenses incurred. Medigap are policies that help fill the Medicare ' gap' and pay for medical expenses not covered by Medicare. Medicaid fully pays for the healthcare needs of low or no income families or children by paying providers directly for services rendered. All three policies are social welfare policies that help Americans have continued access to healthcare during times of decreased income earning abilities.

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