

Risk management and insurance

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Medicare enrollees have in the recent past started purchasing gap-filling coverage, with the enrollees involved constituting up to 70 percent of the total covered population. Medicare provides healthcare coverage in four different parts, namely part A, B, C, and D (King, 2010). Part A and B are the primary parts of the program, providing health insurance for hospital and medical needs. The other two are complementary parts, primarily addressing program flexibility and drug prescriptions. The four primary parts that constitute the Medicare program do not fully address all-round health coverage, meaning that there are some hospital and medical aspects that are not covered by the program.

The inadequacies realized in Medicare necessitate the purchase of gap-filling coverage to supplement the Medicare coverage. This gap-filling coverage is necessary for accounting for health risks that Medicare does not provide for. Although Medicare covers the elderly and the disabled populations, only a certain level of their healthcare needs are provided for. As a result, an insurance cover that addresses health care aspects that Medicare does not provide for becomes necessary. Medigap plans serve as a common example of gap-filling coverage.