



SoarLife Insurance Services, LLC

Helping you and yours SoarLife with affordable health care and more. . .



What Is Medicare?

Medicare is the largest health insurance program in the United States. The program was created as part of the Social Security Act Amendment in 1965 and was put into effect in 1966. At the end of 1966, Medicare served approximately 3.9 million individuals. As of 2003, it serves about 41 million people. There are 5.6 million Medicare beneficiaries enrolled in managed care programs.

In 1973, the Medicare program was expanded to include people who have permanent kidney failure and need dialysis or transplants and people under the age of 65 who have specific types of disabilities. Medicare was originally administered by the Social Security Administration, but in 1977, the program was transferred to the Health Care Financing Administration (HCFA), which is part of the United States Department of Health and Human Services (DHHS). The Centers for Medicare and Medicaid Services, an agency of the DHHS, is the administrative agency. This agency also administers **Medicaid** programs.

Medicare is an entitlement program similar to Social Security and is not based on financial need. Medicare benefits are available to all American citizens over the age of 65 because they or their spouses have paid Social Security taxes through their working years. Since Medicare is a federal program, the rules for eligibility remain constant throughout the nation and coverage remains constant regardless of where an individual receives treatment in the United States.

Medicare benefits are divided into two different categories referred to as Part A and Part B. Medicare Part A is hospital insurance that provides basic coverage for hospital stays and post-hospital nursing facilities, home health care, and hospice care for terminally ill patients. Most people automatically receive Part A when they turn 65 and do not have to pay a premium because they or their spouse paid Medicare taxes while they were working.

Medicare Part B is medical insurance. It covers most fees associated with basic doctor visits and laboratory testing. It also pays for some outpatient medical services such as medical equipment, supplies, and home health care and physical therapy. However, these services and supplies are only covered by Part B when medically necessary and prescribed by a doctor. Enrollment in Part B is optional and the Medicare recipient pays a premium of approximately \$65 per month for these added benefits. The amount of the premium is periodically adjusted. Not every person who receives Medicare Part A enrolls in Part B.