

Medicare 101

Since the idea of Medicare first blossomed in 1945, it has been a much-debated topic (see *The History of Medicare* below). More recently, it seems the debate has walked out of the political shadows and positioned itself in the limelight. Prescription drug coverage, HMO withdrawals, Medicare Part C (Medicare+Choice) and Medicare reform are buzzwords with which we have all become familiar over the last three years. Medicare reform is one catchphrase that stands out because it affects the very nature of our business and the customers we service.

What is Medicare reform?

Medicare reform is basically a restructuring of the program geared toward changing, adding or expanding coverages and services. The initial objective of Medicare was to offer affordable health care to Social Security beneficiaries, and theoretically, Medicare reform addresses that ever-changing issue.

Why is Medicare reform such a hot topic?

With society's needs constantly changing due to changing medical practices and technology and Medicare adjusting to fill those needs, Medicare reform has remained a hot topic since its inception. Recently, however, due to the addition of Medicare Part C (Medicare+Choice) in 1997, beneficiaries were given a broader choice of health care options. By implementing this program with the Balanced Budget Act, sponsors were hopeful that Part C would ease the press on Medicare, thereby extending Medicare's monetary lifespan which was expected to be bankrupt in 2007. Now finding affordable, yet stable, health care choices is again at the top of every Seniors' health care agenda.

How does Medicare reform affect you?

According to the October 2001 issue of *Senior Market Advisor*, "As Medicare reform unfolds and the baby boomers age, [the Agent's] role will become even more valuable in the future, helping prospects and clients make transitions needed to protect their health and estates." It is uncertain what type of package Medicare reform will come in, and, as the government's focus shifts to domestic security, when it will top the political priority list. However, until these uncertainties become definites, you will have customers asking questions and searching for advice.

The United American solution.

Recent statistics show that 45 percent of health care costs are not covered by Medicare, and because of this gap, most Seniors are in need of some type of supplemental coverage. As more and more Seniors are facing the HMO dilemma, and, as Medicare reform cycles through the political process, Medigap insurance coverage stands out as a solution to most Seniors' problems. At UA, we offer affordable Medicare Supplement coverage, backed by our superior reputation for customer service and our outstanding "Automatic" Claims Filing® program. Given Medicare's politically fluctuating nature, understanding customers' needs and Medicare reform is just a matter of knowing the basics of Medicare.

The History of Medicare

1945

President Harry Truman asks Congress for legislation to establish a national health insurance plan.

1965

President Lyndon Johnson signs Medicare and Medicaid into law. Truman is Medicare's first enrollee.

1972

Disabled persons under 65, and those individuals with end-stage renal disease become eligible for coverage. Services expand to include some chiropractic care, speech therapy and physical therapy. Payments to HMOs are authorized.

1983

Change from "reasonable cost" to a prospective payment system based on diagnosis-related groups for hospital in-patient services begins.

1984

Federal employees, including the President, members of Congress and the federal judiciary system become covered through Medicare.

1988

Major overhaul of Medicare benefits is aimed to provide coverage for catastrophic illness and prescription drugs.

1989

Catastrophic coverage and prescription drug coverage are repealed.

1991

The U.S. Government standardizes all Medicare Supplement plans.

1992

Physician services payments are based on fee schedule.

1997

Medicare+Choice (Medicare Part C) is enacted under the Balanced Budget Act.

1999

Congress alters Medicare+Choice and relaxes some Medicare funding restrictions.

2000

Prospective payment systems for outpatient services and home health agencies take effect.

2001

Sixty-five Medicare+Choice HMOs chose not to renew their contracts and 53 reduced their service areas, affecting more than 934,000 Medicare beneficiaries.