Presentation Objectives

- Describe the magnitude of the U.S. government's role in healthcare financing
- Define important concepts in insurance
- Identify the programmatic parts of Medicare
- Explain the role of Medicaid
- Examine the State Children’s Health Insurance Program (SCHIP)

Insurance Defined

- Premiums paid in advance to pool funds
- Individuals share risk
- Healthy subsidize the sick

Concentration of Health Care Spending in U.S., 2009

Health Insurance Financing Process

Government Pays for Almost Half in U.S.
Medicare

- The Centers for Medicare & Medicaid Services (CMS) administers
- Medicare, the nation's largest health insurance program, which covers nearly 50 million Americans
- Entitlement program
  - Legal right if they meet eligibility requirements

Medicare, continued

- Who does Medicare cover?
  - Persons 65 years of age or older
  - Certain younger people with disabilities
  - Persons with End-Stage Renal Disease
- What does Medicare cover?
  - Part A – Hospital
  - Part B – Physicians
  - Part C – Private insurance plans
  - Part D – Prescription Drug Coverage

Medicare Expenditures

What does Part A Pay For?

- Medicare Hospital Insurance (Part A) Spending
- Skilled Nursing Facilities
- Hospital
- Home Health Care
- Durable Medical Equipment
- Medicare Advantage
- Other

What does Part B Pay For?

- Medicare Medical Insurance (Part B) Spending
- Physicians
- Outpatient Hospital Care
- Home Health Care
- Durable Medical Equipment
- Medicare Advantage
- Other

Medicare Part B: How it Works

- Enrollment is optional
- Medicare deductible and premium rates are subject to change annually
  - Premium: $104.90/month in 2014
  - Deductible: $147/year in 2014
- Beneficiaries pay 20% co-insurance
Not Covered by Part A or B

- Deductibles, coinsurance, or co-payments when patient gets health care services
- Routine eye care and most eyeglasses
- Dental care and dentures
- Hearing aids and hearing exams
- Routine foot care
- Orthopedic shoes
- Custodial care at home or in a nursing home
- Cosmetic surgery
- Health care while traveling outside of the U.S.

Part C: Medicare Advantage

- Private insurance plans cover comprehensive insurance packages
- The private insurer paid by Medicare
- Additional benefits to enrollees
  - No Part B premium
  - Eye glasses/Gym memberships
- Problem ... plans cost an additional 13-17% over traditional Medicare

Medicaid Program

- Enacted in 1965
- Jointly funded by the federal and state governments
- Federal government sets minimum standards of coverage, but states design eligibility and coverage details
Medicaid and Long-term Care

State Children’s Health Insurance Plans

Other Public Insurance

Conclusion