

Vermont Legislative Joint Fiscal Office

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ISSUE BRIEF

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Medicare Facts

Background

- Medicare is a federal program created by Congress in 1965
- Medicare covers individuals:
 - Age 65 and over
 - who have kidney failure or long-term kidney disease
 - are permanently disabled and unable to work
- There are no income limits

Estimated Covered Lives and Expenditures in Vermont

VERMONT	2012 (est.)	2017 (est.)
Covered lives	100,506 ⁱ	128,739 ⁱⁱ
Expenditures	\$1,066,207,000 ⁱⁱⁱ	\$1,613,000,000 ^{iv}

Medicare Part A

- Covers inpatient care in hospitals, skilled nursing facilities, hospice, and home health.
- Most people don't pay a Part A premium because they paid Medicare taxes while working (at least 40 quarters – or 10 years).

Medicare Part B

- Covers medically necessary services like doctor's services, outpatient care, durable medical equipment, home health services, and other medical services. Part B also covers some preventative services.
- Beneficiaries pay a monthly premium. Individuals with limited income and resources may be eligible for Medicare savings programs.

Medicare Part C (Medicare Advantage Plans)

- Medicare advantage plans are health plan options (like an HMO or PPO) approved by Medicare and offered by private insurance companies.
- Covers all of Part A and Part B and usually Medicare drug coverage.
- Not all Medicare Advantage plans work the same way.
- Very small percentage of Medicare beneficiaries in Vermont have Part C plans.

Medicare Part C (2012)

Covered Lives	Earned Premiums
1,218	\$8,836,375

Source: Vermont Department of Financial Regulation

Medicare Part D

- Pharmacy coverage offered through private insurance companies.

Medicare Part D (2012)

Covered Lives	Earned Premiums
43,290	\$42,020,107

Source: Vermont Department of Financial Regulation

Medicare Supplemental Plans (Medigap)

- Insurance policies specifically designed to cover certain expenses not covered by Medicare Part A or Part B coverage.
- Do not cover long-term care (in nursing homes), vision, dental, hearing aids, eyeglasses or private-duty nurse.
- Sold by private insurance companies.

Medicare Supplemental Plans (2012)

Covered Lives	Earned Premiums
39,092	\$72,515,966

Source: Vermont Department of Financial Regulation

ⁱ Data from ASSR reports, Vermont Department of Financial Regulation

ⁱⁱ Data from Wakely Consulting Group (Actuarial services), Green Mountain Care Financing Report

ⁱⁱⁱ Data from 2012 Vermont Health Care Expenditure Analysis, Green Mountain Care Board

^{iv} Data from Wakely Consulting Group (Actuarial services), Green Mountain Care Financing Report