



We Commemorate The 45th Anniversary of Medicare and Medicaid

In 1965, Medicare and Medicaid were established, vastly improving the quality of life for older adults. Before these programs were enacted, one-half of America's seniors were uninsured. The health care coverage provided by Medicare and Medicaid has meant better health, longer lives, and less financial strain for older people. In 1972, Medicare was expanded to cover millions of people with long-term disabilities, protecting the health and economic security of people who had virtually no access to affordable health coverage.

In 2010, Medicare is the largest source of health coverage in the nation, covering 47 million older adults and people with disabilities. Original Medicare covers hospital and medical costs while allowing consumers free choice of doctors and other providers. The program is efficiently managed, devoting only 3 percent of its funding to administrative expenses. This compares well to private insurance, where profit and administrative costs consume 25-40 percent of premiums for individual/small-group plans and 5-10 percent of premiums in large employer plans.

In 2010, 8 million Medicare beneficiaries, known as "dual eligibles," are also covered by Medicaid. Medicaid is the nation's primary source of substantial financing for long-term care supports and services. The program covers care for 6 in 10 nursing home residents and is evolving to provide greater coverage of home- and community-based services. Medicaid also covers medical services for lower-income Americans, a role that will expand under health care reform for people under age 65. Dual-eligible Medicare beneficiaries automatically receive assistance with Medicare prescription drug premiums and cost sharing, and Medicaid assists these beneficiaries with Medicare Part B expenses. Medicare and Medicaid provide crucial protection for some of our most vulnerable groups, including older adults, people with disabilities, and low-income households.

In 2010, the enactment of the Affordable Care Act represents a major stride forward to strengthen the pillars of the health care system and provide coverage to all. The new health care reform law improves Medicare by eliminating cost sharing for preventive services, closing the prescription drug coverage gap, and improving coordination of care. It also helps preserve the future of the Medicare program, extending the trust fund for an additional 12 years. In addition, the law boosts Medicaid funding for programs that allow older adults and people with disabilities to receive the care and supports needed to remain at home.

In 2010 and in future years, we need to work together to guarantee that Medicare and Medicaid meet their original promise to provide access to quality and affordable health care for those who most need it. Recommendations to ensure Medicare's financial stability must preserve the core benefits and principles that have made Medicare a reliable source of coverage for all older and disabled Americans regardless of income or health status. We cannot allow proposals that would undermine Medicare's guaranteed benefits, such as those that would privatize the program, to succeed. The cornerstones of the program – consumer choice, affordability, and beneficiary protections – must not be endangered. Medicaid must be available to provide medical assistance for lower-income people of all ages.

Keeping Medicare and Medicaid strong for current and future generations is essential. Together, Medicare and Medicaid provide essential financial protection to people with modest-to-low incomes. Three out of every four senior households have annual incomes below \$40,000, and Medicare helps make ends meet by covering 74 percent of the cost of medical services. Medicaid relieves the burden of most health care costs for 60 million low-income people, allowing the most vulnerable members of our country to better meet their financial needs. Keeping these programs strong remains a key priority for our country.

Today we honor Medicare and Medicaid and the people who rely on this coverage. Through our shared support, we will keep these programs strong for decades to come.

July 30, 2010

About the Leadership Council of Aging Organizations (LCAO)

The LCAO is a coalition of 64 national nonprofit aging advocacy organizations that represents 60 million older Americans. Together, we work to preserve and strengthen the well-being of America's older population.