

# Medicare And Medicaid: Which Does What?

The names are alike, but the programs are different. Medicare is a national insurance program, designed and run by the federal government for the elderly and the disabled. Medicaid is an assistance program for needy and low-income people, administered by individual states under federal law.

Both play an important role in helping Americans meet ever increasing health care costs. But that's where the similarities end and the differences begin. Here's a summary of how each program operates.

## MEDICARE

Medicare provides hospital and medical insurance for most people over age 65, for people of any age with permanent kidney failure and for certain disabled people under 65. Medicare's hospital insurance (Part A) is paid for in part by Social Security withholding tax paid by workers and their employers, and by part of the Self-Employment Tax paid by self-employed persons. Part A helps pay for medically necessary inpatient care in a general hospital, skilled nursing facility, psychiatric hospital or hospice care. In addition, Part A pays for home health care provided by a Medicare-approved home health agency, part of approved cost for wheelchairs, hospital beds, and other durable medical equipment.

Its medical insurance (Part B), paid by monthly premiums, covers doctors' services, outpatient hospital services, laboratory fees and more.

But Medicare pays only part, not all, of health care bills. Deductibles and co-payments, which can produce sizable out-of-pocket costs, lead many elderly people to supplement Medicare with private health insurance. Special policies, in fact, are designed to fill in Medicare's gaps in coverage. Talk to your health insurance agent or advisor about Medicare supplement policies, often referred to as Medigap plans, available in your state.

More information about Medicare may be obtained by calling 1-800-MEDICARE (1-800-633-4227) or on the Internet at [www.medicare.gov](http://www.medicare.gov).

## MEDICAID

Medicaid is financed through federal, state and local taxes. Unlike Medicare, Medicaid is a program, which is available only when there are no other means to pay for covered medical expenses. It covers some people who are over age 65, people who are blind or who have other disabilities, members of poor families with dependent children and certain pregnant women. Some people therefore, have coverage under both Medicare and Medicaid; when they do, Medicaid can pick up Medicare's deductibles and co-payments.

Medicaid coverage differs with each state's program. In all states, there is at least some coverage for inpatient and outpatient hospital care, laboratory and x-ray fees, physicians' services, skilled nursing facility services, screening, diagnosis and treatment of children under a designated age, family planning services and rural health clinic services. In many states, but not all, Medicaid also helps to pay for additional services such as dental care, eyeglasses and prescribed drugs.

Information about Medicaid may be obtained and applications filed through state or local welfare offices.