

## MEDICARE VS. MEDICAID

Due to Medicare and Medicaid having similar names, and both being government-sponsored programs designed to help provide healthcare coverage, people often confuse the two and many others do not have a clear understanding of the major differences in what they do, how they work, and who is eligible. The biggest difference comes in the form of who is eligible.

### Medicare

Medicare is a federal program designed for all U.S. citizens 65 years of age or older, as well as people with certain disabilities. Eligibility is not dependent on income. The four-part program includes:

- Part A: Hospitalization coverage
- Part B: Medical insurance
- Part C: Medicare Advantage- This is an additional option that allows beneficiaries to replace Original Medicare coverage with a plan from a private insurer
- Part D: Prescription drug coverage

Parts A and B are funded by payroll taxes and deductions from Social Security income. To qualify for premium-free Medicare Part A as a beneficiary, you or your spouse need to have worked at least 10 years and paid Medicare payroll taxes while working. Medicare Part B has a premium that most people pay. Parts C and D are paid out-of-pocket by participants in the program.

### Medicaid

Medicaid is a joint federal and state program that helps low-income individuals and families pay for the costs associated with medical and long-term custodial care. The federal government funds up to 50% of the cost of each state's Medicaid program, with more affluent states receiving less funding than less affluent states. Because of this federal/state partnership, there are actually 50 different Medicaid programs, one for each state.

### The Major Differences

Unlike Medicare, which is available regardless of income level, Medicaid has strict eligibility requirements. The rules vary by state (beyond the basics set forth in the federal guidelines), but the program is designed to help the poor, so many states require Medicaid recipients to have no more than a few thousand dollars in liquid assets to participate in the program. There are also income restrictions.

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For a state-by-state breakdown of eligibility requirements, additional info can be found at [Medicaid.gov](https://www.Medicaid.gov) and [BenefitsCheckUp.org](https://www.BenefitsCheckUp.org).

While the program is federally mandated to serve the poor, other eligibility requirements are in place to ensure that the program serves specific groups, such as families, pregnant women, children, caretakers of children, the disabled and the elderly.

Services vary by state, but the federal government mandates coverage for the following services when they are deemed "medically necessary":

- Hospitalization
- Laboratory services
- X-rays
- Doctor services
- Family planning
- Nursing services
- Medical and surgical dental services
- Nursing facility services for people aged 21 or older
- Home healthcare for people eligible for nursing facility services
- Clinic treatment
- Pediatric and family nurse practitioner services
- Midwife services
- Screening, diagnosis and treatment services for persons under age 21

Each state also has the option of including additional benefits, such as prescription drug coverage, optometrist services, eyeglasses, medical transportation, physical therapy, prosthetic devices and dental services. People covered by Medicaid pay nothing for these covered services.

### **Long Term Care Provided by Medicaid**

Medicaid is also often used to fund long-term care, which is not covered by Medicare or by most private health insurance policies. In fact, Medicaid is the nation's largest single source of long-term care funding. The high cost of such care and the requirement that Medicaid recipients have virtually no assets has fostered a cottage industry of attorneys who specialize in helping people divest their assets so that they qualify for Medicaid.

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## The Bottom Line

The Medicare and Medicaid programs work together to provide medical coverage to elderly and poor people. Medicare is the primary medical coverage provider for many persons aged 65 and older and for those with a disability. Eligibility for Medicare has nothing to do with income level. Meanwhile, Medicaid eligibility is designed for people with limited income, and it is often a program of last resort for those without access to other resources.

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