



Sidney Kimmel  
Cancer Center  
at Thomas Jefferson University



# Medicare at Fifty Years

## *Impact on Health Care Disparities*

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A Cancer Center Designated by the  
National Cancer Institute

# Disclosures

- I am a Medicare recipient.



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# Declining Cancer Mortality

- “Know from whence you came. If you know whence you came, there are absolutely no limitations to where you can go.”

*James Baldwin*

- Steady declines in cancer death rates for the past two decades add up to a 20 percent drop in the overall risk of dying from cancer

*American Cancer Society, Siegel R, Jemal A, Cancer Statistics 2014: CA Cancer Journal for Clinicians. doi: 10.3322/caac.21208*



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# Objectives

- To review history of legislation leading to development of Medicare program in United States
- To delineate key Medicare milestones
- To review recent changes in Medicare
- To define impact on disparities

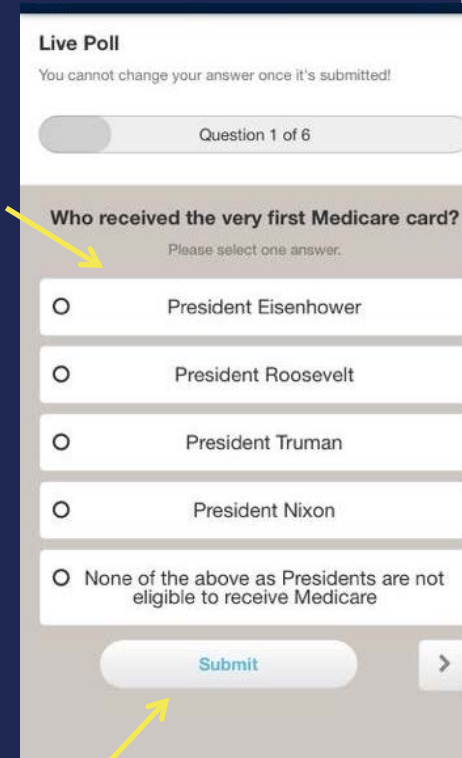
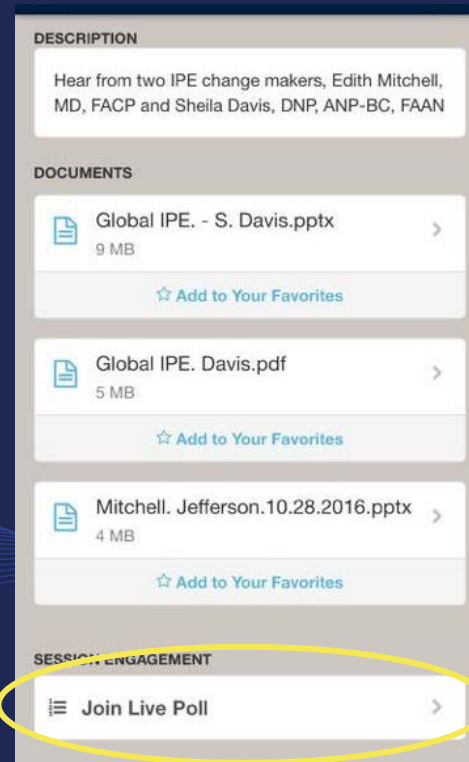
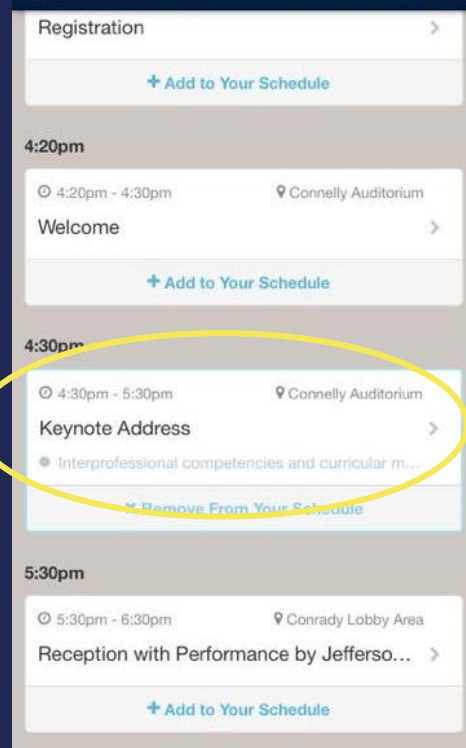


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# How to Access the Live Poll for this Session



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# Question 1

- Who received the very first Medicare card?
- A. President Eisenhower
- B. President Roosevelt
- C. President Truman
- D. President Nixon
- E. None of the above as Presidents are not eligible to receive Medicare.



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## Question 2

- The Clinical Laboratory Improvement Amendments (CLIA) of 1988 was enacted in part due to reports about women dying of cervical cancer after their pap smear tests were not evaluated properly.
- A. True
- B. False



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# Question 3

- The Balanced Budget Act of 1997 (BBA):
  - A. Created the State Children's Health Insurance Program (SCHIP)
  - B. Established new health plan options for Medicare beneficiaries
  - C. Reduced the rate of growth in Medicare spending
  - D. All of the above
  - E. None of the above



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# Question 4

- In 1965, what was the three-layer cake?
- A. Medicare Part A, Medicare Part B, Medicaid
- B. Medicare, Medicaid, SSI
- C. Social Security, private pensions, and retirement savings
- D. Medicare, CHIP, SSI
- E. Neopolitan



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# Question 5

- When Medicare began, what sort of efforts did hospitals and nursing homes need to make to integrate their facilities for black and white patients?
- A. A statement of good faith effort
- B. All deliberate speed
- C. Integration was required before participation in the program could begin
- D. Facilities south of the Mason-Dixon line were exempt



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## Question 6

- It is estimated that the Medicare Trust Fund will become bankrupt by 2025.

- A. True
- B. False



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# Medicare

- U.S. national social health insurance program
- Administered by the U.S. federal government since 1966
  - Americans aged 65 and older who have worked and paid into the system
  - Younger people with disabilities
- In 2014, 15.6% of Americans were covered

National Center for Health Statistics, *Health, United States, 2013*  
(Washington D.C.: U.S. Department of Health and Human Services, *May 2014*).



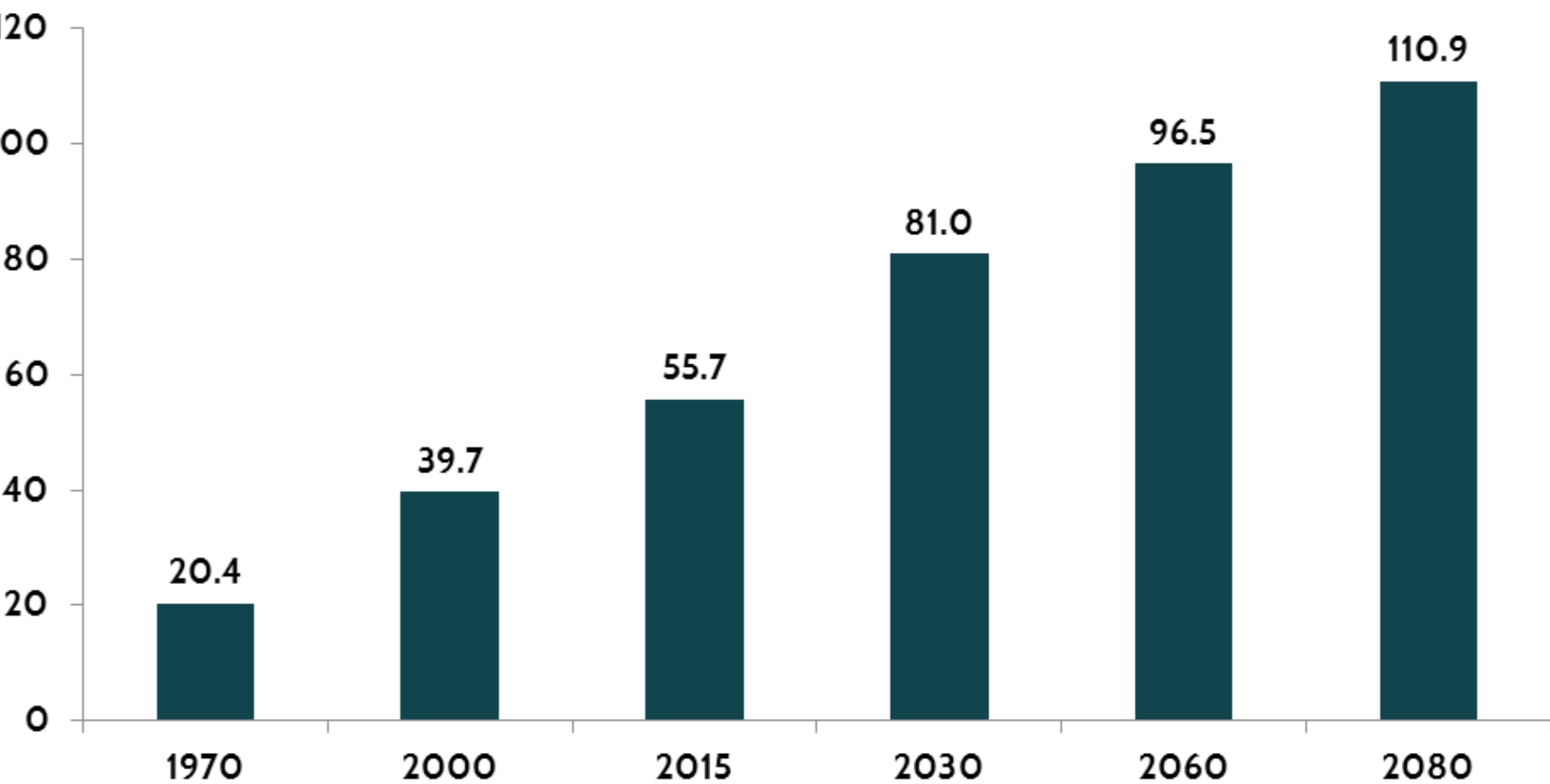
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## Exhibit 2. Medicare Enrollment, 1970–2080

Enrollment in millions



Source: Centers for Medicare and Medicaid Services, *2013 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds* (Washington, D.C.: CMS, 2013).

# President Johnson signed July 30, 1965





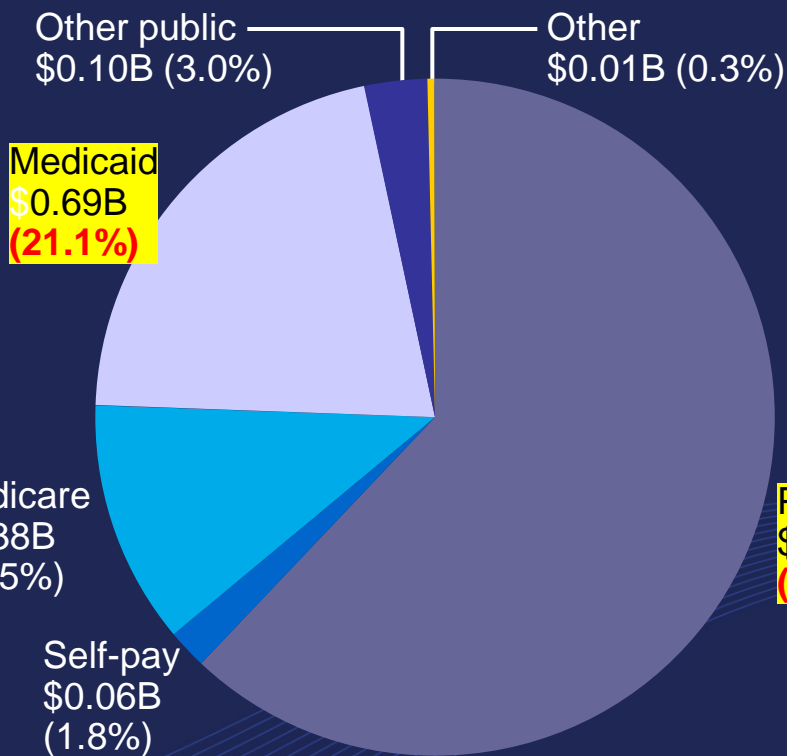
## Racial Differences in Cancer:

A Comparison of Black and  
White Adults in the United  
States

Robin Hertz, Ph.D  
Edith Mitchell, MD, FACP

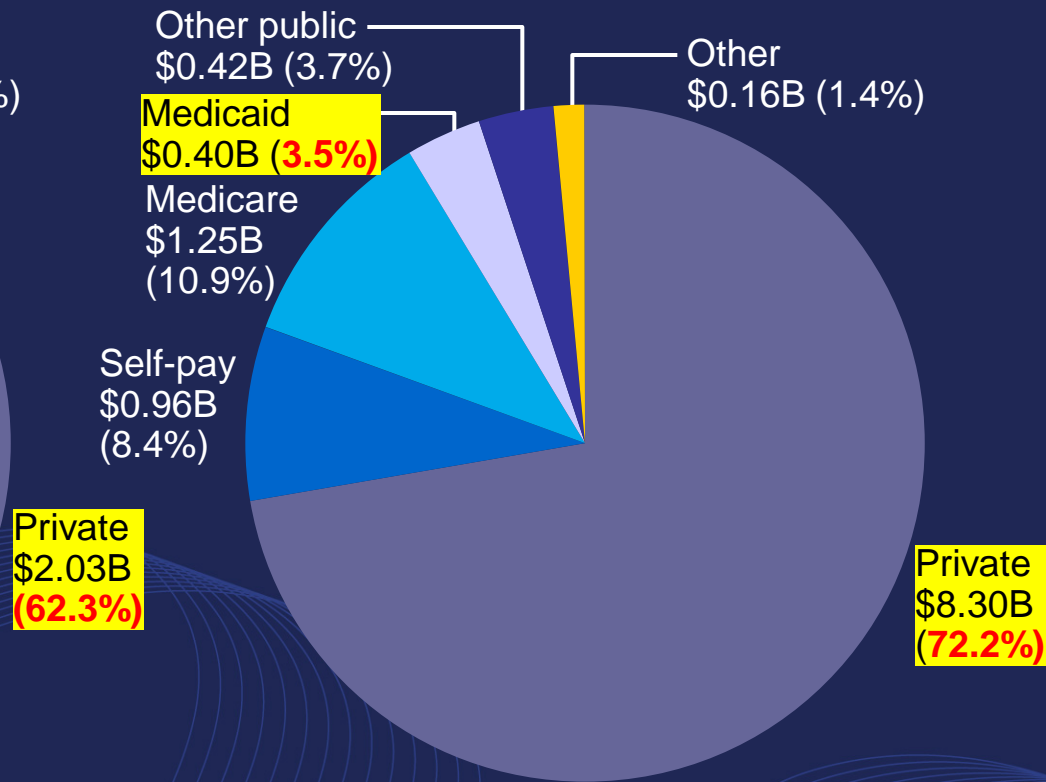
# Annual Direct Medical Spending for Total Cancer Treatment by Race and Payment Source, Age 40-64

Black



Total annual spending = \$3.26B

White



Total annual spending = \$11.50B

Source: MEPS 1998-2002 annual average

Direct medical spending adjusted to year 2002 dollars

Note: Percents and spending may not add to totals because of rounding



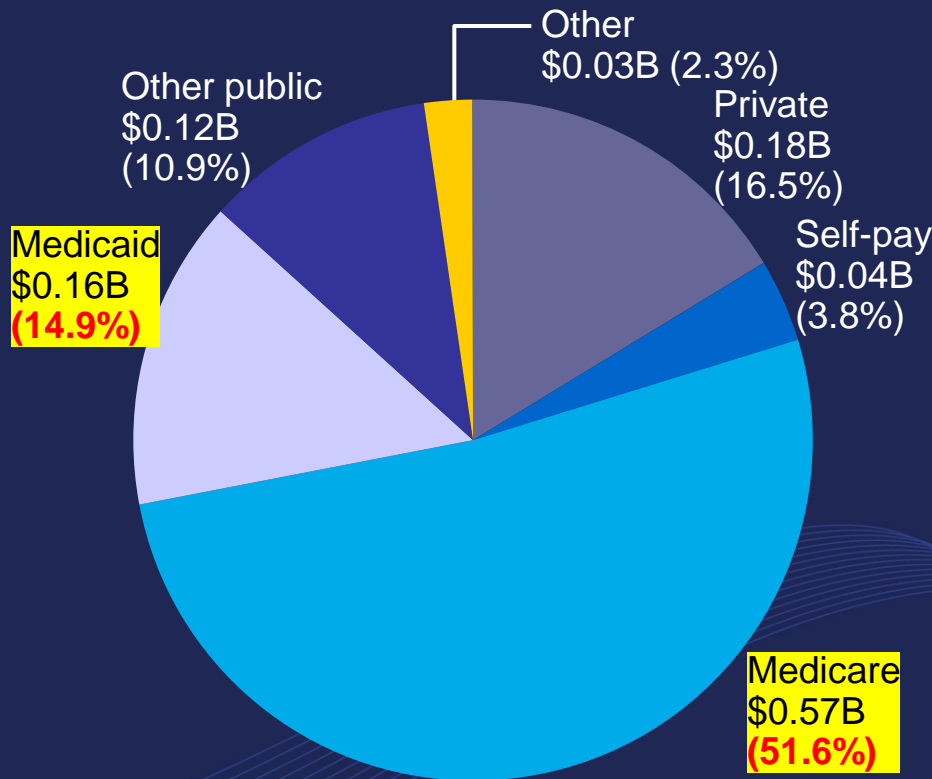
Jefferson University





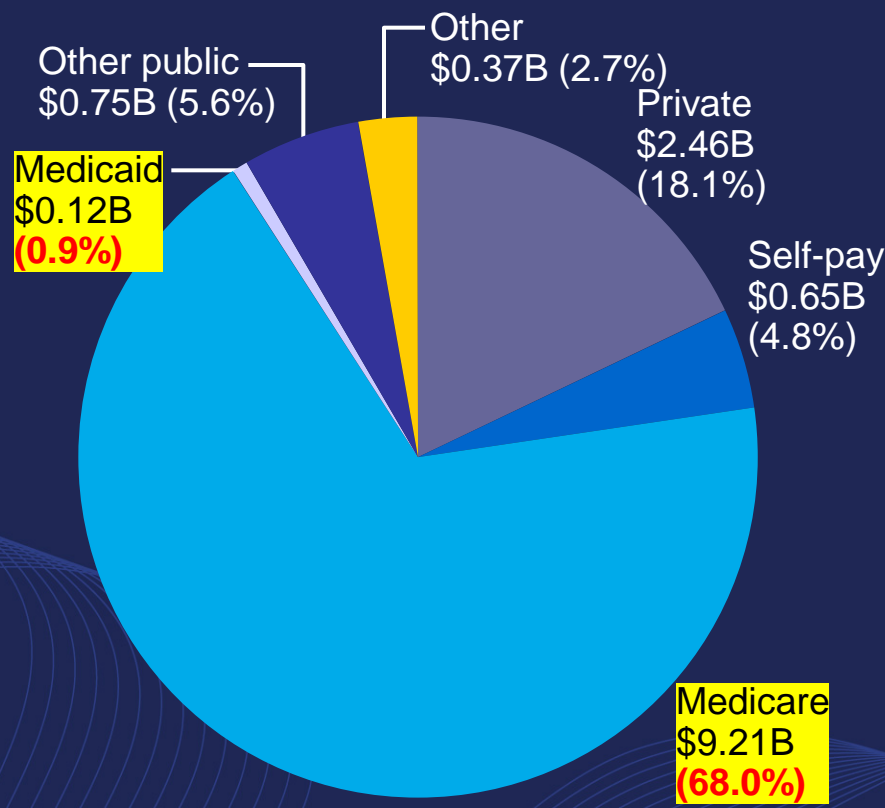
# Annual Direct Medical Spending for Total Cancer Treatment by Race and Payment Source, Age 65 and Older

Black



Total annual spending = \$1.10B

White



Total annual spending = \$13.56B

Source: MEPS 1998–2002 annual average  
 Direct medical spending adjusted to year 2002 dollars  
 Note: Percents and spending may not add to totals because of rounding



# The Truman Years

- 1945 - President Truman proposed a comprehensive, prepaid medical insurance plan for all people through the Social Security system
- Coverage to doctors, hospital, nursing, laboratory and dental services for people covered by the Social Security program (medicare) and benefits financed from Federal Revenues for needy people (medicaid).
- Revised Wagner-Murray-Dingell Bill providing for National Health Insurance was immediately introduced
- President Truman, in a special health message to Congress, again requested a compulsory national health program
- Senate Bill 1320 introduced by Senators Wagner and Murray.
- Senator Taft's Bill reintroduced.



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# The Truman Years (Cont)

- **1949** - In State of the Union Message, President Truman called for compulsory national health insurance for persons of all ages, financed by a Federal payroll tax (medicare tax)
- **1951** - President Truman created executive order, the President's Commission on the Health Needs of the Nation
- **1952** - Federal Security Administrator Oscar Ewing measure limited to the payment, through the Social Security system, of hospital costs for retired beneficiaries and their dependents



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# The Kennedy Years

- Increased Federal grants to States medical care programs for aged
- 1960 - "Kerr-Mills" provided Federal grants to States for vendor medical care programs for aged people not on public assistance but unable to pay
- Old-age and survivors' insurance amended to provide disability insurance benefits to disabled workers of all ages and to their dependents
- 1961 - Kennedy appointed a "Task Force on Health and Social Security for the American People"
- 1961 - The Task Force on *Health and Social Security for the American People*



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# The Johnson Years (Cont.)

- 1966 - States authorized new medical assistance and medical assistance to the aged programs; Federal government to pay 50% to 85% of cost
- 1966 - Social Security Administration selected 32 Blue Shield, 16 commercial insurance, and 1 private insurer to perform major administrative functions of Medicare program
- 1966 - Deadline for Social Security beneficiaries who reached their 65th birthday prior to January 1, 1966 to enroll in the voluntary medical insurance program for coverage to start on July 1, 1966
- Persons reaching 65th birthday after that date to enroll during three-month period before



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# Medicare is born

- 1 July 1966 - Date all persons over 65 were automatically covered under all of the hospital insurance provisions, except for the 1966 - Deadline for Social Security beneficiaries who reached their 65th birthday prior to January 1, 1966 to enroll in the voluntary medical insurance program for coverage to start on July 1, 1966
- Persons reaching 65th birthday after that date to enroll during three-month period before 65
- 1968 - President Johnson signed 1967 Amendments to Social Security Act; 13% increase in benefits, changes in minimum benefit, retirement test, disability benefits, coverage, hospital and Medicare insurance and increased the earnings base from \$6,600 to \$7,800



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# Medical Associations and Medicare Support

- The American Medical Association was vehement, with Dr. Donovan Ward, the head of the AMA in 1965, declaring that “a deterioration in the quality of care is inescapable.”
- The president of the Association of American Physicians and Surgeons went further and suggested that for doctors to cooperate with Medicare would be “complicity in evil.”
- NMA was in favor and Drs. Montague Cobb and Edward Mazique were invited by President Johnson to attend signing in Independence , Missouri.



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# Ronald Reagan Speaks Out Against Socialized Medicine





# The Nixon years

- 1972 - President Nixon signed Social Security Amendments of 1972 (PL 92-603)
- Liberalized several cash benefit provisions, made substantial changes in Medicare, revised contribution schedule, amended some coverage provisions, and established a new Federal security income program for needy aged, blind, and disabled (the SSI program)
- 1977 - Health Care Financing Administration (HCFA) created to administer both the Medicare and Medicaid programs



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# The Clinton years

- 1997 - President Clinton signed H.R. 2015, the Balanced Budget Act of 1997 (BBA), the most far reaching changes in Medicare program
- Extended insolvency of the HI trust fund to 2010, reduced rate of increase in payments to providers, created prospective payment systems, added coverage of preventive benefits, and added the Medicare+Choice program allowing Medicare beneficiaries to choose additional types of health plans
- Created State Children's Health Insurance Program (SCHIP) designed to assist those working families with incomes too high for Medicaid but too low to afford private health insurance



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# The Clinton years (Cont'd)

- 1999 - President Clinton signed Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act (BBRA)
- Made numerous changes to Medicare program aimed at reducing the impact of payment reductions to providers in the BBA of 1997, stabilized SCHIP allotment formula and modified the Medicaid DSH program
- President Clinton signed Ticket to Work and Work Incentives Improvement Act of 1999 (TWWIIA) expanding availability of Medicare and Medicaid for certain disabled beneficiaries who return to work



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# Medicare additions

- 1972 - Social Security Amendments of 1972 (PL 92-603) extended Medicare coverage to individuals with ESRD who need either dialysis or transplantation to maintain life;
- 1982 - Hospice benefits to aid elderly on temporary basis;
- 1984 - Hospice became a permanent benefit;
- 2001 - Medicare expanded to cover younger people with amyotrophic lateral sclerosis (ALS).



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# Centers for Medicare and Medicaid Services(CMS)

- A component of Department of Health and Human Services(HHS)
- Administers Medicare, Medicaid, State Children's Health Insurance Program, (SCHIP), and Clinical Laboratory Improvement Amendment (CLIA)
- With Departments of Labor and Treasury, CMS implements Health Insurance Portability and Accountability Act (HIPAA) and most aspects of Patient Protection and Affordable Care Act (PPACA)
- Social Security Administration responsible for determining Medicare eligibility, payment of Extra Help/Low Income Subsidy payments related to Part D Medicare,
- CMS contracts with private insurance companies to operate as intermediaries between government and medical providers for claims and payment processing, call center services, clinician enrollment, and fraud investigation and collecting some premium payments.



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# Reducing Disparities

- Major force for racial desegregation of health care facilities
- Reduced disparities in access to care by vigorous enforcement of the Civil Rights Act, a condition of hospital participation
- Hospitals integrated their medical staffs, waiting rooms, and hospital floors in less than four months
- Between 1961 and 1968, hospitalization rates for whites age 65 and older rose 38 percent, while rates for blacks 65 and older jumped 61 percent
- Disparities in access to hospital services for people of all ages narrowed, with the difference in hospitalization rates between whites and blacks falling from 30 percent in 1961 to 17 percent by 1968



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# Advances in Health Care and Delivery

- Access to the latest advances in medical research;
- Financing medical progress through graduate medical education and payments to teaching hospitals;
- Establishment of quality standards and supporting medical advances and innovation in health services delivery;
- Increase in life expectancy at age 65 increased by 15 percent between 1965 and 1984, compared with 5 percent between 1950 and 1965;
- Life expectancy of Medicare beneficiaries is now five years longer than it was when Medicare started;
- Annual death rates of those age 85 and older dropped by 18 percent between 1960 and 1970, compared with just 2 percent between 1950 and 1960

National Center for Health Statistics, *Health, United States, 2013*  
(Washington D.C.: U.S. Department of Health and Human Services, May 2014).



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# Eligibility

- Persons 65 years of age or older, legal residents of the United States for at least 5 years eligible for Medicare
- People with disabilities under 65 eligible if they receive Social Security Disability Insurance (SSDI) benefits
- Specific medical conditions may allow eligibility in Medicare.



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# Eligibility

- Medicare Part A premiums are entirely waived, if 65 years or older *and* U.S. citizens or have been permanent legal residents for 5 continuous years, *and* they or their spouse (or qualifying ex-spouse) has paid Medicare taxes for at least 10 years.
- Under 65, disabled, and have been receiving either Social Security SSDI benefits or Railroad Retirement Board disability benefits; they must receive one of these benefits for at least 24 months from date of entitlement (eligibility for first disability payment) before becoming eligible to enroll in Medicare, *or* they get continuing dialysis for end stage renal disease or need a kidney transplant; *or* eligible for Social Security Disability Insurance and have amyotrophic lateral sclerosis (ALS)



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# Part B: Medical insurance

- Optional and may be deferred if the beneficiary or his/her spouse is still working *and* has group health coverage through employer
- Lifetime penalty (10% per year) imposed for not enrolling in Part B unless actively working *and* receiving group health coverage from employer
- Coverage - physician and nursing services, x-rays, laboratory and diagnostic tests, influenza and pneumonia vaccinations, blood transfusions, renal dialysis, outpatient hospital procedures, limited ambulance transportation, immunosuppressive drugs for organ transplant recipients, chemotherapy, hormones, and other outpatient medical treatments administered in a doctor's office.
- Durable medical equipment(DME), including canes, walkers, wheelchairs and mobility scooters
- Prosthetic devices, eyeglasses following cataract surgery, and oxygen for home use.



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# Part C: Medicare Advantage plans

- Part C Medicare Advantage health plan members typically also pay a monthly premium
- Included are prescription drugs, dental care, vision care, annual physicals, coverage outside the United States, and even gym or health club memberships
- Reduction of the 20% co-pays and high deductibles
- Medicare Advantage plans purchased by approximately 13 million or 28% of beneficiaries

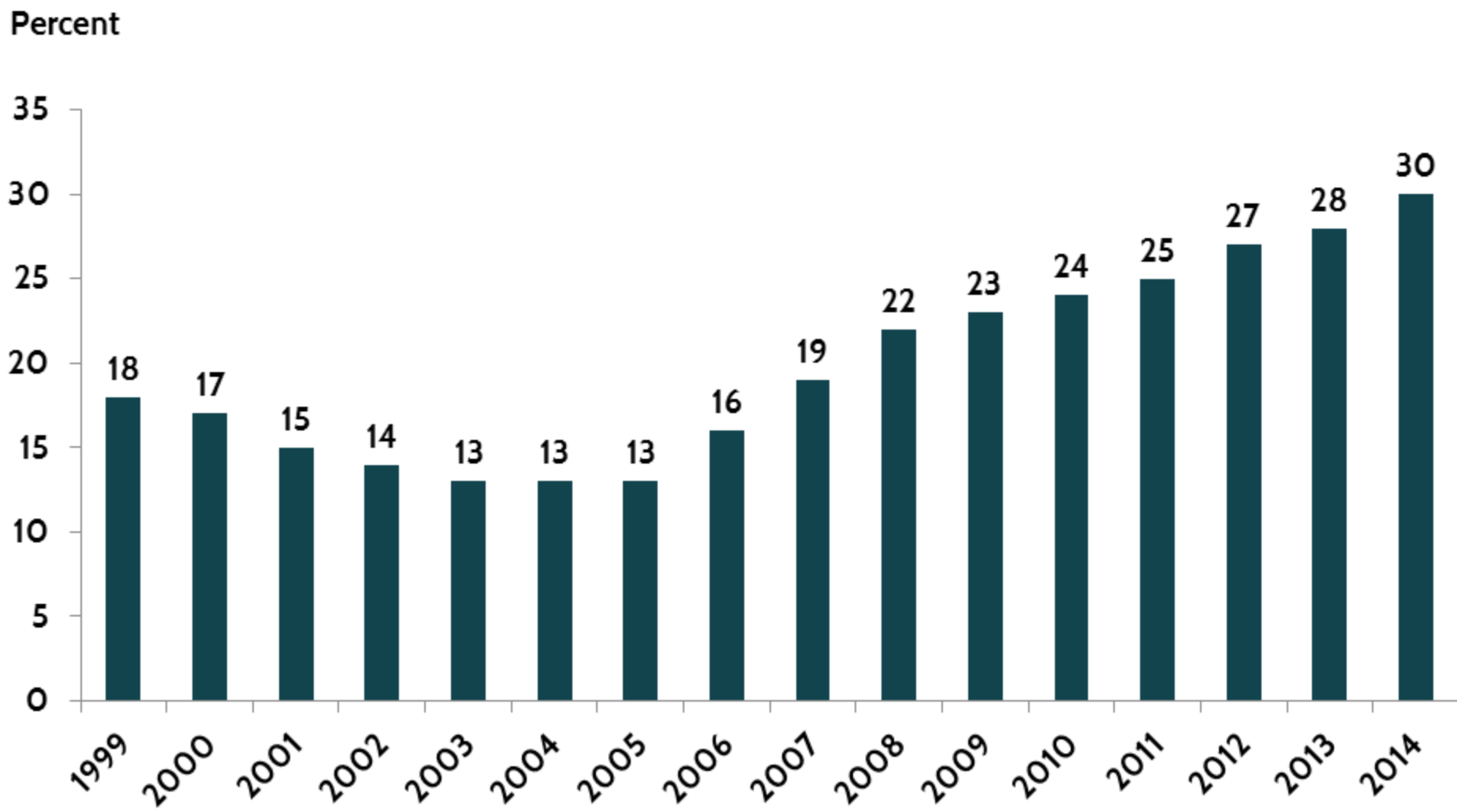


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## Exhibit 4. Percent of Medicare Beneficiaries Enrolled in Medicare Advantage Plans, 1999–2014



Source: Analysis of Medicare Advantage enrollment files by the Henry J. Kaiser Family Foundation.

# Medicare Advantage Plans

- Health coverage provided through a private plan
- Covers Part A and Part B and many offer Part D prescription drug coverage
- Can join with pre-existing medical condition except ESRD



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# Part D: Prescription drug plans

- Effective on January 1, 2006
- Covers prescription drugs under private drug plans
- Financed approximately three-fourths from general tax revenues, with the remainder split between beneficiary premiums and state government contributions
- Higher-income beneficiaries pay an additional premium



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# Solvency of the Medicare trust fund

- Involves only Part A
- When available revenue plus any existing balances will not cover 100 percent of annual projected costs the trust fund is expected to become insolvent in 2030



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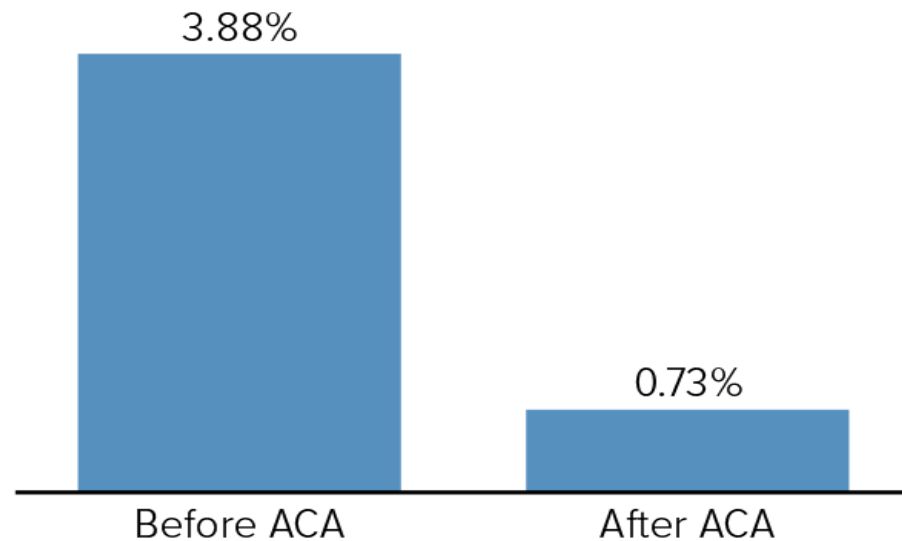
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# Medicare Is Not “Bankrupt”

## Affordable Care Act (ACA) Significantly Improved Medicare’s Finances

75-year shortfall in Hospital Insurance trust fund  
as a percent of taxable payroll



Note: Taxable payroll = payroll subject to the Medicare tax.

Source: 2009 and 2016 annual reports of the boards of trustees of the Medicare trust funds

CENTER ON BUDGET AND POLICY PRIORITIES | CBPP.ORG

- The 2016 report of Medicare’s trustees finds that Medicare’s Hospital Insurance (HI) trust fund will remain solvent – that is, able to pay 100 percent of the costs of the hospital insurance coverage that Medicare provides – through 2028.
- Health reform (ACA), along with other factors, has significantly improved Medicare’s financial outlook, boosting revenues and making the program more efficient.

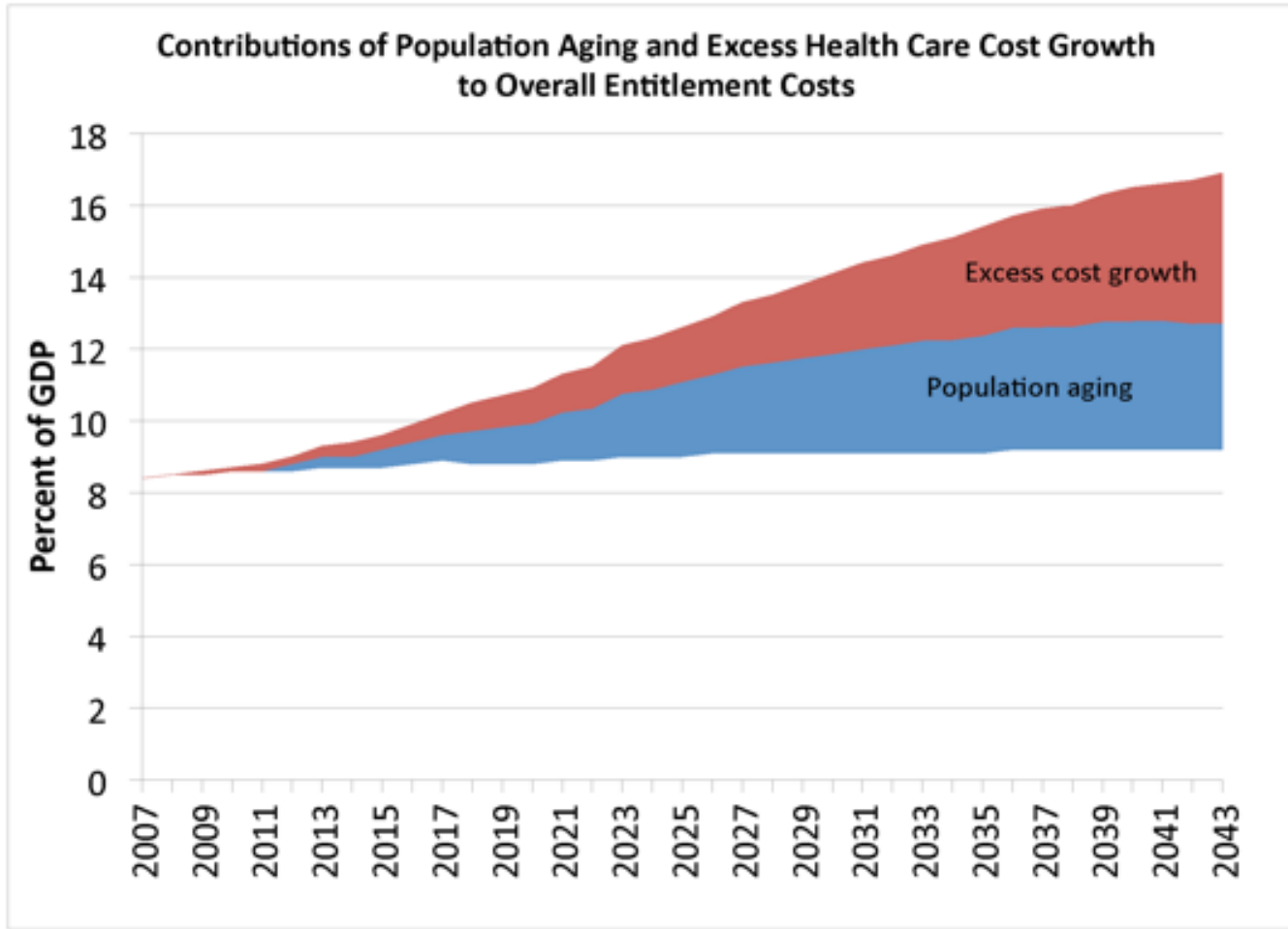


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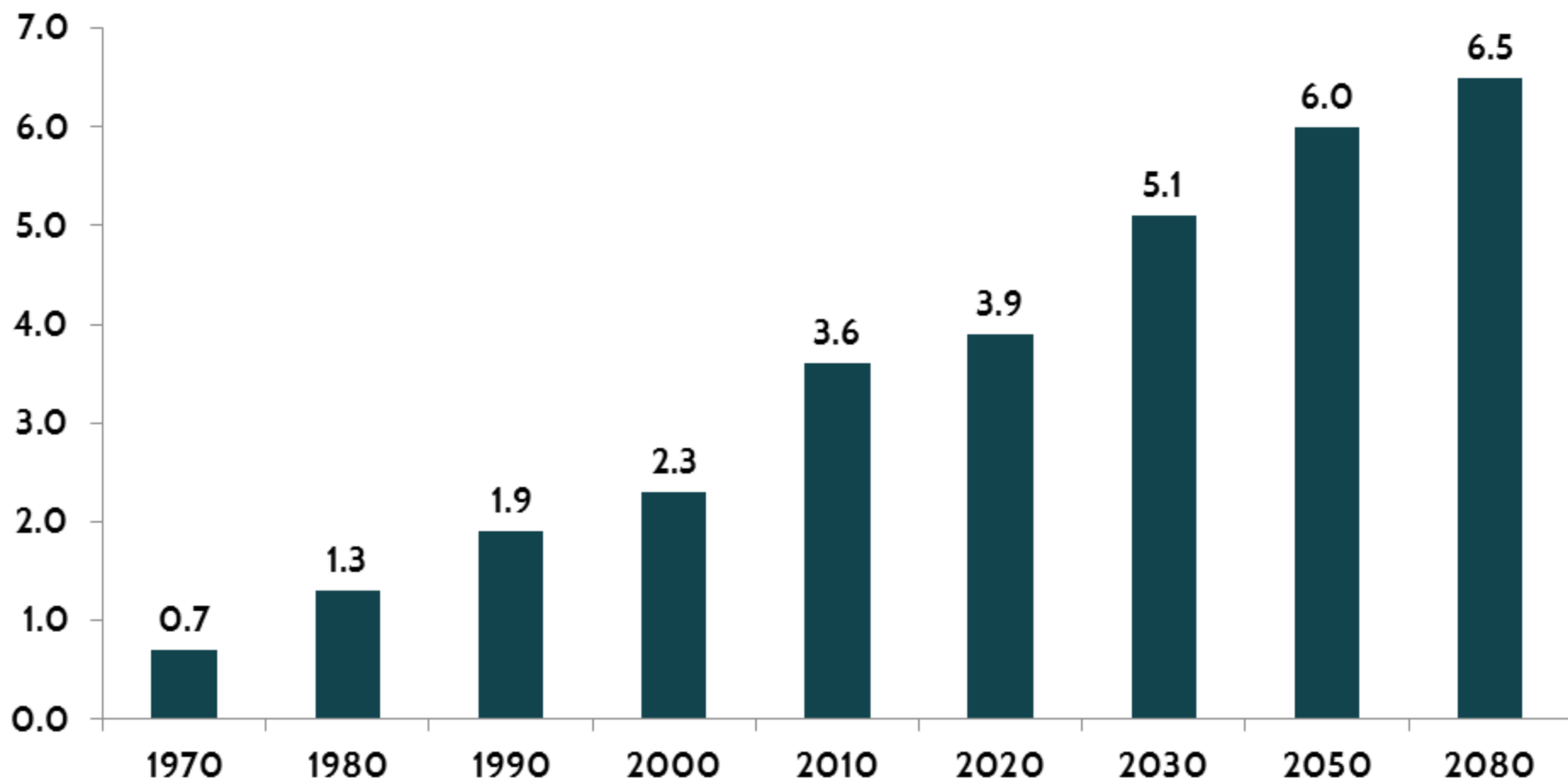
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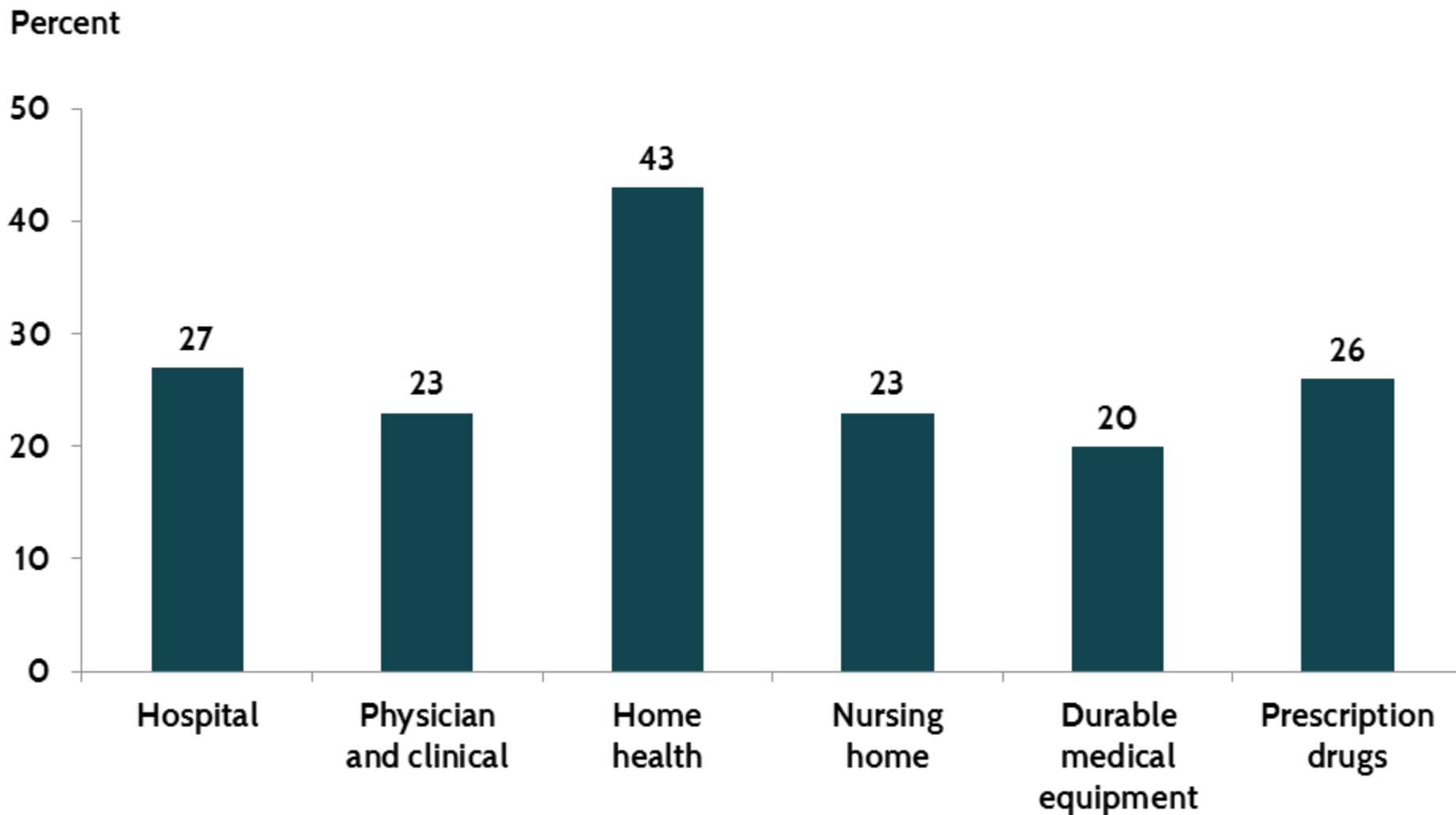
## Exhibit 5. Medicare Spending as Percentage of U.S. Gross Domestic Product, 1970–2080

Percent of GDP



Source: Medicare Payment Advisory Commission, *Health Care Spending and the Medicare Program*, Data Book (Washington, D.C.: MedPAC, 2014).

## Exhibit 6. Medicare's Share of Spending by Type of Service, 2012



Source: Medicare Payment Advisory Commission, *Health Care Spending and the Medicare Program*, Data Book (Washington, D.C.: MedPAC, 2014).

# *Medicare Access and CHIP Reauthorization Act (MACRA)*

- *Signed into law on April 16, 2015*
- *Averted a 21% cut to Medicare physician rates and permanently repealed the flawed Medicare Sustainable Growth Rate (SGR) formula*
- *Wide bipartisan, bicameral support, passing by large majorities in both the House of Representatives (392-37) and the Senate (92-8).*



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# Medicare Access and CHIP Reauthorization Act (MACRA)

- Erases all future SGR cuts and ensures a 5-year period of annual updates of 0.5% to transition to the new payment system;
- Harmonizes and streamlines existing Medicare quality reporting programs into the Merit-Based Payment Incentive System (MIPS);
- Provides financial incentives for providers who move into alternative payment models (APMs);
- Extends the Children's Health Insurance Program as well as funding for community health centers and the National Health Service Corps.

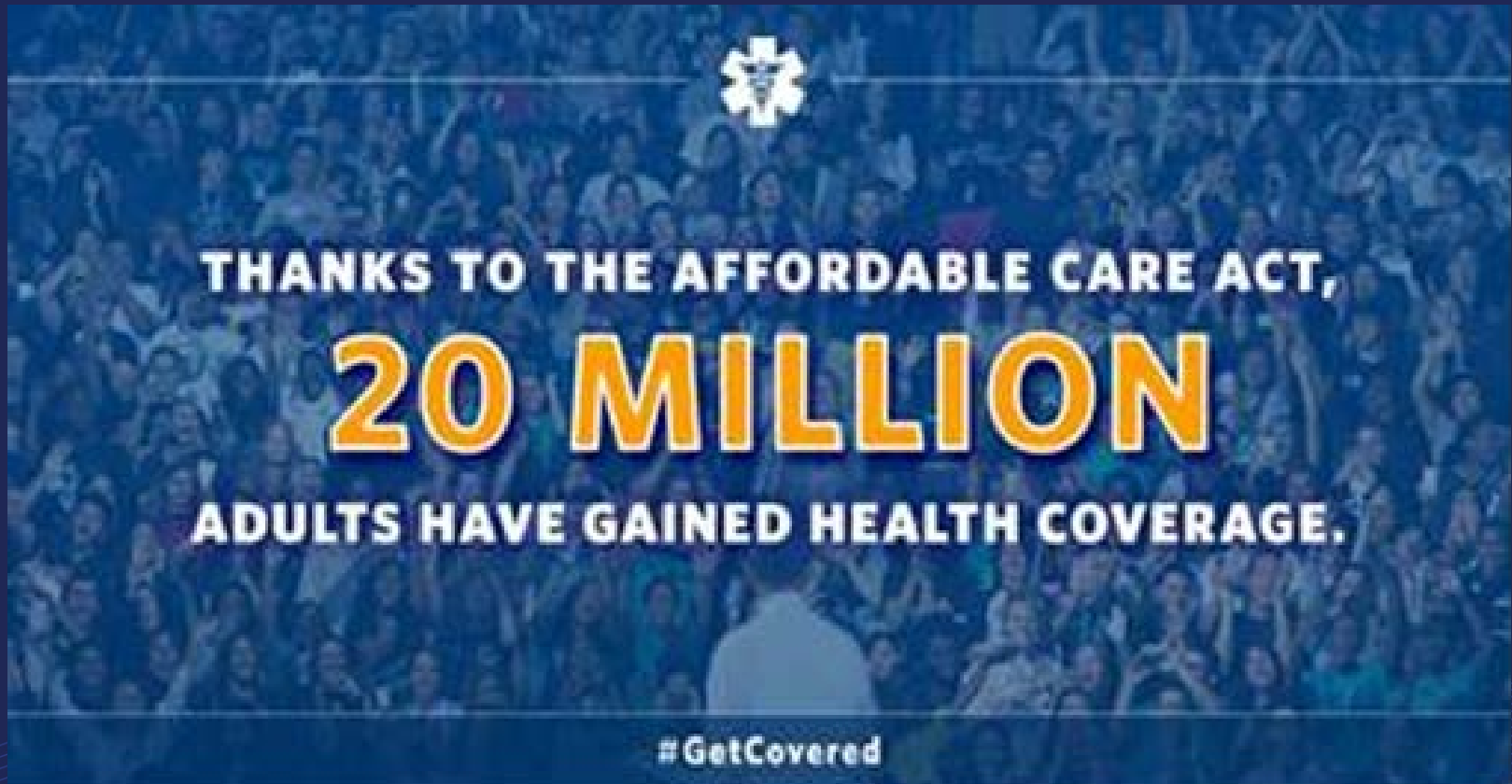


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# The Affordable Care Act



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# Question 1

- Who received the very first Medicare card?
- A. President Eisenhower
- B. President Roosevelt
- C. President Truman
- D. President Nixon
- E. None of the above



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# Answer

- c. President Truman was the first President to propose a national health insurance plan. Subsequent debate resulted in the enactment of the Medicare program in 1965.
- To honor his efforts to expand health insurance coverage, President Johnson presented former President Truman and his wife Bess with the first two Medicare cards at a signing ceremony at the Truman library in Independence, Missouri on July 30, 1965.



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## Question 2

- The Clinical Laboratory Improvement Amendment of 1988 was enacted in part due to reports about women dying of cervical cancer after their pap smear tests were not evaluated properly.
- A. True
- B. False



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## Answer

- A. The Clinical Laboratory Improvement Amendment of 1988 was enacted to improve the quality of laboratory testing as part of a response to reports about women dying of cervical cancer because of improperly read pap smear tests.



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# Question 3

- The Balanced Budget Act of 1997 (BBA):
  - A. Created the State Children's Health Insurance Program (SCHIP)
  - B. Established new health plan options for Medicare beneficiaries
  - C. Reduced the rate of growth in Medicare spending
  - D. All of the above
  - E. None of the above



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# Answer

- D. The Balanced Budget Act of 1997 (BBA) created the State Children's Health Insurance Program (SCHIP), established new managed care options for Medicare beneficiaries, and reduced the rate of growth in Medicare spending.



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# Question 4

- In 1965, what was the three-layer cake?
- A. Medicare Part A, Medicare Part B, Medicaid
- B. Medicare, Medicaid, SSI
- C. Social Security, private pensions, and retirement savings
- D. Medicare, CHIP, SSI
- E. Neopolitan



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# Answer

- A. Congressman Wilbur Mills, Chairman of the House Ways and Means Committee, created what was called the “three-layer cake” by starting with President Johnson’s Medicare proposal (Part A), adding to it physician and other outpatient services (Part B), and creating Medicaid which significantly expanded federal support for health care services for poor elderly, disabled, and families with dependent children. Medicare became Title 18 of the Social Security Act and Medicaid became Title 19.



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# Question 5

- When Medicare began, what sort of efforts did hospitals and nursing homes need to make to integrate their facilities for black and white patients?
- A. A good faith effort
- B. All deliberate speed
- C. Integration was required before participation in the program could begin
- D. Facilities south of the Mason-Dixon line were exempt



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# Answer

- C. The Civil Rights Act (enacted in 1964, one year before Medicare was enacted) prohibited recipients of Federal funds from discrimination based on race, color, or national origin. The Secretary of HEW asked the Public Health Service to work with hospitals and nursing homes to ensure that facilities were integrated prior to the launch of Medicare on July 1, 1966.



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## Question 6

- It is estimated that the Medicare Trust Fund will become bankrupt by 2025.
- A. True
- B. False



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## Answer

- The annual report card from the programs' trustees said Medicare's hospital-insurance trust fund, which provides coverage to more than 55 million Americans, will exhaust its reserves by 2028, two years sooner than estimated last year.



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# HAPPY 50TH BIRTHDAY MEDICARE!



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A nighttime photograph of a city skyline, likely Philadelphia, featuring several prominent skyscrapers. The buildings are illuminated with various lights, including warm yellow lights from windows and decorative blue and red lights on the tops of the towers. The sky is dark, and the overall scene is vibrant and urban.

Thank you for your attention.

Questions?

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