Medicare: A Timeline of Key Developments

1965-2009

1965: President Johnson signed H.R. 6675 to establish Medicare for the elderly in Missouri. President Truman was the first to enroll in Medicare.

January 1965: President Johnson's first legislative message to the 89th Congress, *Advancing the Nation's Health*, detailed a program including hospital insurance for the aged under Social Security and health care for needy children.

March-July 1965: The House of Representatives (307-116) and the Senate (70-24) passed "the Mills Bill" (H.R. 6675), a package of health benefits and Social Security improvements.

July 30, 1965: President Johnson signed H.R. 6675 (Public Law 89-97) to establish Medicare for the elderly and Medicaid for the indigent in Independence, Missouri, in the presence of Harry S. Truman who advocated for such legislation in a message to Congress in 1945.

Presidential remarks during signing ceremony

1965: President Truman was the first to enroll in Medicare.

1965:
- Medicare Part A deductible: $40/year
- Medicare Part B premium: $3/month

1988: Clinical Laboratory Improvement Amendments were enacted to strengthen quality performance requirements for clinical laboratories to provide more accurate and reliable laboratory tests.

1989: The Medicare Catastrophic Coverage Repeal Act of 1989 retracted the major provisions of the 1988 Medicare Catastrophic Coverage Act, including both the outpatient drug benefit and the out-of-pocket limit. QMB benefits were retained.

1989: The Omnibus Budget Reconciliation Act of 1989 (OBRA 1989) established the Resource-Based Relative Value Scale (RBRVS) for physicians, replacing charge-based payments. Limits were placed on physician balance billing. Physicians were prohibited from referring Medicare patients to clinical laboratories in which they have a financial interest. OBRA 1989 also included a number of other provisions designed to slow the growth in Medicare spending.

1990: The Omnibus Budget Reconciliation Act of 1990 (OBRA 1990) established the Specified Low-Income Medicare Beneficiary (SLMB) eligibility group requiring state Medicaid programs to cover premiums for beneficiaries with incomes between 100% and 120% of the federal poverty level. Medicare was expanded to cover screening mammography and partial hospitalization services in

1966: The Social Security Administration announced the selection of private insurance companies to perform the major administrative functions of bill processing and benefit payment functions for Part A (Hospital Insurance) and Part B (Supplementary Medical Insurance) of the Medicare program.

July 1, 1966: Medicare coverage began. All persons age 65 and over were automatically covered under Part A. Coverage began for seniors who signed up for the voluntary medical insurance program (Part B). More than 19 million individuals ages 65 and older were enrolled in Medicare.

1969: The Task Force on Prescription Drugs, chaired by Dr. Philip Lee, released its final report on the costs and feasibility of adding prescription drug coverage to Medicare.

1970:
- Medicare Part A deductible: $52/year
- Medicare Part B premium: $4/month
- Total Medicare population: 20.4 million beneficiaries

1972: October 30, 1972 President Nixon signed the Social Security Amendments of 1972 (PL 92-603), the first major adjustment to Medicare after its enactment. Medicare eligibility was extended to individuals under age 65 with long-term disabilities (who were receiving SSDI payments for two years) and to individuals with end-stage renal disease (ESRD). The amendments also established professional standards review organizations (PSROs) to review patient care, encouraged the use of health maintenance organizations (HMOs), and gave Medicare the authority to conduct demonstration programs.

1972: Medicare benefits were expanded to include some chiropractic services, speech therapy, and physical therapy.

community mental health centers. Federal standards were established for Medigap policies, including standardized benefit packages and minimum loss ratios, replacing the voluntary certification system.

1990: The U.S. Bipartisan Commission on Comprehensive Health Care (the "Pepper Commission") recommended the creation of a new Medicare long-term care program that would provide nursing home and home- and community-based services. These recommendations were not enacted.

1990:
- Medicare Part A deductible: $592/year
- Medicare Part B premium: $28.60/month
- Total Medicare population: 34.3 million beneficiaries

1993: The Omnibus Budget Reconciliation Act of 1993 modified payments to Medicare providers, as part of overall deficit reduction legislation, and lifted the cap on wages subject to the HI payroll tax.

1993: States started to cover Medicare Part B premiums for SLMBs.

1995:
- Medicare Part A deductible: $716/year
- Medicare Part B premium: $46.10/month
- Total Medicare population: 37.6 million beneficiaries

1996: The Health Insurance Portability and Accountability Act of 1996 (HIPAA) established the Medicare Integrity Program, which dedicated funds for program integrity activities.

1997: The Balanced Budget Act of 1997 (BBA) included a broad range of changes in provider payments to slow the growth in Medicare spending as part of the legislation to balance the federal budget. It also established the Medicare+Choice program, a new structure for Medicare HMOs and

1973: Medicare coverage began for individuals receiving Social Security Disability Insurance (SSDI) cash payments for two or more years. Nearly 2 million people under age 65 with long-term disabilities or ESRD were covered.

1975:
- Medicare Part A deductible: $92/year
- Medicare Part B premium: $6.70/month
- Total Medicare population: 24.9 million beneficiaries

1977: Joe Califano, Secretary of the Department of Health, Education and Welfare, created the Health Care Financing Administration (HCFA) to administer both the Medicare and Medicaid programs. About 1,500 employees were transferred to HCFA from the Social Security Administration.

Interview with Joe Califano on the establishment of HCFA

1980: The Omnibus Reconciliation Act of 1980 expanded home health services by eliminating the limit on the number of home health visits, the prior hospitalization requirement, and the deductible for any Part B benefits. It also required the Secretary to develop a list of surgical procedures that could be done on an outpatient basis in an ambulatory surgical center and would be reimbursed on a prospective payment system. The "Baucus Amendments" brought Medicare supplemental insurance, also called "Medigap," under federal oversight and established a voluntary certification program for Medigap policies.

1980:
- Medicare Part A deductible: $180/year
- Medicare Part B premium: $8.70/month
- Total Medicare population: 28.4 million beneficiaries

1981: The Omnibus Budget Reconciliation Act of 1981 (OBRA 1981) included provisions to slow the growth in Medicare spending, including a change that resulted in an increase in the inpatient hospital deductible.

other private health plans offered to beneficiaries. The BBA also required HCFA to develop and implement five new Medicare prospective payment systems: inpatient rehabilitation hospital or unit services; skilled nursing facility services; home health services; hospital outpatient services; and outpatient rehabilitation services. The law also provided additional assistance with Medicare Part B premiums for beneficiaries with incomes between 120% and 135% of poverty (QI-1s) through a first-come first-serve block grant program administered by state Medicaid programs. The law provided for partial assistance with premiums for beneficiaries with incomes between 135% and 175% of poverty (QI-2s). The BBA also established the National Advisory Commission on the Future of Medicare and the Medicare Payment Advisory Commission (which replaced both the Prospective Payment Assessment Commission and the Physician Payment Review Commission).

1998: The internet site www.Medicare.gov was launched to provide updated information about Medicare.

View Medicare.gov

1999: The toll-free number, 1-800-MEDICARE (1-800-633-4227), was made available nationwide. The first annual Medicare & You handbook was mailed to all Medicare beneficiary households.

1999: The Ticket to Work and Work Incentives Improvements Act of 1999 (TWWIIA) expanded the availability of Medicare and Medicaid for certain disabled beneficiaries who return to work.

1999: The Balanced Budget Refinement Act of 1999 (BBRA) increased payments for some Medicare providers and reduced or froze payment rates for other Medicare services. BBRA also increased payments to Medicare+Choice plans.

1999: The National Advisory Commission on the Future of Medicare completed its work on Medicare reform, but lacked sufficient votes to report out a formal recommendation.

1982: The Tax Equity and Fiscal Responsibility Act (TEFRA) increased the Part B premium to cover 25% of program costs as part of policies designed to slow the growth of Medicare spending. Hospice services for the terminally ill were added to Medicare's covered benefits. TEFRA facilitated HMOs' participation in the Medicare program and established a risk-based prospective payment system for these plans. The Act also expanded HCFA's quality oversight efforts by replacing Professional Standards Review Organizations (PSROs) with Peer Review Organizations (PROs). TEFRA imposed a ceiling on the amount Medicare would pay for a hospital discharge and required HHS to submit a plan for prospective payments to hospitals and nursing homes. TEFRA required federal employees to begin paying the HI payroll tax.

1983: The Social Security amendments of 1983 established an inpatient hospital prospective payment system (PPS) for the Medicare program. The PPS is based on diagnosis-related groups, or DRGs, a pre-determined payment for treating a specific condition. The system was adopted to replace cost-based payments.

1984: The Deficit Reduction Act of 1984 (DEFRA) froze physician fees, established the Participating Physicians' Program, and established fee schedules for laboratory services, all of which were intended to slow the growth of Medicare's spending and constrain the federal deficit.

1985: The Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) made Medicare coverage mandatory for newly hired state and local government employees.

In addition, COBRA established the Emergency Medical Treatment and Labor Act (EMTALA), which required hospitals participating in Medicare operating active emergency rooms to provide appropriate medical screenings and stabilizing treatments.

2000: The Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act (BIPA) of 2000 further increased Medicare payments to providers and Medicare+Choice plans, reduced certain Medicare beneficiary copayments, and added covered preventive services. BIPA also enabled people with amyotrophic lateral sclerosis (ALS or Lou Gehrig's disease) to enroll in Medicare upon diagnosis instead of having to satisfy the 24-month waiting period.

2000:
- Medicare Part A deductible: $776/year
- Medicare Part B premium: $54.40/month
- Total Medicare population: 39.7 million beneficiaries

2001: Secretary of Health and Human Services, Tommy Thompson, renamed HCFA, which became the Centers for Medicare and Medicaid Services (CMS).

2001: Medicare began covering people with ALS.

2002: The Public Health Security and Bioterrorism Preparedness and Response Act of 2002, along with other public health measures, temporarily moved deadlines for submitting Medicare+Choice plan information. The law stated that in 2005, individuals enrolled in M+C plans would only be able to make and change elections to an M+C plan on a more limited basis, which was later changed by the Medicare Modernization Act of 2003.

2003: The Consolidated Appropriations Resolution (CAR) of 2003 increased payments for some hospitals, updated the physician fee schedule, and extended payment of the Part B premium for QI-1.

1985: The Emergency Extension Act of 1985 froze PPS payment rates for inpatient hospital care and continued physician payment freezes to slow the growth of Medicare spending.

1985:
• Medicare Part A deductible: $400/year
• Medicare Part B premium: $15.50/month
• Total Medicare population: 31.1 million beneficiaries

1986: The Omnibus Budget Reconciliation Act of 1986 (OBRA 1986) revised several of the payment procedures for various Medicare services in order to help slow the growth in Medicare spending.

1987: The Omnibus Budget Reconciliation Act of 1987 (OBRA 1987) imposed quality standards for Medicare- and Medicaid-certified nursing homes - in response to well-documented quality problems facing seniors in nursing homes. OBRA 87 also modified payments to providers under Medicare as part of the deficit reduction legislation.

1987: The Medicare and Medicaid Patient and Program Protection Act of 1987 was enacted to improve antifraud efforts and strengthen beneficiary protection programs.

1987: The Balanced Budget and Emergency Deficit Control Reaffirmation Act of 1987 froze Medicare payment rates in an attempt to slow Medicare spending.

1988: The Medicare Catastrophic Coverage Act of 1988, the largest expansion of the program since the enactment of Medicare, included an outpatient prescription drug benefit and a cap on beneficiaries' out-of-pocket expenses, and expanded hospital and skilled nursing facility benefits. Medicaid began coverage of Medicare premiums and cost-sharing for Medicare beneficiaries with incomes below 100% of the federal poverty level, known as Qualified Medicare Beneficiaries (QMB). The U.S. Bipartisan Commission on Comprehensive Health Care (which

2003: QI-2 beneficiaries no longer received assistance from Medicaid in paying their Part B premiums.

2003: December 8, 2003 The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) was passed by the House (220-215) and the Senate (54-44) in November and signed into law (Public Law 108-173) by President Bush on December 8, 2003, providing a new outpatient prescription drug benefit under Medicare beginning in 2006. In the interim, it created a temporary prescription drug discount card and transitional assistance program. The MMA also established a new income-related Part B premium for beneficiaries with higher incomes (beginning in 2007), indexed the Part B deductible, created regional PPOs under the Medicare Advantage program (previously named Medicare+Choice), along with financial and other incentives for private health plans to contract with Medicare. The MMA also established a new way of assessing Medicare's financial status by looking at general revenues as a share of total Medicare spending.

Presidential remarks during the signing ceremony

2004: A temporary Medicare-Approved Drug Discount Card Program began along with a transitional assistance program to provide a $600 annual credit to low-income Medicare beneficiaries without prescription drug coverage in 2004 and 2005.

2005: Medicare begins covering a "Welcome to Medicare" physical, along with other preventive services, such as cardiovascular screening blood tests and diabetes screening tests. Medicare begins education and outreach activities to implement the 2006 prescription drug benefit.

Learn more facts about Medicare

2005:
• Medicare Part A deductible: $912/year
• Medicare Part B premium: $78.20/month
• Total Medicare population: 42.3 million beneficiaries

Learn more facts about Medicare

became known as "Pepper" Commission after the late Congressman Claude Pepper of Florida) was established to assess the feasibility of a long-term care benefit under Medicare.

Detailed summary of the Medicare Catastrophic Coverage Act of 1988