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By Chris Tighe at 10:43 am, Aug 08, 2016

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How Medicare is funded

How is Medicare funded?

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The Centers for Medicare & Medicaid Services (CMS), a branch of the Department of Health and Human Services (HHS), is the federal agency that runs the Medicare Program and monitors Medicaid programs offered by each state.

In 2011, Medicare covered 48.7 million people. Total expenditures in 2011 were \$549.1 billion. This money comes from the Medicare Trust Funds.

Medicare Trust Funds

Medicare is paid for through 2 trust fund accounts held by the U.S. Treasury. These funds can only be used for Medicare.

Hospital Insurance (HI) Trust Fund

How is it funded?

- ◆ Payroll taxes paid by most employees, employers, and people who are self-employed
- ◆ Other sources, like income taxes paid on Social Security benefits, interest earned on the trust fund investments, and Medicare Part A premiums from people who aren't eligible for premium-free Part A

What does it pay for?

- ◆ Medicare Part A (Hospital Insurance) benefits, like inpatient hospital care, skilled nursing facility care, home health care, and hospice care

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