

Medicare: History & Major Changes

A one-page federal program fact sheet | Updated September 2026

At a glance. Medicare is the federal health insurance program **created in 1965** under Title XVIII of the Social Security Act. It began with Part A (Hospital Insurance) and optional Part B (Medical Insurance) for people age 65 and older. Coverage **started July 1, 1966**, with more than **19 million enrollees**. Today, Original Medicare remains Parts A and B; beneficiaries may instead receive these benefits through Medicare Advantage (Part C), and prescription drug coverage is available through Part D.

Milestones

Year	What changed
1965–66	President Lyndon B. Johnson signed Medicare into law July 30, 1965; President Harry Truman became the first beneficiary. Coverage began July 1, 1966, with more than 19 million people enrolled.
1972	Eligibility expanded to certain people under 65 with long-term disabilities and to people with end-stage renal disease.
1980–85	Home-health coverage broadened and Medigap came under federal oversight (1980); hospice was added (1982) ; hospital payment shifted to diagnosis-based prospective payment (1983); EMTALA required Medicare-participating hospitals with emergency departments to screen and stabilize emergency patients (1985).
1997	The Balanced Budget Act established Medicare+Choice, expanding private-plan options—the predecessor to today’s Medicare Advantage.
2003–06	The Medicare Modernization Act renamed private plans Medicare Advantage (Part C) and created optional prescription drug coverage (Part D), effective in 2006.
2010	The Affordable Care Act expanded preventive benefits, introduced payment and delivery reforms focused on quality and coordination, changed Medicare Advantage payments, and began closing the Part D coverage gap.
2015	MACRA replaced the physician payment formula and created new pathways linking clinician payment to quality and value.
2022–26	The Inflation Reduction Act capped covered insulin at \$35 per month and removed cost sharing for recommended Part D vaccines (2023); eliminated catastrophic-phase cost sharing (2024); capped annual Part D out-of-pocket spending at \$2,000 in 2025, indexed thereafter; and authorized negotiated prices for selected high-spend drugs, with the first 10 prices effective January 1, 2026.

Medicare today

Part A covers inpatient hospital, skilled nursing facility, hospice, and some home health care. **Part B** covers physician and outpatient services, durable medical equipment, and many preventive services. Together, A and B are **Original Medicare**. **Part C (Medicare Advantage)** is a Medicare-approved private-plan alternative that provides Part A and Part B benefits and usually Part D. **Part D** is optional prescription drug coverage offered by Medicare-approved private plans.

Official government sources: [CMS program history](#) • [CMS legislative milestones](#) • [SSA signing history](#) • [Medicare.gov: Parts of Medicare](#) • [CMS: negotiated prices effective 2026](#) • [HHS: Part D out-of-pocket cap](#)