

Financing of Medicare Programs

Source of Income

HI Trust Fund

1. Payroll taxes *
2. Transfers from railroad retirement account
3. General revenue for
 - a. uninsured persons
 - b. military wage credits
4. Premiums from voluntary enrollees
5. Interest on investments

* Contribution rate	
Employees and employers, each	1.45%
Self-employed	2.90%

Maximum taxable amount (CY 2003)	none ¹
----------------------------------	-------------------

Voluntary HI Premium ²

Monthly Premium (2003):	\$316
-------------------------	-------

SMI Trust Fund

1. Premiums paid by or on behalf of enrollees
2. General revenue
3. Interest on investments

Part B Premium

Monthly Basic Premium (2003):	\$58.70
-------------------------------	---------

¹ The Omnibus Reconciliation Act of 1993 eliminated the Annual Maximum Taxable Earnings amounts for 1994 and later. For these years, the contribution rate is applied to all earnings in covered employment.

² Premium paid for voluntary participation of individuals aged 65 and over not otherwise entitled to hospital insurance and of certain disabled individuals who have exhausted other entitlement. A reduced premium of \$174 is available to individuals aged 65 and over who are not otherwise entitled to hospital insurance but who have, or whose spouse has or had, at least 30 quarters of coverage under Title II of the Social Security Act.

SOURCE: CMS/OACT

November 2003

Financing of Medicaid Programs
Fiscal Year 2003

Federal Contributions	Percent
1. Medical Vendor Payments ¹	50-83
2. Family Planning Services	90
3. Administrative Costs	50
4. Development of Management Information Systems ²	90
5. Operation of Management Information Systems	75
6. Skilled Nursing Facility, Inspectors	75
7. Intermediate Care Facility for the Mentally Retarded, Inspectors	
a. Salaries, Fringe Benefits, Travel & Training	75
b. All Other Costs	50
8. Skilled Professional Medical Personnel	75
9. State Medicaid Fraud and Abuse Units	75
10. PRO Performance Review	75
11. Systematic Alien Verification for Entitlements System	100
12. Preadmission Screening and Annual Resident Review	75
13. Indian Health Services	100
14. TANF Allocation Enhanced Administrative Match ³	75-90

¹ Range reflects floor to ceiling percentages available under statute in any fiscal year. The ceiling for Medicaid State Children's Health Insurance Program payments under sections 1905(u)(2) and 1905(u)(3) is 85 percent.

² After approval of an application for 90% rate by CMS.

³ Special transitional enhanced match for certain administrative expenditures attributable to the costs of Medicaid eligibility determinations with the advent of the Temporary Assistance to Needy Families (TANF) program (section 1931).

SOURCE: CMS/CMSO

November 2003