

Monthly Trend Report for Medicare, Medicaid, and SCHIP

May 31, 2006

On these pages, the Office of the Actuary presents monthly and fiscal-year-to-date data for Medicare (HI and SMI), the Federal portion of Medicaid, and the Federal portion of the State Children's Health Insurance Program (SCHIP). Highlights include

- changes in HI and SMI income, expenditures, and assets (see Table 1 below);
- changes in Federal Medicaid and Federal SCHIP expenditures (see Table 2 below); and
- actual versus projected data for each of the four programs (see Figures 1, 2, and 3 below).

The primary sources of information for these reports are the [U.S. Department of Treasury's Financial Management Service's Monthly Treasury Report](#) (table 5) for the Federal portions of Medicaid and SCHIP, and financial statements from the Bureau of Public Debt and CMS for Medicare. The reasons offered to explain monthly and fiscal-year-to-date changes are preliminary in nature and may be subject to change as more information becomes available.

NOTE: These pages display only the financial performance of Medicare, Medicaid, and SCHIP. For more information on the nature of the three programs, please refer to the [Brief Summaries of Medicare and Medicaid](#).

Key Data and Trends (change is usually measured fiscal-year-to-date compared to prior fiscal-year-to-date)

Total spending

Fiscal-Year-to-Date 2006 (October 2005-May 2006)

- Total Federal spending for HI, SMI, Medicaid, and SCHIP increased by 8.0 percent compared to the corresponding period in fiscal year 2005. Because program expenditure levels in a particular month can vary significantly, this growth rate—and those shown below—can be unduly affected by an unusually low or high level in any month. As the fiscal year progresses, the fiscal-year-to-date increases are expected to gradually stabilize as the remaining months are added.

Medicare

May 2006

- HI expenditures exceeded income by \$3.2 billion this month. Each month, the primary source of HI income is Federal Income Contribution Act (FICA) taxes, but this is particularly true for months such as this May, in which secondary sources of income were relatively modest, with no large amounts scheduled for receipt.

- SMI income exceeded expenditures by \$1.0 billion this month. Almost all of this excess was attributable to the Part D Medicare Prescription Drug Account, which received \$1.0 billion in payments from States. For the Part B Account, the difference between income and expenditures was negligible.
- The SMI Part D Medicare Prescription Drug Account spent about \$3.5 billion this month for benefits under the broad, voluntary prescription drug benefit that began in January. That is, about 19.1 percent of SMI expenditures (and about 9.8 percent of total Medicare expenditures) were attributable to benefit payments made by this account this month.
- The SMI trust fund received and spent about \$6 million this month for benefits under the Transitional Assistance Account. Activity in this account is dwindling, as intended and expected, as the broad, voluntary prescription drug program has begun.

Fiscal-Year-to-Date 2006 (October 2005-May 2006)

- Medicare expenditures were 13.2 percent higher than in the corresponding period in fiscal year 2005. There were seven Medicare Advantage payments (including, for January through May, payments to free-standing prescription drug plans), compared to eight for the same period in fiscal year 2005. Adjusted for an equal number of incurred Medicare Advantage payments, the growth rate would have been about 15.3 percent.

Medicaid

Fiscal-Year-to-Date 2006 (October 2005-May 2006)

- Federal expenditures for Medicaid were 1.4 percent lower than in the corresponding period in fiscal year 2005.

SCHIP

Fiscal-Year-to-Date 2006 (October 2005-May 2006)

- Federal expenditures for SCHIP were 8.3 percent higher than in the corresponding period in fiscal year 2005.

Consumer Price Index (all items, for urban consumers; CPI-U)

May 2006

- The CPI-U increased 0.5 percent during the month of May.

Fiscal-Year-to-Date 2006 (October 2005-May 2006)

- The fiscal-year-to-date change in the CPI-U is an increase of 1.9 percent.

Table 1. Medicare Trust Fund Activity as of May 31, 2006
[in millions]

Income, Expenditures, and Balance	Supplementary Medical Insurance						Total Medicare
	Hospital Insurance Trust Fund	Part B Account	Transitional Assistance Account	Medicare Prescription Drug Account (Part D)	Supplementary Medical Insurance Trust Fund (Total SMI)		
This Month:							
Income	\$13,805	\$14,643	\$6	\$4,461	\$19,109		\$32,915
Expenditures	17,039	14,648	6	3,460	18,114		35,153
Difference	(3,234)	(5)	0	1,001	995		(2,238)
Current Fiscal-Year-to-Date:							
Income	137,885	117,969	225	16,112	134,305		272,190
% Change	8.3	13.6	(73.8)	--	28.3		17.3
Expenditures	123,571	105,860	225	14,955	121,040		244,611
% Change	3.6	10.4	(73.8)	--	25.1		13.2
Difference	14,314	12,108	0	1,157	13,265		27,579
Prior Fiscal-Year-to-Date:							
Income	127,317	103,853	858	--	104,711		232,028
Expenditures	119,265	95,870	858	--	96,728		215,992
End-of-Month:							
Balance	292,037	28,993	0	1,157	30,150		322,186

Notes: Totals do not necessarily equal the sums of rounded components.

Changes shown ("% Change") reflect current fiscal-year-to-date amounts as compared to amounts in the corresponding period in the prior fiscal year.

Table 2. Federal Medicare, Medicaid, and SCHIP Expenditures as of May 31, 2006
[in millions]

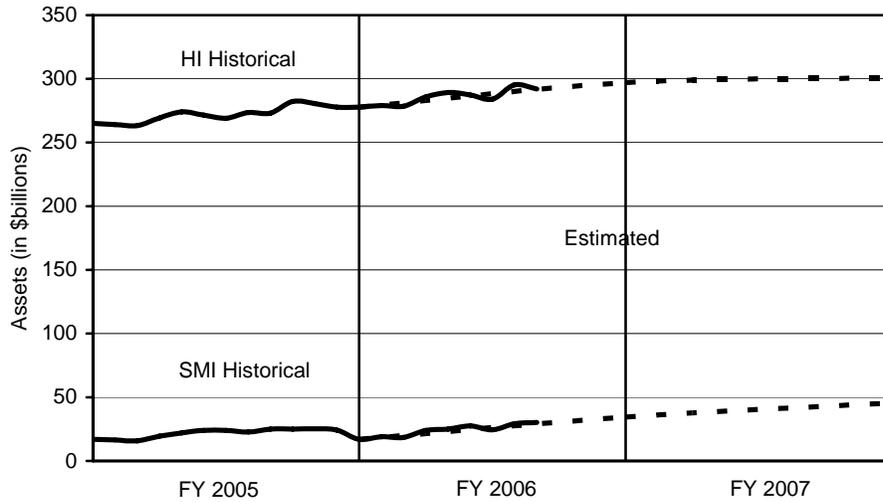
Expenditures	Total Medicare Expenditures	Federal Medicaid Expenditures	Federal Expenditures for State Children's Health Insurance Program	Total Expenditures
This month	\$35,153	\$15,688	\$525	\$51,366
Fiscal-year-to-date	244,611	118,472	3,510	366,593
Prior fiscal-year-to-date	215,992	120,199	3,241	339,432
% Change	13.2	(1.4)	8.3	8.0

Notes: State governments also support the Medicaid and SCHIP programs.

Totals do not necessarily equal the sums of rounded components.

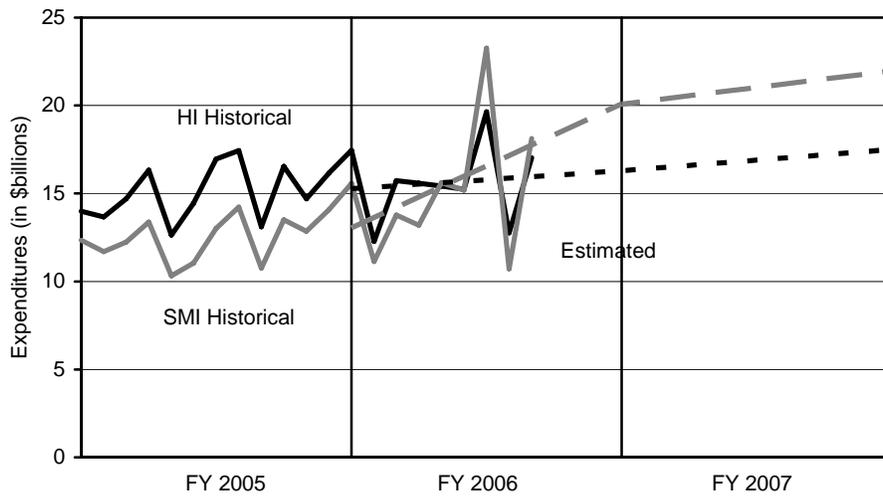
Changes shown ("% Change") reflect current fiscal-year-to-date amounts as compared to amounts in the corresponding period in the prior fiscal year.

Figure 1. Medicare Trust Fund Assets at End of Month: Historical and Estimated



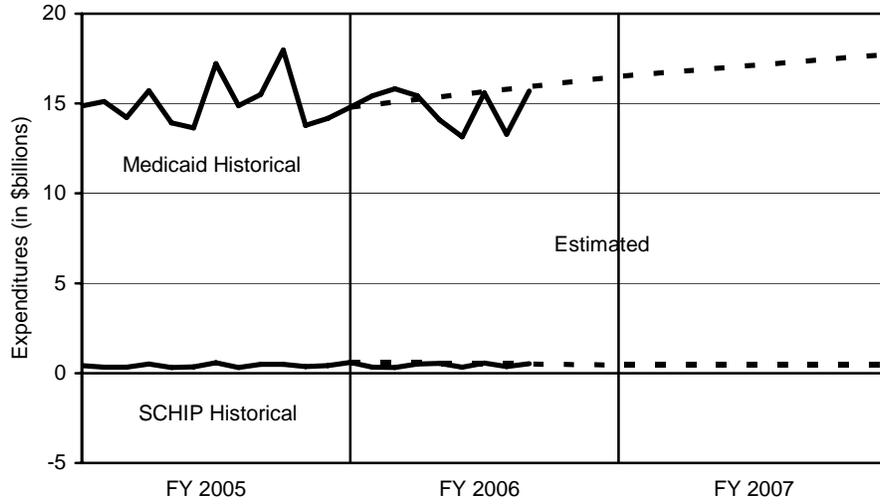
Note: Estimates are from the 2006 Trustees Report (intermediate assumptions).

Figure 2. Medicare Expenditures: Historical and Estimated



Note: Estimates are from the 2006 Trustees Report (intermediate assumptions). The historical figures reflect monthly fluctuations, but the estimated figures are based on annual amounts and thus do not.

Figure 3. Federal Medicaid and SCHIP Expenditures: Historical and Estimated



Note: Estimates are from the Mid-Session Review of the President's Fiscal Year 2007 Budget.