

Expenditures

Information about spending for health care services by Medicare, Medicaid, and in the Nation as a whole

Health care spending at the aggregate levels is distributed by source of funds, types of service, geographic area, and broad beneficiary or eligibility categories. Direct out-of-pocket, other private, and non-CMS-related expenditures are also covered in this section. Expenditures on a per-unit-of-service level are covered in the Utilization section.

Table 25
CMS and total Federal outlays

	Fiscal year 2004	Fiscal year 2005
	\$ in billions	
Gross domestic product (current dollars)	\$11,546.0	\$12,290.4
Total Federal outlays ¹	2,293.0	2,472.2
Percent of gross domestic product	19.9	20.1
Dept. of Health and Human Services ¹	543.4	581.5
Percent of Federal Budget	23.7	23.5
CMS Budget (Federal Outlays)		
Medicare benefit payments	295.4	332.2
SMI transfer to Medicaid ²	0.2	0.2
Medicaid benefit payments	168.3	173.3
Medicaid State and local admin.	8.1	8.4
Medicaid offsets ³	-0.2	-0.2
State Children's Health Ins. Prog.	4.6	5.1
CMS program management	2.7	3.1
Other Medicare admin. expenses ⁴	1.4	1.8
State Eligibility Determinations, for Part D	0.0	0.1
Quality improvement organizations ⁵	0.4	0.4
Health Care Fraud and Abuse Control	1.1	1.1
State Grants and Demonstrations ⁶	0.0	0.1
User Fees and Reimbursables	<u>0.1</u>	<u>0.1</u>
Total CMS outlays (unadjusted)	482.1	526.6
Offsetting receipts ⁷	<u>-32.2</u>	<u>-40.8</u>
Total net CMS outlays	449.9	485.9
Percent of Federal budget	19.6	19.7

¹Net of offsetting receipts.

²SMI transfers to Medicaid for Medicare Part B premium assistance (\$168.2 million in FY 2004 and \$242.3 million in FY 2005).

³SMI transfers for low-income premium assistance.

⁴Medicare administrative expenses of the Social Security Administration and other Federal agencies.

⁵Formerly peer review organizations (PROs).

⁶Includes grants and demonstrations for various free-standing programs, such as the Ticket to Work and Work Incentives Improvement Act (P.L. 106-170) and the qualified high risk pools under the Trade Act of 2002 (P.L. 107-210). Outlays for these programs amounted to \$48 million in FY 2004 and \$84 million in FY 2005.

⁷Almost entirely Medicare premiums. Also includes offsetting collections for user fee and reimbursable activities. Refunds to the trust funds also included beginning in FY 2005.

NOTE: Numbers may not add to totals because of rounding.

SOURCE: CMS, Office of Financial Management.

Table 26
Program expenditures/trends

Fiscal year	Total	Medicare ¹ in billions	Medicaid ²	SCHIP ³
1980	\$60.8	\$35.0	\$25.8	--
1990	182.2	109.7	72.5	--
2000	428.7	219.0	208.0	\$1.7
2004	605.6	301.5	297.5	6.6
2005	664.0	339.4	317.2	7.4

¹Medicare amounts reflect gross outlays (i.e., not net of offsetting receipts). These amounts include outlays for benefits, administration, the Health Care Fraud and Abuse Control (HCFAC) activity, Quality Improvement Organizations (QIOs), the SMI transfer to Medicaid for Medicare Part B premium assistance for low income Medicare beneficiaries and, beginning in FY 2004, the administrative and benefit costs of the new Transitional Assistance and Part D Drug benefits under the Medicare Modernization Act of 2003. ²The Medicaid amounts include total computable outlays (Federal and State shares) for benefits and administration, the Federal and State shares of the cost of Medicaid survey/certification and State Medicaid fraud control units and outlays for the Vaccines for Children program. These amounts do not include the SMI transfer to Medicaid for Medicare Part B premium assistance for low-income Medicare beneficiaries, nor do they include Medicare Part D compensation to States for low-income eligibility determinations in the Part D Drug Program. ³The SCHIP amounts reflect both Federal and State shares of Title XXI outlays. Please note that SCHIP-related Medicaid began to be financed under Title XXI in FY 2001.

SOURCE: CMS, Office of Financial Management.

Table 27
Benefit outlays by program

	1967	1968	2004	2005
Annually	Amounts in billions			
CMS program outlays	\$5.1	\$8.4	\$589	\$642
Federal outlays	NA	6.7	468	512
Medicare ¹	3.2	5.1	295	333
HI	2.5	3.7	164	183
SMI	0.7	1.4	131	150
Transitional Assistance ⁴	NA	NA	0	1
Medicaid ²	1.9	3.3	287	302
Federal share	NA	1.6	168	173
SCHIP ³	NA	NA	7	7
Federal share	NA	NA	5	5

¹The Medicare benefit amounts reflect gross outlays (i.e., not net of offsetting premiums). These amounts exclude outlays for the SMI transfer to Medicaid for premium assistance and the Quality Improvement Organizations (QIOs). ²The Medicaid amounts include total computable outlays (Federal and State shares) for benefits and outlays for the Vaccines for Children program. ³The SCHIP amounts reflect both Federal and State shares of Title XXI outlays as reported by the States on line 4 of the CMS-21. Please note that SCHIP-related Medicaid expansions began to be financed under SCHIP (Title XXI) in FY 2001. ⁴The Medicare Modernization Act of 2003 (P.L. 108-173) provided funds for transitional assistance to low-income beneficiaries under the transitional Prescription Drug Card program. Outlays for this benefit began in the third quarter of FY 2004, and totalled \$216 million for that fiscal year.

NOTES: Fiscal year data. Numbers may not add to totals because of rounding.

SOURCE: CMS, Office of Financial Management.

Table 28
Program benefit payments/CMS region

	Net Expenditures Reported ¹	
	Medicaid	
	Total payments computable for Federal funding	Federal share
	In millions	
All regions	\$281,795	\$166,969
Boston	18,216	10,047
New York	49,900	26,002
Philadelphia	26,345	15,177
Atlanta	49,666	33,048
Chicago	44,617	25,857
Dallas	28,309	19,205
Kansas City	11,535	7,361
Denver	5,958	3,778
San Francisco	37,586	20,852
Seattle	9,663	5,642

¹Fiscal year 2004 data from Form CMS-64 --Net Expenditures Reported by the States, unadjusted by CMS. Medical assistance only. Excludes Medicaid expansions under the State Children's Health Insurance Program (SCHIP).

SOURCES: CMS, CMSO.

Table 29
Medicare benefit outlays

	Fiscal year		
	2004	2005	2006
	In billions		
HI benefit payments	\$163.8	\$181.0	\$185.8
Aged	140.7	155.1	158.8
Disabled	23.1	25.8	27.1
SMI benefit payments	131.4	148.5	157.3
Aged	100.9	123.7	130.2
Disabled	21.5	24.8	27.1
Part D	0.2	1.1	46.5

NOTES: Based on FY 2007 President's Budget. Aged/disabled split of Part D benefit outlays not available. Totals do not necessarily equal the sum of rounded components.

SOURCE: CMS, Office of the Actuary.

Table 30
Medicare/type of benefit

	Fiscal year 2006 benefit payments ¹ in millions	Percent distribution
Total HI ²	\$185,845	100.0
Inpatient hospital	120,984	65.1
Skilled nursing facility	17,607	9.5
Home health agency ³	6,009	3.2
Hospice	9,246	5.0
Managed care	31,999	17.2
Total SMI ²	157,264	100.0
Physician/other suppliers	58,739	37.4
DME	7,570	4.8
Other carrier	15,863	10.1
Outpatient hospital	20,553	13.1
Home health agency ³	6,596	4.2
Other intermediary	13,014	8.3
Laboratory	6,648	4.2
Managed care	28,282	18.0
Total Part D	46,458	100.0

¹Includes the effects of regulatory items and recent legislation but not proposed law. ²Excludes QIO expenditures. ³Distribution of home health benefits between the trust funds reflects the actual outlays as reported by the Treasury.

NOTES: Based on FY 2007 President's Budget. Benefits by type of service are estimated and are subject to change. Totals do not necessarily equal the sum of rounded components.

SOURCE: CMS, OACT and OFM

Table 31
National health care/trends

	Calendar year			
	1965	1980	2000	2004
National total in billions	\$41.0	\$245.9	\$1,358.5	\$1,877.6
Percent of GDP	5.7	9.1	13.8	16.0
Per capita amount	\$205	\$2,821	\$4,729	\$6,280
Source of funds	Percent of total			
Private	75.1	59.6	55.7	54.9
Public	24.9	40.4	44.3	45.1
Federal	11.4	27.0	30.8	32.0
State/local	13.5	13.4	13.5	13.2

NOTE: Numbers may not add to totals because of rounding.

SOURCES: CMS, Office of the Actuary; U.S. Department of Commerce, Bureau of Economic Analysis; and U.S. Bureau of the Census.

Table 32
Medicaid/type of service

	Fiscal year		
	2002	2003	2004
	In billions		
Total medical assistance payments ¹	\$246.3	\$262.6	\$281.8
	Percent of total		
Inpatient services	13.9	14.1	14.8
General hospitals	12.6	12.7	13.7
Mental hospitals	1.3	1.3	1.1
Nursing facility services	18.8	17.0	16.1
Intermediate care facility (MR) services	4.4	4.4	4.1
Community-based long term care svcs. ²	9.7	10.6	10.8
Prescribed drugs ³	9.5	10.3	10.8
Physician services	3.6	3.7	4.1
Dental services	1.1	1.2	1.1
Outpatient hospital services	4.0	3.8	4.1
Clinic services ⁴	2.9	2.8	4.1
Laboratory and radiological services	0.3	0.3	0.4
Early and periodic screening	0.4	0.4	0.4
Targeted case management services	1.0	1.1	1.0
Capitation payments (non-Medicare)	16.0	17.2	16.4
Medicare premiums	2.1	2.1	2.3
Disproportionate share hosp. payments	6.2	4.9	5.5
Other services	5.1	5.8	4.5
Adjustments ⁵	0.9	0.3	0.9

¹Excludes payments under SCHIP. ²Comprised of home health, home and community-based waivers, personal care and home and community-based services for functionally disabled elderly. ³Net of prescription drug rebates. ⁴Federally qualified health clinics, rural health clinics, and other clinics. ⁵Includes increasing and decreasing payment adjustments from prior quarters, collections, and other unallocated expenditures.

SOURCES: CMS, CMSO, and OACT.

Table 33
Medicare savings attributable to secondary payor provisions/type of provision

	Workers	Working		Auto	Disability	Total
	Comp.	Aged	ESRD			
2003	122.2	2,146.7	206.1	273.9	1,604.1	4,593.3
2004	113.3	2,296.8	232.7	265.2	1,640.4	4,829.0
2005	101.9	2,780.9	280.8	244.6	1,920.6	5,670.5

NOTES: Fiscal year data. In millions of dollars. FYs 2003 through 2005 totals include liability amounts of \$240.3, \$280.6, and \$325.0 million, respectively.

SOURCE: CMS, OFM.

Table 34
Medicaid/payments by eligibility status

	Fiscal year 2004	Percent
	Medical assistance payments	distribution
	In billions	
Total ¹	\$281.8	100.0
Age 65 years and over	65.0	23.1
Blind/disabled	114.2	40.5
Dependent children		
under 21 years of age	47.4	16.8
Adults in families with		
dependent children	33.6	11.9
DSH and other unallocated	21.6	7.6

¹Excludes payments under State Children's Health Insurance Program (SCHIP).

SOURCE: CMS, Office of the Actuary.

Table 35
Medicare/dme/pos¹

Category	Allowed Charges ²	
	2002	2003
	In thousands	
Total	\$8,270,229	\$9,823,217
Medical/surgical supplies	1,108,461	1,238,970
Hospital beds	485,890	529,103
Oxygen and supplies	2,206,641	2,435,365
Wheelchairs	1,421,244	1,842,963
Prosthetic/orthotic devices	1,111,417	1,379,186
Drugs admin. through DME	1,082,507	1,351,581
Other DME	854,068	1,046,049

¹Data are for calendar year. DME=durable medical equipment. POS=Prosthetic, orthotic and supplies.

²The allowed charge is the Medicare approved payment reported on a line item on the physician/supplier claim.

SOURCE: CMS, Office of Research, Development, and Information.

Table 36
National health care/type of expenditure

	National total in billions	Per capita amount	Percent Paid		
			Total	Medicare	Medicaid
Total	\$1,877.6	\$6,289	31.9	16.5	15.5
Health serv/suppl.	1,753.0	5,863	34.2	17.6	16.6
Personal health care	1,560.2	5,218	36.6	19.2	17.4
Hospital care	570.8	1,909	45.9	28.6	17.3
Prof. services	587.4	1,965	27.8	15.7	12.1
Phys./clinical	399.9	1,337	27.3	20.5	6.9
Nursing/home hlth.	158.4	530	61.4	20.5	40.9
Retail outlet sales	243.7	815	19.7	4.8	14.9
Admn. and pub. hlth.	192.8	645	15.2	4.9	10.3
Investment	124.6	417	--	--	--

NOTES: Data are as of calendar year 2004.

SOURCE: CMS, Office of the Actuary.

Table 37
Personal health care/payment source

	Calendar year			
	1980	1990	2000	2004
	In billions			
Total	\$215.3	\$607.5	\$1,139.9	\$1,560.2
	Percent			
Total	100.0	100.0	100.0	100.0
Private funds	60.0	61.1	57.2	55.6
Private health insurance	28.4	33.7	35.3	36.1
Out-of-pocket	27.2	22.4	16.9	15.1
Other private	4.3	5.0	5.0	4.4
Public funds	40.0	38.9	42.8	44.4
Federal	28.9	28.4	32.6	33.9
State and local	11.1	10.4	10.2	10.5

NOTE: Excludes administrative expenses, research, structures & equipment and other types of spending that are not directed at patient care.

SOURCE: CMS, Office of the Actuary.