Monthly Trend Report for Medicare, Medicaid, and SCHIP

July 31, 2004

On these pages, the Office of the Actuary presents monthly and fiscal-year-to-date data for Medicare (HI and SMI), federal Medicaid, and 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 Medicaid and 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 source of information for these reports is the U.S. Department of Treasury's Financial Management Service's Monthly Treasury Report (tables 5 and 8). 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 2004 (October 2003-July 2004)

- Total Federal spending for HI, SMI, Medicaid, and SCHIP increased by 9.6 percent compared to the corresponding period in fiscal year 2003. 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

July 2004

- HI expenditures exceeded income by $4.2 billion. The income situation for July is much the same as that described for May, February, and March of this fiscal year, with no large amounts scheduled for receipt besides FICA taxes. On the expenditure side, it should be noted that the bulk of the Medicare Advantage (formerly know as Medicare+Choice) payment for August 2004 was made in July. (The Medicare Advantage payment for July was also made in July.) HI expenditures would thus have been lower--and the excess of expenditures over income lower--had the August payment been made next month rather than this month. (In fact, had this been the case, the excess of expenditures over income this month would have been cut by nearly half.)

- SMI expenditures exceeded income by $2.0 billion. It should be noted that the bulk of the Medicare Advantage (formerly known as Medicare+Choice) payment for August 2004 was made in July. (The Medicare Advantage payment for July was also made in July.) SMI expenditures would thus have been lower--and the excess of expenditures over income lower--had the August payment been made next month rather than this month. (In fact, had this been the case, the excess of expenditures over income this month would have been cut by about 75 percent.)

- The SMI trust fund received and spent almost $49 million this month for benefits under the Transitional Assistance provision of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA). This relatively small amount is mentioned here to point out that June and July are the first two months in which activity for this provision has been reported. (Under the Transitional Assistance provision, certain low-income beneficiaries are eligible for benefit assistance of $600 per year and for a subsidized enrollment fee under the temporary Medicare-endorsed drug discount card program established by the MMA.)

Fiscal-Year-to-Date 2004 (October 2003-July 2004)

- Medicare expenditures were 9.0 percent higher than in the corresponding period in fiscal year 2003. There were 11 Medicare Advantage (formerly know as Medicare+Choice) payments for the fiscal year through July, compared to 10 for the same period in fiscal year 2003. Adjusted for an equal number of incurred Medicare Advantage payments, the growth rate would have been 7.6 percent.

Medicaid

Fiscal-Year-to-Date 2004 (October 2003-July 2004)

- Medicaid expenditures were 10.6 percent greater than in the corresponding period in fiscal year 2003.

SCHIP

Fiscal-Year-to-Date 2004 (October 2003-July 2004)

- SCHIP expenditures were 7.6 percent greater than in the corresponding period in fiscal year 2003.

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

July 2004

- The CPI-U decreased 0.2 percent during the month of July.

Fiscal-Year-to-Date 2004 (October 2003-July 2004)

- The fiscal-year-to-date change in the CPI-U is an increase of 2.3 percent.

Table 1. Medicare Trust Fund Activity as of July 31, 2004

[in millions]

Trust Fund Income, Expenditures, and Assets	Hospital Insurance Trust Fund	Supplementary Medical InsuranceTrust Fund	Total Medicare
This Month:			
Income	$11,860	$11,097	$22,957
Expenditures	16,024	13,053	29,077
Difference	(4,164)	(1,956)	(6,120)
Current Fiscal Year to Date:			
Income	152,590	110,120	262,710
% Change	1.8	16.8	7.6
Expenditures	140,462	111,146	251,608
% Change	9.9	7.8	9.0
Difference	12,128	(1,026)	11,102
Prior Fiscal Year to Date:			
Income	149,867	94,307	244,174
Expenditures	127,761	103,099	230,860
Trust Fund Balance (Current Total Investments):			
End of Month	263,282	23,640	286,922

Table 2. Federal Medicare, Medicaid, and SCHIP Expenditures as of July 31, 2004

[in millions]

Trust Fund Expenditures	Total Medicare Expenditures	Federal Medicaid Expenditures	Federal Expenditures for State Children's Health Insurance Program	Total Expenditures
This month	$29,077	$13,010	$351	$42,438
Fiscal year to date	251,608	147,201	3,764	402,573
Prior fiscal year to date	230,860	133,091	3,497	367,448
% Change	9.0	10.6	7.6	9.6

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

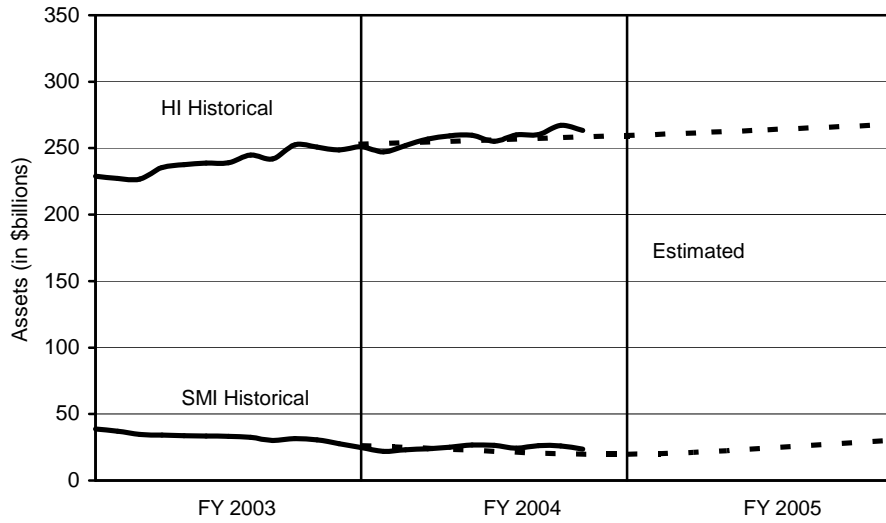# Figure 1. Medicare Trust Fund Assets at End of Month: Historical and Estimated

Assets (in $billions)

HI Historical

Estimated

SMI Historical

FY 2003 · FY 2004 · FY 2005

Figure 2. Medicare Expenditures: Historical and Estimated

Expenditures (in $billions)

HI Historical
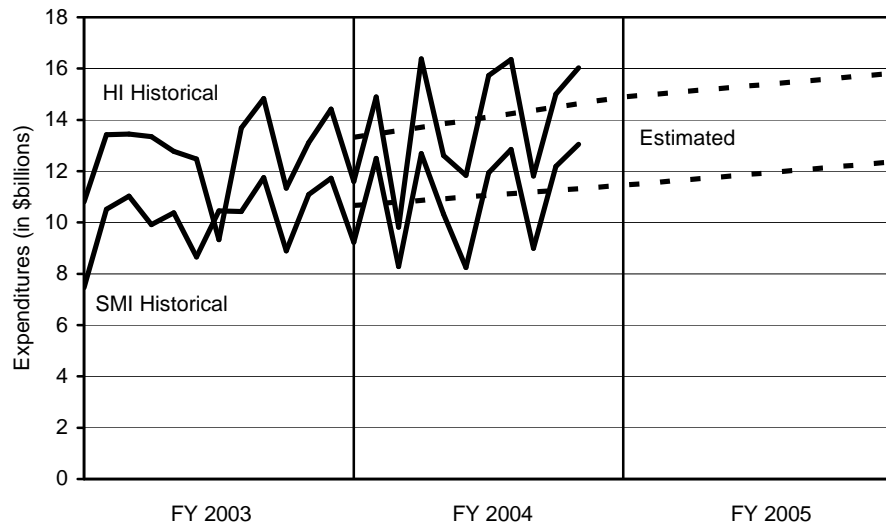
Estimated

SMI Historical

FY 2003 · FY 2004 · FY 2005

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