

Monthly Trend Report for Medicare, Medicaid, and SCHIP

August 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-August 2004)

- Total Federal spending for HI, SMI, Medicaid, and SCHIP increased by 8.1 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

August 2004

- HI expenditures exceeded income by \$0.3 billion. The income situation for August is much the same as that described for July, 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 known as Medicare+Choice) payment for August was made in July. HI expenditures would thus have been higher--and the excess of expenditures over income higher--had the August payment been made this month rather than last month.

- SMI income exceeded expenditures by \$0.1 billion. It should be noted that the bulk of the Medicare Advantage (formerly known as Medicare+Choice) payment for August was made in July. SMI expenditures would thus have been higher had the August payment been made this month rather than last month. In fact, had this been the case, SMI expenditures would have exceeded income this month.
- The SMI trust fund received and spent almost \$73 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-August are the first three months in which activity for this provision has been reported. (Under the Transitional Assistance provision, certain low-income beneficiaries are eligible for financial assistance of up to \$600 per year for purchasing prescription drugs 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-August 2004)

- Medicare expenditures were 7.1 percent higher than in the corresponding period in fiscal year 2003. There were 11 Medicare Advantage (formerly known as Medicare+Choice) payments for the fiscal year through August, compared to 12 for the same period in fiscal year 2003. Adjusted for an equal number of incurred Medicare Advantage payments, the growth rate would have been 8.5 percent.

Medicaid

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

- Medicaid expenditures were 9.8 percent greater than in the corresponding period in fiscal year 2003.

SCHIP

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

- SCHIP expenditures were 9.6 percent greater than in the corresponding period in fiscal year 2003.

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

August 2004

- The CPI-U increased 0.1 percent during the month of August.

Fiscal-Year-to-Date 2004 (October 2003-August 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 August 31, 2004

[in millions]

Trust Fund Income, Expenditures, and Assets	Hospital Insurance Trust Fund	Supplementary Medical Insurance Trust Fund	Total Medicare
This Month:			
Income	\$12,236	\$11,111	\$23,347
Expenditures	12,529	11,023	23,552
Difference	(293)	88	(205)
Current Fiscal Year to Date:			
Income	164,826	121,231	286,057
% Change	2.0	16.6	7.7
Expenditures	152,991	122,168	275,159
% Change	7.6	6.4	7.1
Difference	11,835	(937)	10,898
Prior Fiscal Year to Date:			
Income	161,594	104,012	265,606
Expenditures	142,175	114,823	256,998
Trust Fund Balance (Current Total Investments):			
End of Month	263,003	24,077	287,080

Table 2. Federal Medicare, Medicaid, and SCHIP Expenditures as of August 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	\$23,552	\$14,174	\$418	\$38,144
Fiscal year to date	275,159	161,376	4,182	440,717
Prior fiscal year to date	256,998	146,966	3,816	407,780
% Change	7.1	9.8	9.6	8.1

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

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

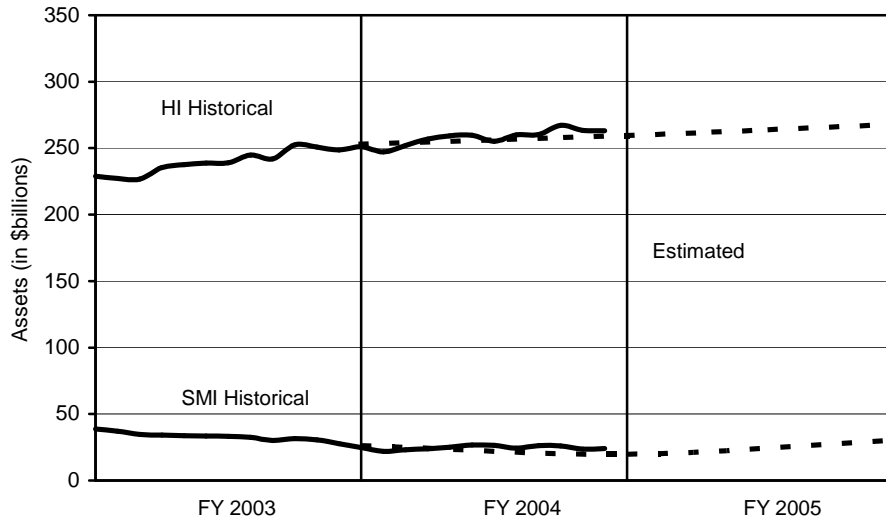


Figure 2. Medicare Expenditures: Historical and Estimated

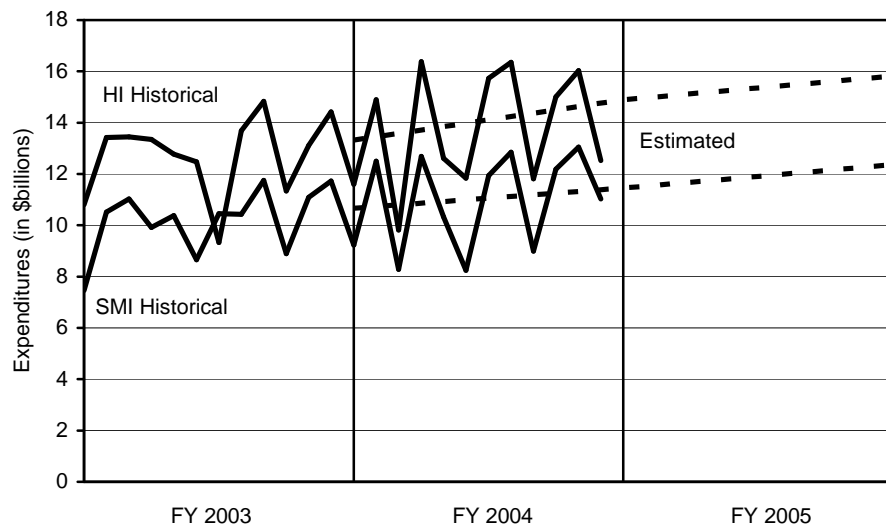


Figure 3. Federal Medicaid and SCHIP Expenditures: Historical and Estimated

