

# Monthly Trend Report for Medicare, Medicaid, and SCHIP

September 30, 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-September 2004)

- Total Federal spending for HI, SMI, Medicaid, and SCHIP increased by 8.9 percent compared to the corresponding period in fiscal year 2003.

### Medicare

September 2004

- HI income exceeded expenditures by \$2.0 billion. The receipt this month of both quarterly self-employment (SECA) taxes and quarterly income taxes paid on Social Security benefits were the main contributing factors to this excess.
- SMI expenditures exceeded income by \$6.7 billion. The main contributing factor to this excess was the shortfall in the fiscal year 2004 appropriation for government contributions. This shortfall significantly reduced SMI income for the month. (It is not uncommon for exhaustion of the appropriation to occur in September. When this happens, a transfer payment is made December 31 for the shortfall, including accrued interest as well as the shortfall principal amount. Such a transfer for the fiscal year 2004 shortfall is anticipated on December 31, 2005.)

- The SMI trust fund received and spent almost \$83 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-September are the first four 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-September 2004)

- Medicare expenditures were 8.5 percent higher than in the corresponding period in fiscal year 2003. A preliminary analysis of this expenditure growth indicates that routine factors contributing to the increase include enrollment growth (of about 1.5 percent), price growth (of about 2.5 percent), and growth in the volume and intensity of services (of about 4.3 percent).
- Medicare income exceeded expenditures by \$6.1 billion, with HI income exceeding expenditures by \$13.8 billion and SMI expenditures exceeding income by \$7.7 billion. Preliminary analysis indicates that the SMI excess is largely attributable to significant increases in the volume and intensity of SMI's Part B services in fiscal year 2004.
- Expenditures for the Transitional Assistance provision of the MMA for fiscal year 2004 were \$0.2 billion. (The Transitional Assistance provision is described above.)

### Medicaid

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

- Medicaid expenditures were 9.7 percent greater than in the corresponding period in fiscal year 2003.

### SCHIP

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

- SCHIP expenditures were 5.8 percent greater than in the corresponding period in fiscal year 2003.

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

September 2004

- The CPI-U increased 0.2 percent during the month of September.

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

- The fiscal-year-to-date change in the CPI-U is an increase of 2.5 percent.

**Table 1. Medicare Trust Fund Activity as of September 30, 2004**

[in millions]

Trust Fund Income, Expenditures, and Assets	Hospital Insurance Trust Fund	Supplementary Medical Insurance Trust Fund	Total Medicare
<b>This Month:</b>			
Income	\$15,988	\$5,574	\$21,562
Expenditures	14,024	12,321	26,345
Difference	1,964	(6,747)	(4,783)
<b>Current Fiscal Year to Date:</b>			
Income	180,814	126,805	307,619
% Change	2.8	15.1	7.6
Expenditures	167,015	134,490	301,505
% Change	8.6	8.4	8.5
Difference	13,799	(7,685)	6,114
<b>Prior Fiscal Year to Date:</b>			
Income	175,813	110,195	286,008
Expenditures	153,821	124,055	277,876
<b>Trust Fund Balance (Current Total Investments):</b>			
End of Month	264,375	17,439	281,814

**Table 2. Federal Medicare, Medicaid, and SCHIP Expenditures as of September 30, 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	\$26,345	\$14,855	\$426	\$41,626
Fiscal year to date	301,505	176,231	4,607	482,343
Prior fiscal year to date	277,876	160,693	4,355	442,924
% Change	8.5	9.7	5.8	8.9

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

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

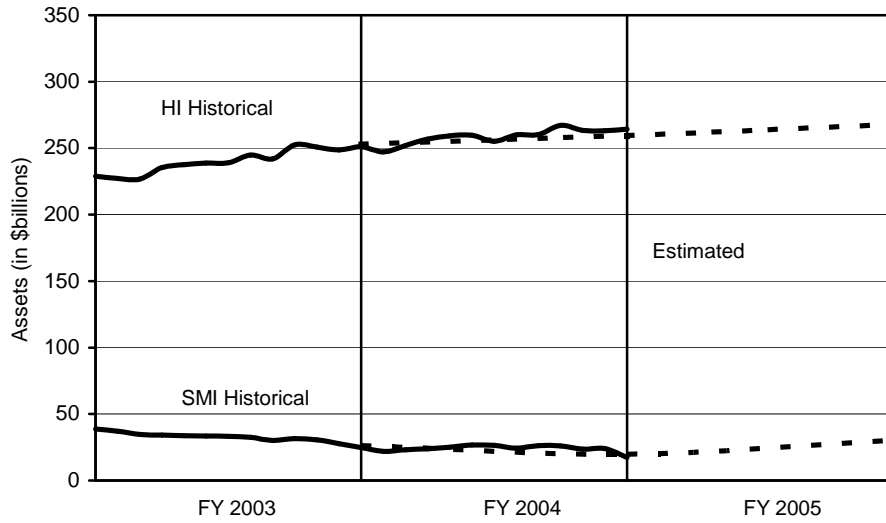


Figure 2. Medicare Expenditures: Historical and Estimated

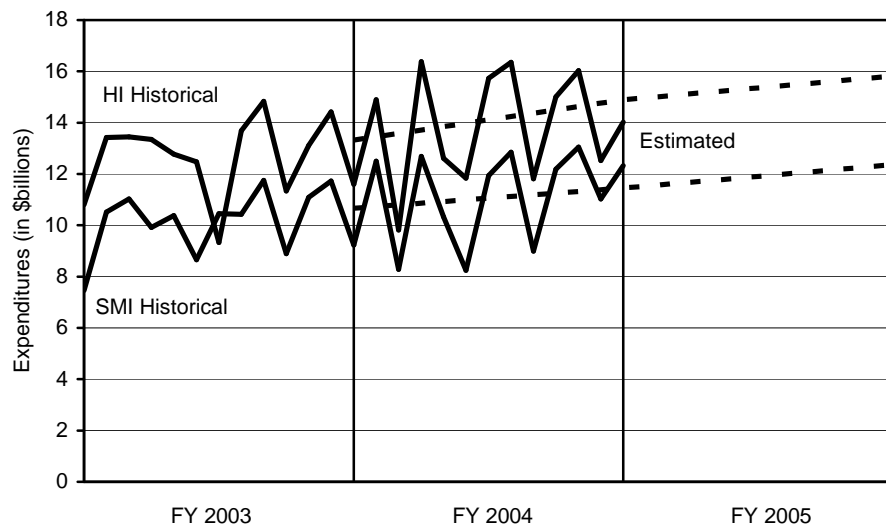


Figure 3. Federal Medicaid and SCHIP Expenditures: Historical and Estimated

