

Monthly Trend Report for Medicare, Medicaid, and SCHIP

October 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).

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.

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 2005 (October 2004)

- Total Federal spending for HI, SMI, Medicaid, and SCHIP decreased by 5.8 percent compared to the corresponding period in fiscal year 2004. 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

October 2004

- HI expenditures exceeded income by \$0.9 billion. 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 October, in which secondary sources of income were relatively modest, with no large amounts scheduled for receipt. Self-employment (SECA) tax income was small, and no income taxes on Social Security benefits were received. Most of the interest on invested assets of the trust fund is paid in June and December, with only small amounts received in other months. Similarly, no annual transfers (such as that from the Railroad Retirement program) were due to the trust fund this month.
- SMI expenditures exceeded income by \$0.6 billion.

- The SMI trust fund received and spent almost \$82 million this month for benefits under the Transitional Assistance provision of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA). (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 2005 (October 2004)

- Medicare expenditures were 8.0 percent lower than in the corresponding period in fiscal year 2004. There was one Medicare Advantage payment for the fiscal year through October, compared to two for the same period in fiscal year 2004. (Medicare Advantage was known as Medicare+Choice in October 2003.) Adjusted for an equal number of incurred Medicare Advantage payments, the growth rate would have been 3.8 percent.

Medicaid

Fiscal-Year-to-Date 2005 (October 2004)

- Medicaid expenditures were 2.2 percent lower than in the corresponding period in fiscal year 2004.

SCHIP

Fiscal-Year-to-Date 2005 (October 2004)

- SCHIP expenditures were 3.2 percent higher than in the corresponding period in fiscal year 2004.

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

October 2004

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

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

[in millions]			
Trust Fund Income, Expenditures, and Assets	Hospital Insurance Trust Fund	Supplementary Medical Insurance Trust Fund	Total Medicare
This Month:			
Income	\$12,700	\$11,121	\$23,821
Expenditures	13,588	11,696	25,284
Difference	(888)	(575)	(1,463)
Current Fiscal Year to Date:			
Income	12,700	11,121	23,821
% Change	5.4	18.1	11.0
Expenditures	13,588	11,696	25,284
% Change	(8.8)	(6.9)	(8.0)
Difference	(888)	(575)	(1,463)
Prior Fiscal Year to Date:			
Income	12,053	9,415	21,468
Expenditures	14,900	12,569	27,469
Trust Fund Balance (Current Total Investments):			
End of Month	263,733	16,557	280,290

Table 2. Federal Medicare, Medicaid, and SCHIP Expenditures as of October 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	\$25,284	\$15,114	\$327	\$40,725
Fiscal year to date	25,284	15,114	327	40,725
Prior fiscal year to date	27,469	15,449	317	43,235
% Change	(8.0)	(2.2)	3.2	(5.8)

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

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

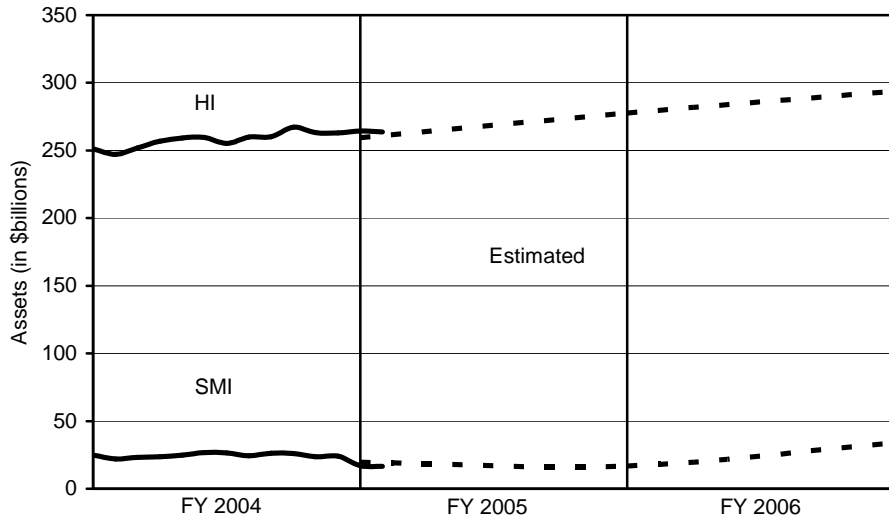


Figure 2. Medicare Expenditures: Historical and Estimated

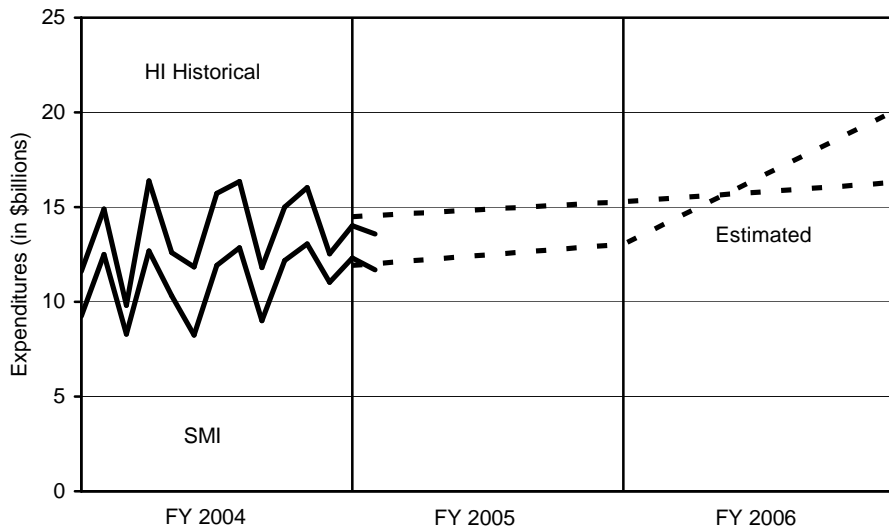


Figure 3. Federal Medicaid and SCHIP Expenditures: Historical and Estimated

