

# Monthly Trend Report for Medicare, Medicaid, and SCHIP

December 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.

## 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-December 2004)

- Total Federal spending for HI, SMI, Medicaid, and SCHIP increased by 7.8 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

December 2004

- HI income exceeded expenditures by \$6.2 billion. The large excess of income over expenditures is primarily due to trust fund interest earnings received this month. (Most of the interest on the invested assets of the trust fund is paid semiannually, in June and December.) On the expenditure side, it should be noted that the bulk of the Medicare Advantage payment for January 2005 was made in December. (The Medicare Advantage payment for December was also made in December.) HI expenditures would thus have been lower--and the excess of income over expenditures larger--had the January payment been made next month rather than this month.
- SMI income exceeded expenditures by \$3.7 billion. The main contributing factor to this excess was the transfer made from general revenue to account for the shortfall in the fiscal year 2004 appropriation for government contributions, as described in the Monthly Trend Report for September 2004.

The receipt of trust fund interest this month, as discussed in the HI section, was also a contributing factor to the excess of income over expenditures. On the expenditure side, it should be noted that the bulk of the Medicare Advantage payment for January 2005 was made in December. (The Medicare Advantage payment for December was also made in December.) SMI expenditures would thus have been lower--and the excess of income over expenditures larger--had the January payment been made next month rather than this month.

- The SMI trust fund received and spent over \$70 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-December 2004)

- Medicare expenditures were 9.9 percent higher than in the corresponding period in fiscal year 2004.

### Medicaid

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

- Medicaid expenditures were 4.2 percent greater than in the corresponding period in fiscal year 2004.

### SCHIP

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

- SCHIP expenditures were 2.9 percent greater than in the corresponding period in fiscal year 2004.

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

December 2004

- The CPI-U decreased 0.4 percent during the month of December.

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

- The fiscal-year-to-date change in the CPI-U is an increase of 0.2 percent.

**Table 1. Medicare Trust Fund Activity as of December 31, 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	\$22,479	\$17,155	\$39,634
Expenditures	16,318	13,439	29,757
Difference	6,161	3,716	9,877
<b>Current Fiscal Year to Date:</b>			
Income	49,066	39,682	88,748
% Change	6.7	21.3	12.7
Expenditures	44,686	37,364	82,050
% Change	8.7	11.4	9.9
Difference	4,380	2,318	6,698
<b>Prior Fiscal Year to Date:</b>			
Income	45,991	32,724	78,715
Expenditures	41,097	33,545	74,642
<b>Trust Fund Balance (Current Total Investments):</b>			
End of Month	270,383	20,273	290,656

**Table 2. Federal Medicare, Medicaid, and SCHIP Expenditures as of December 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	\$29,757	\$15,721	\$516	\$45,994
Fiscal year to date	82,050	45,051	1,173	128,274
Prior fiscal year to date	74,642	43,255	1,140	119,037
% Change	9.9	4.2	2.9	7.8

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

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

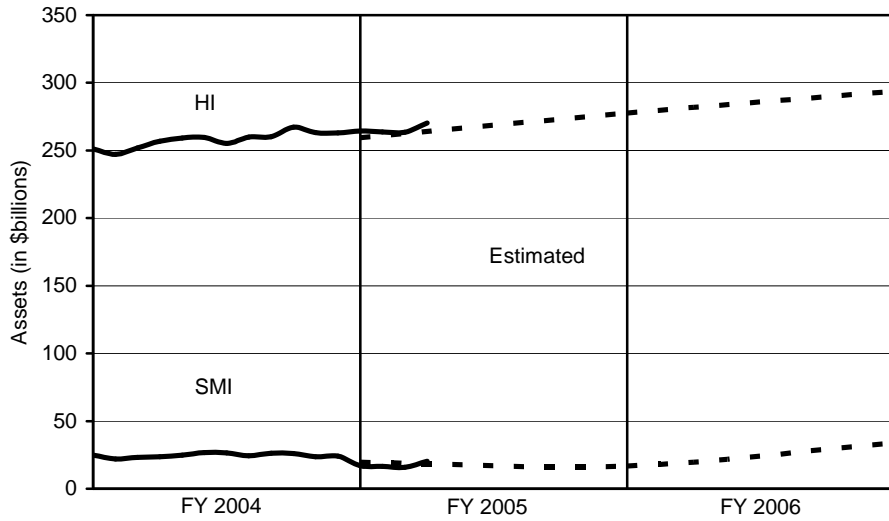


Figure 2. Medicare Expenditures: Historical and Estimated

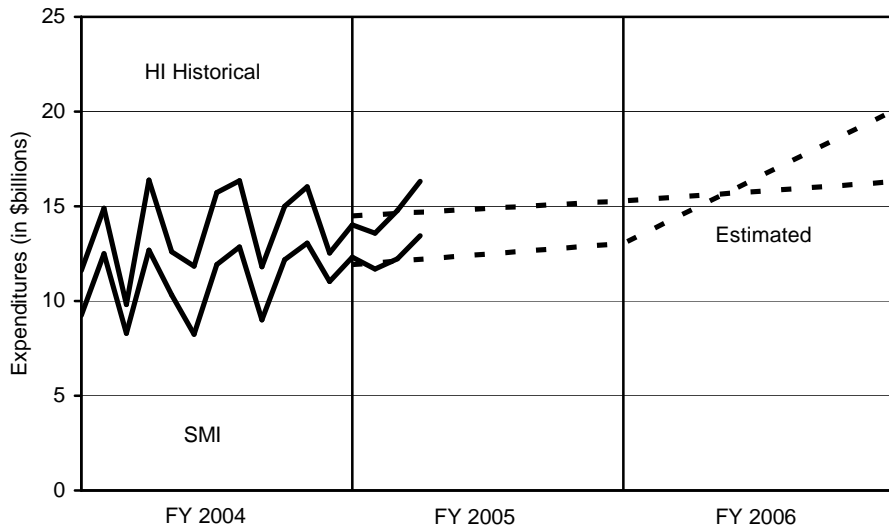


Figure 3. Federal Medicaid and SCHIP Expenditures: Historical and Estimated

