

Monthly Trend Report for Medicare, Medicaid, and SCHIP

January 31, 2005

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-January 2005)

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

January 2005

- HI income exceeded expenditures by \$4.7 billion. On the income side, the receipt this month of both quarterly self-employment (SECA) taxes and quarterly income taxes paid on Social Security benefits were large contributing factors to this excess. On the expenditure side, the bulk of the Medicare Advantage payment for January was made in December, which also significantly contributed to the excess. (That is, HI expenditures would have been higher--and the excess of income over expenditures not quite so large--had the January payment been made this month rather than last month.)
- SMI income exceeded expenditures by \$2.6 billion. It should be noted that the bulk of the Medicare Advantage payment for January was made in December, significantly contributing to this excess. (That is, SMI expenditures would thus have been higher--and the excess of income over expenditures smaller--had the payment been made this month rather than last month.)

- The SMI trust fund received and spent about \$130 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-January 2005)

- Medicare expenditures were 7.6 percent higher than in the corresponding period in fiscal year 2004. There were 4 Medicare Advantage payments for the fiscal year through January, compared to 5 for the same period in fiscal year 2004. Adjusted for an equal number of incurred Medicare Advantage payments, the growth rate would have been 13.3 percent.

Medicaid

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

- Medicaid expenditures were 2.7 percent greater than in the corresponding period in fiscal year 2004.

SCHIP

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

- SCHIP expenditures were 6.2 percent greater than in the corresponding period in fiscal year 2004.

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

January 2005

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

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

- The fiscal-year-to-date change in the CPI-U is an increase of 0.4 percent.

Table 1. Medicare Trust Fund Activity as of January 31, 2005

[in millions]

Trust Fund Income, Expenditures, and Assets	Hospital Insurance Trust Fund	Supplementary Medical Insurance Trust Fund	Total Medicare
This Month:			
Income	\$17,392	\$12,937	\$30,329
Expenditures	12,659	10,328	22,987
Difference	4,733	2,609	7,342
Current Fiscal Year to Date:			
Income	66,458	52,618	119,076
% Change	7.2	20.7	12.8
Expenditures	57,345	47,692	105,037
% Change	6.8	8.7	7.6
Difference	9,113	4,926	14,039
Prior Fiscal Year to Date:			
Income	61,995	43,589	105,584
Expenditures	53,701	43,873	97,574
Trust Fund Balance (Current Total Investments):			
End of Month	273,910	21,989	295,899

Table 2. Federal Medicare, Medicaid, and SCHIP Expenditures as of January 31, 2005

[in millions]

Trust Fund Expenditures	Total Medicare Expenditures	Federal Medicaid Expenditures	Federal Expenditures for State Children's Health Insurance Program	Total Expenditures
This month	\$22,987	\$13,915	\$324	\$37,226
Fiscal year to date	105,037	58,966	1,497	165,500
Prior fiscal year to date	97,574	57,434	1,410	156,418
% Change	7.6	2.7	6.2	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

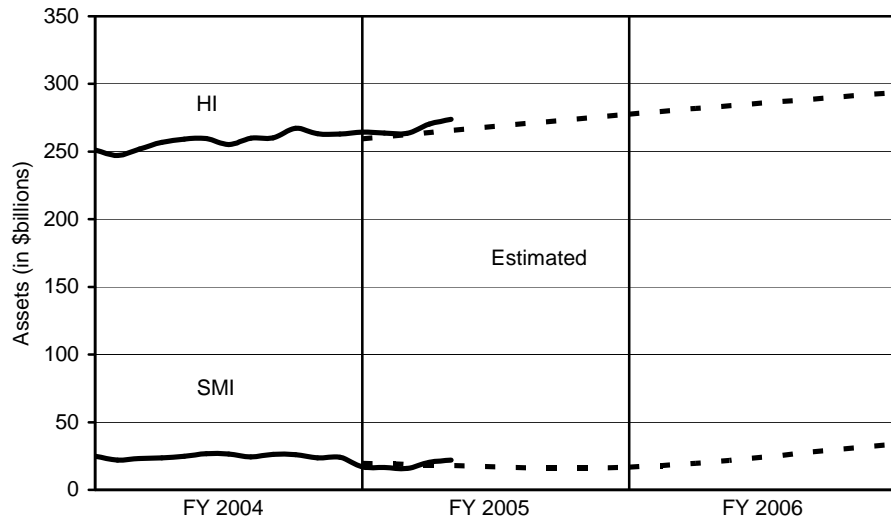


Figure 2. Medicare Expenditures: Historical and Estimated

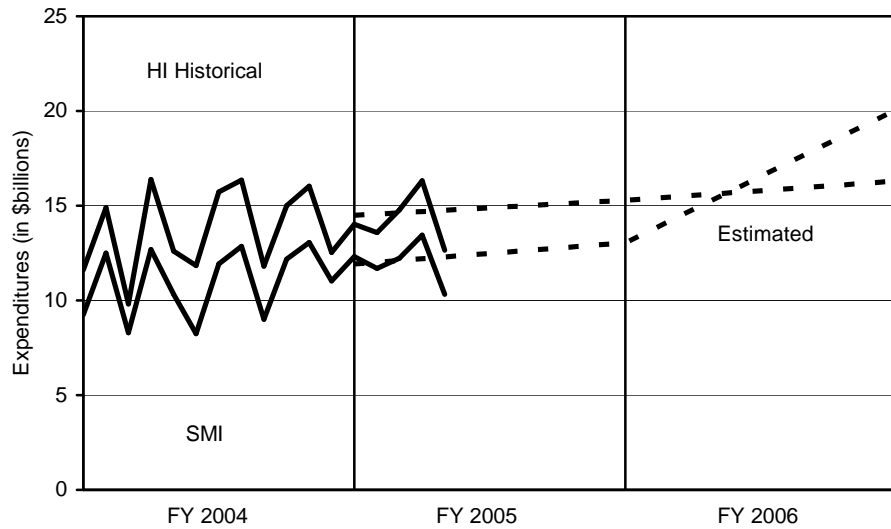


Figure 3. Federal Medicaid and SCHIP Expenditures: Historical and Estimated

