

Monthly Trend Report for Medicare, Medicaid, and SCHIP

March 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-March 2005)

- Total Federal spending for HI, SMI, Medicaid, and SCHIP increased by 8.0 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

March 2005

- HI expenditures exceeded income by \$2.5 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 March, in which secondary sources of income were relatively modest, with no large amounts scheduled for receipt. (In March, however, unlike other months so described, three relatively small annual transfers to the HI trust fund were scheduled and made.) The higher-than-average number of claims processing days this month, which would tend to raise expenditures, was also a likely contributor to this excess.

- SMI expenditures and income were nearly equal this month. This was likely due, in part, to the higher-than-average number of claims processing days this month, which would tend to raise expenditures. [That is, while monthly income amounts for January, February, and March have remained fairly constant, as one would expect, the differences in expenditures between the months (after adjusting January expenditures to include a Medicare Advantage payment, to put January on the same footing as February and March) seem to be somewhat attributable to the differences in the number of claims processing days per month.]
- The SMI trust fund received and spent over \$158 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-March 2005)

- Medicare expenditures were 10.4 percent higher than in the corresponding period in fiscal year 2004.

Medicaid

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

- Medicaid expenditures were 3.8 percent greater than in the corresponding period in fiscal year 2004.

SCHIP

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

- SCHIP expenditures were 12.1 percent greater than in the corresponding period in fiscal year 2004.

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

March 2005

- The CPI-U increased 0.8 percent during the month of March.

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

- The fiscal-year-to-date change in the CPI-U is an increase of 1.8 percent.

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

[in millions]

Trust Fund Income, Expenditures, and Assets	Hospital Insurance Trust Fund	Supplementary Medical Insurance Trust Fund	Total Medicare
This Month:			
Income	\$14,373	\$13,042	\$27,415
Expenditures	16,881	13,004	29,885
Difference	(2,508)	38	(2,470)
Current Fiscal Year to Date:			
Income	92,821	78,637	171,458
% Change	8.3	20.3	13.5
Expenditures	88,707	71,753	160,460
% Change	9.1	12.0	10.4
Difference	4,114	6,884	10,998
Prior Fiscal Year to Date:			
Income	85,711	65,348	151,059
Expenditures	81,276	64,056	145,332
Trust Fund Balance (Current Total Investments):			
End of Month	268,665	24,122	292,787

Table 2. Federal Medicare, Medicaid, and SCHIP Expenditures as of March 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	\$29,885	\$17,218	\$585	\$47,688
Fiscal year to date	160,460	89,827	2,437	252,724
Prior fiscal year to date	145,332	86,563	2,174	234,069
% Change	10.4	3.8	12.1	8.0

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

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

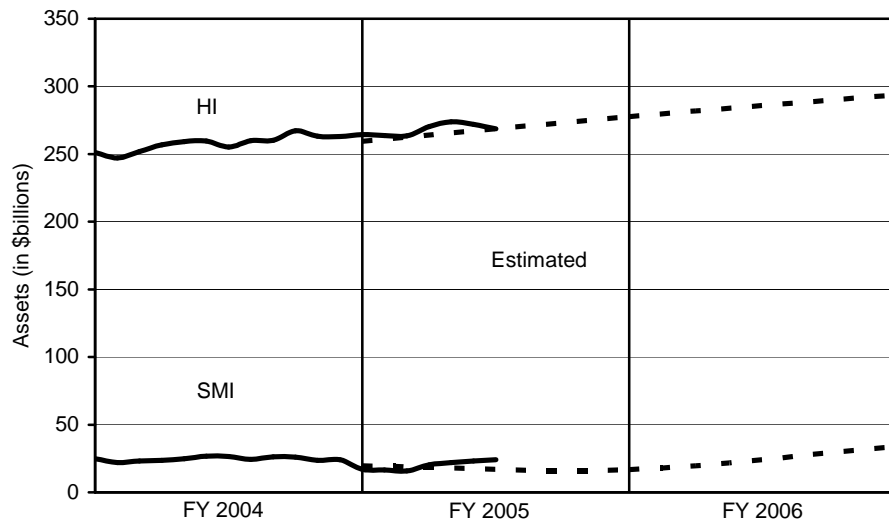


Figure 2. Medicare Expenditures: Historical and Estimated

