

# Monthly Trend Report for Medicare, Medicaid, and SCHIP

April 30, 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.

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 2005 (October 2004-April 2005)

- Total Federal spending for HI, SMI, Medicaid, and SCHIP increased by 7.3 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

April 2005

- HI income exceeded expenditures by \$4.4 billion. On the income side, the receipt 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, it should be noted that the bulk of the Medicare Advantage payment for May 2005 was made in April. (The Medicare Advantage payment for April was also made in April.) HI expenditures would thus have been lower--and the excess of income over expenditures even larger--had the May payment been made next month rather than this month.

- SMI expenditures exceeded income by \$1.2 billion. The main contributing factor to this excess was the timing of the Medicare Advantage payment for May 2005, as described above for HI. SMI expenditures would have been lower had the May payment been made next month rather than this month. In fact, had that been the case, SMI income would have slightly exceeded expenditures.
- The SMI trust fund received and spent almost \$105 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-April 2005)

- Medicare expenditures were 10.1 percent higher than in the corresponding period in fiscal year 2004.

### Medicaid

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

- Medicaid expenditures were 2.5 percent greater than in the corresponding period in fiscal year 2004.

### SCHIP

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

- SCHIP expenditures were 10.3 percent greater than in the corresponding period in fiscal year 2004.

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

April 2005

- The CPI-U increased 0.7 percent during the month of April.

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

- 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 April 30, 2005**

[in millions]

| Trust Fund Income, Expenditures,<br>and Assets         | Hospital<br>Insurance<br>Trust Fund | Supplementary<br>Medical<br>Insurance Trust<br>Fund | Total Medicare |
|--|-------------------------------------|---|----------------|
| <b>This Month:</b>                                     |                                     |   |                |
| Income   | \$21,856                            | \$13,037  | \$34,893       |
| Expenditures   | 17,445                              | 14,225  | 31,670         |
| Difference   | 4,411                               | (1,188)   | 3,223          |
| <b>Current Fiscal Year to Date:</b>                    |                                     |   |                |
| Income   | 114,677                             | 91,673  | 206,350        |
| % Change   | 7.6                                 | 20.1  | 12.8           |
| Expenditures   | 106,151                             | 85,978  | 192,129        |
| % Change   | 8.7                                 | 11.8  | 10.1           |
| Difference   | 8,526                               | 5,695   | 14,221         |
| <b>Prior Fiscal Year to Date:</b>                      |                                     |   |                |
| Income   | 106,601                             | 76,359  | 182,960        |
| Expenditures   | 97,625                              | 76,909  | 174,534        |
| <b>Trust Fund Balance (Current Total Investments):</b> |                                     |   |                |
| End of Month   | 273,207                             | 22,803  | 296,010        |

**Table 2. Federal Medicare, Medicaid, and SCHIP Expenditures as of April 30, 2005**

[in millions]

| Trust Fund<br>Expenditures | Total Medicare<br>Expenditures | Federal Medicaid<br>Expenditures | Federal<br>Expenditures for<br>State Children's<br>Health<br>Insurance<br>Program | Total<br>Expenditures |
|----------------------------|--------------------------------|----------------------------------|---|-----------------------|
| This month                 | \$31,670                       | \$14,878                         | \$320   | \$46,868              |
| Fiscal year to date        | 192,129                        | 104,704                          | 2,756   | 299,589               |
| Prior fiscal year to date  | 174,534                        | 102,137                          | 2,498   | 279,169               |
| % Change                   | 10.1                           | 2.5                              | 10.3  | 7.3                   |

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

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

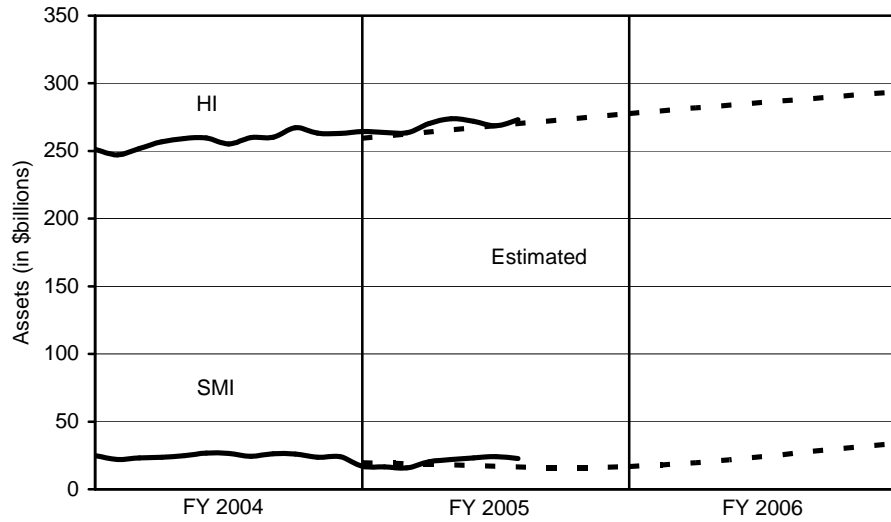


Figure 2. Medicare Expenditures: Historical and Estimated

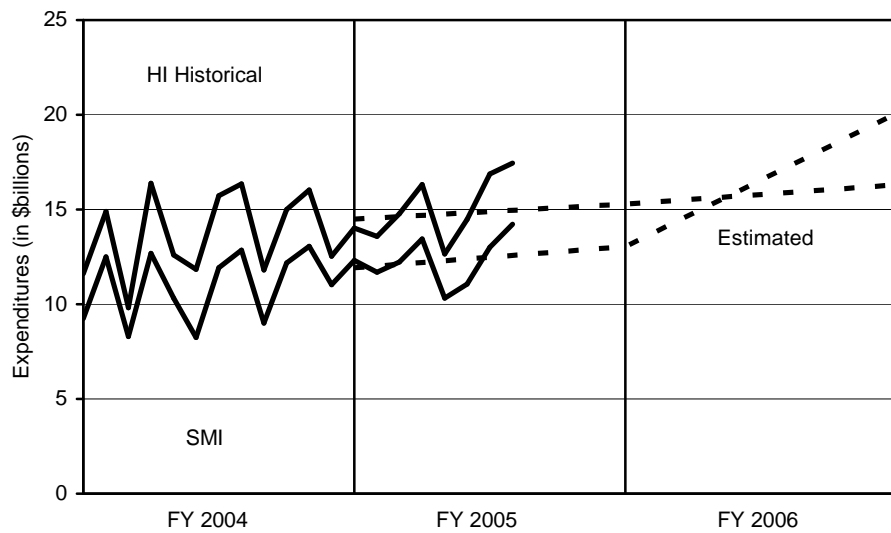


Figure 3. Federal Medicaid and SCHIP Expenditures: Historical and Estimated

