

Monthly Trend Report for Medicare, Medicaid, and SCHIP

May 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.

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-May 2005)

- Total Federal spending for HI, SMI, Medicaid, and SCHIP increased by 7.9 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

May 2005

- HI expenditures exceeded income by \$0.4 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 May, in which secondary sources of income were relatively modest, with no large amounts scheduled for receipt. On the expenditure side, it should be noted that the bulk of the Medicare Advantage payment for May was made in April. HI expenditures--and the excess of expenditures over income--would have been higher had the May payment been made this month rather than last month.

- SMI income exceeded expenditures by \$2.3 billion. It should be noted that the bulk of the Medicare Advantage payment for May was made in April, significantly contributing to the excess of income over expenditures. SMI expenditures would have been higher--and the excess of income over expenditures smaller--had the May payment been made this month rather than last month.
- The SMI trust fund received and spent almost \$93 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-May 2005)

- Medicare expenditures were 10.6 percent higher than in the corresponding period in fiscal year 2004.

Medicaid

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

- Medicaid expenditures were 3.5 percent greater than in the corresponding period in fiscal year 2004.

SCHIP

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

- SCHIP expenditures were 10.7 percent greater than in the corresponding period in fiscal year 2004.

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

May 2005

- The CPI-U decreased 0.1 percent during the month of May.

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

- The fiscal-year-to-date change in the CPI-U is an increase of 2.4 percent.

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

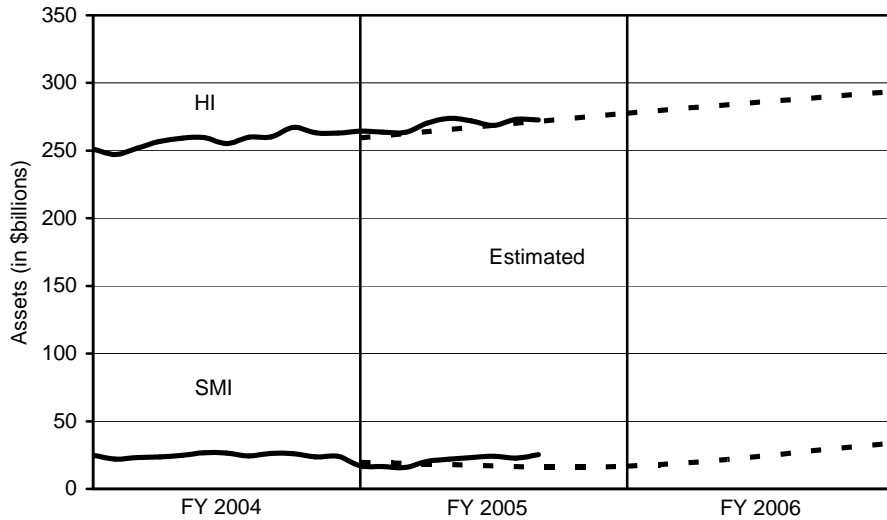
[in millions]			
Trust Fund Income, Expenditures, and Assets	Hospital Insurance Trust Fund	Supplementary Medical Insurance Trust Fund	Total Medicare
This Month:			
Income	\$12,645	\$13,064	\$25,709
Expenditures	13,077	10,750	23,827
Difference	(432)	2,314	1,882
Current Fiscal Year to Date:			
Income	127,323	104,737	232,060
% Change	7.3	19.9	12.7
Expenditures	119,228	96,728	215,956
% Change	8.9	12.6	10.6
Difference	8,095	8,009	16,104
Prior Fiscal Year to Date:			
Income	118,636	87,357	205,993
Expenditures	109,435	85,905	195,340
Trust Fund Balance (Current Total Investments):			
End of Month	272,750	25,232	297,982

Table 2. Federal Medicare, Medicaid, and SCHIP Expenditures as of May 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	\$23,827	\$15,495	\$484	\$39,806
Fiscal year to date	215,956	120,199	3,241	339,396
Prior fiscal year to date	195,340	116,168	2,928	314,436
% Change	10.6	3.5	10.7	7.9

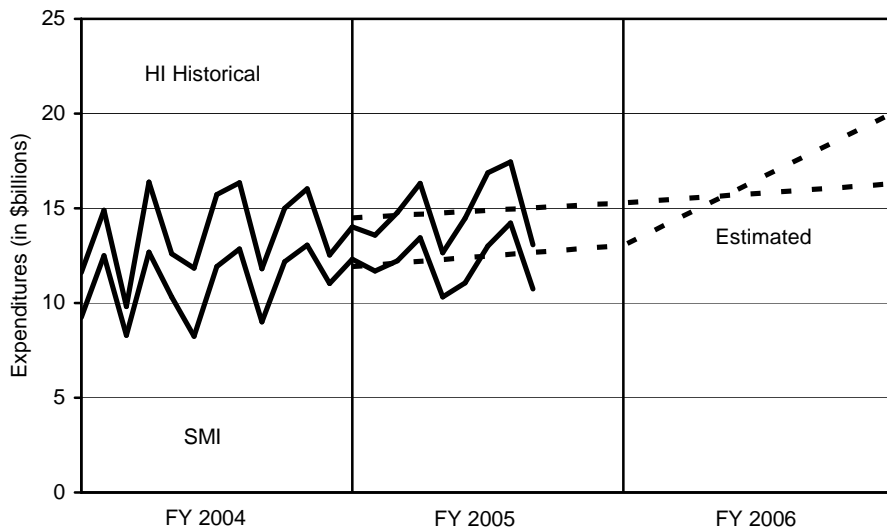
Note: State governments also support the Medicaid and SCHIP programs.

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



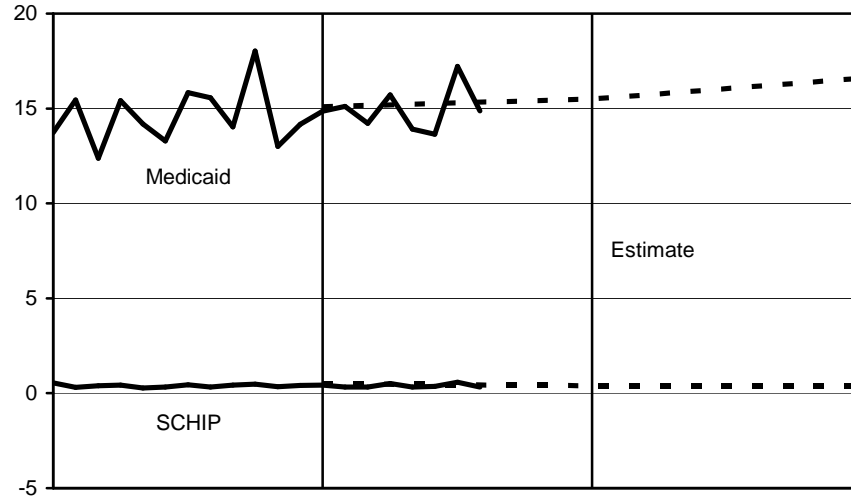
Note: Estimates are from the 2005 Trustees Report (intermediate assumptions).

Figure 2. Medicare Expenditures: Historical and Estimated



Note: Estimates are from the 2005 Trustees Report (intermediate assumptions). The historical figures reflect monthly fluctuations, but the estimated figures are based on annual amounts and thus do not.

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



Note: Estimates are from the 2004 Mid-Session Review.