

Monthly Trend Report for Medicare, Medicaid, and SCHIP

June 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 sources of information for these reports are the [U.S. Department of Treasury's Financial Management Service's Monthly Treasury Report](#) (table 5) for federal Medicaid and SCHIP, and financial statements from the Bureau of Public Debt and CMS for Medicare. 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-June 2005)

- Total Federal spending for HI, SMI, Medicaid, and SCHIP increased by 7.7 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

June 2005

- HI income exceeded expenditures by \$9.2 billion. June is typically one of the highest months for HI income each year – and this June is no exception – for several reasons. The most important of these is the receipt of interest earned by the trust fund. (Most of the interest on invested assets is paid semi-annually, in June and December.) In

addition, this month the trust fund received quarterly self-employment (SECA) taxes, quarterly income taxes paid on Social Security benefits, and the annual transfer from the Railroad Retirement program (representing HI payroll taxes on earnings in the railroad industry). On the expenditure side, June had a slightly higher-than-average number of claims processing days, which likely slightly reduced the excess of income over expenditures. (Normal month-to-month variation is, as always, a possible contributor to the level of excess, in either direction.)

- SMI income and expenditures were very close, with expenditures exceeding income by less than \$0.1 billion. On the income side, it should be noted that the SMI trust fund received its semi-annual interest payment this month. (Most of the interest on invested assets is paid semi-annually, in June and December.) On the expenditure side, June had a slightly higher-than-average number of claims processing days; this is likely the factor that reduced what would have been a small excess of income over expenditures to a small excess of expenditures over income. (Normal month-to-month variation is, as always, a possible contributor to the level of excess, in either direction.)
- The SMI trust fund received and spent almost \$84 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-June 2005)

- Medicare expenditures were 10.5 percent higher than in the corresponding period in fiscal year 2004.

Medicaid

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

- Medicaid expenditures were 3.0 percent greater than in the corresponding period in fiscal year 2004.

SCHIP

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

- SCHIP expenditures were 9.6 percent greater than in the corresponding period in fiscal year 2004.

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

June 2005

- The CPI-U increased 0.1 percent during the month of June.

Fiscal-Year-to-Date 2005 (October 2004-June 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 June 30, 2005
[in millions]

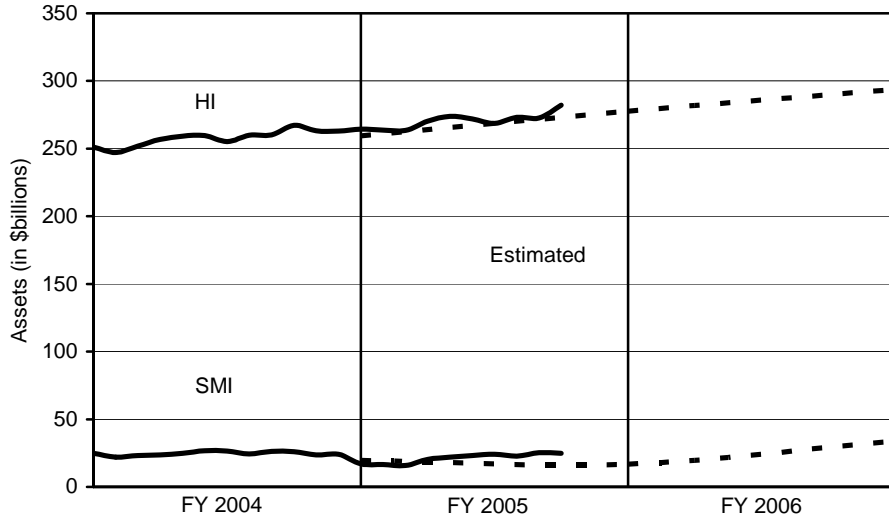
Trust Fund Income, Expenditures, and Assets	Hospital Insurance Trust Fund	Supplementary Medical Insurance Trust Fund	Total Medicare
This Month:			
Income	\$25,707	\$13,431	\$39,138
Expenditures	16,548	13,509	30,057
Difference	9,159	(78)	9,081
Current Fiscal Year to Date:			
Income	153,024	118,142	271,166
% Change	8.7	19.3	13.1
Expenditures	135,813	110,237	246,050
% Change	9.1	12.4	10.5
Difference	17,211	7,905	25,116
Prior Fiscal Year to Date:			
Income	140,730	99,024	239,754
Expenditures	124,505	98,093	222,598
Trust Fund Balance:			
End of Month	282,154	25,019	307,173

Table 2. Federal Medicare, Medicaid, and SCHIP Expenditures as of June 30, 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	\$30,057	\$17,983	\$499	\$48,539
Fiscal year to date	246,050	138,182	3,740	387,972
Prior fiscal year to date	222,598	134,191	3,412	360,201
% Change	10.5	3.0	9.6	7.7

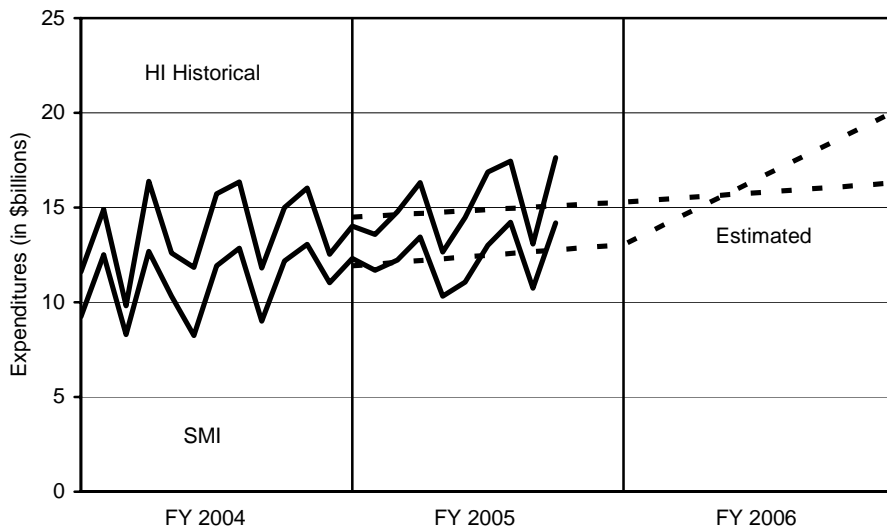
Note: State governments also support the Medicaid and SCHIP programs.

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



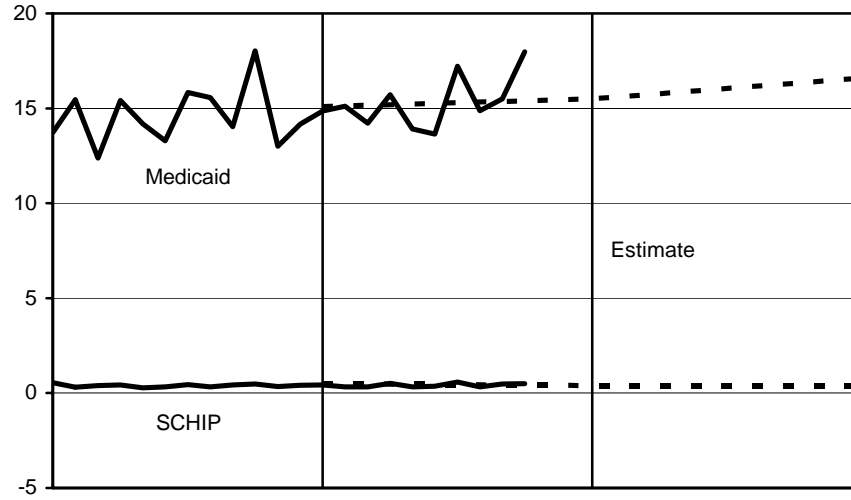
Note: Estimates are from the 2005 Trustees Report (intermediate assumptions).

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 Mid-Session Review of the President's Fiscal Year 2005 Budget.