

Monthly Trend Report for Medicare, Medicaid, and SCHIP

September 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-September 2005)

- Total Federal spending for HI, SMI, Medicaid, and SCHIP increased by 8.6 percent compared to the corresponding period in fiscal year 2004.

Medicare

September 2005

- HI income and expenditures were very close, with expenditures exceeding income by a negligible amount. (Income and expenditures were within 0.1 percent of each other.) On the income side, the receipt this month of both quarterly self-employment (SECA) taxes and quarterly income taxes paid on Social Security benefits made September a relatively high month. On the expenditure side, it should be noted that the bulk of the Medicare Advantage payment for October 2005 was made in September. (The Medicare Advantage payment for September was also made in September.) HI expenditures would thus have been lower—and income would have exceeded expenditures—had the October payment been made next month rather than this month.

- SMI expenditures exceeded income by \$7.4 billion. The main contributing factor to this excess was the shortfall in the fiscal year 2005 appropriation for government contributions. This shortfall significantly reduced SMI income for the month. (It is not uncommon for exhaustion of the appropriation to occur in September. When this happens, a transfer payment for the shortfall is made at the end of the following December, including accrued interest as well as the shortfall principal amount. Such a transfer for the fiscal year 2005 shortfall is anticipated on December 30, 2005.) The rest of the excess is almost completely attributable to the extra Medicare Advantage payment made in September, as described in the HI section above.
- The SMI trust fund received and spent over \$55 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-September 2005)

- Medicare expenditures for fiscal year 2005 were 11.7 percent higher than in fiscal year 2004. A preliminary analysis of this expenditure growth indicates that routine factors contributing to the increase include enrollment growth (of about 1.5 percent), price growth (of about 3.3 percent), and growth in the volume and intensity of services (of about 5.3 percent). There were 13 Medicare Advantage payments for fiscal year 2005, compared to 12 for fiscal year 2004, accounting for about 1.3 percent of the increase.
- Medicare income exceeded expenditures by \$12.5 billion, with HI income exceeding expenditures by \$12.8 billion and SMI expenditures exceeding income by \$0.2 billion. (These amounts match almost exactly those anticipated in the *2005 Annual Report of the Board of Trustees of the Federal Hospital and Federal Supplementary Insurance Trust Funds*, which was submitted to Congress in March, 2005.)
- The SMI trust fund received and spent over \$1.1 billion in fiscal year 2005 for benefits under the Transitional Assistance provision of the MMA. (The Transitional Assistance provision is described above.) An additional \$0.6 billion was spent by the trust fund for administrative costs attributable to the Transitional Assistance and Prescription Drug Program provisions of the MMA.

Medicaid

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

- Medicaid expenditures were 3.1 percent greater than in the corresponding period in fiscal year 2004.

SCHIP

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

- SCHIP expenditures were 11.3 percent greater than in the corresponding period in fiscal year 2004.

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

September 2005

- The CPI-U increased 1.2 percent during the month of September.

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

- The fiscal-year-to-date change in the CPI-U is an increase of 4.7 percent.

Table 1. Medicare Trust Fund Activity as of September 30, 2005
[in millions]

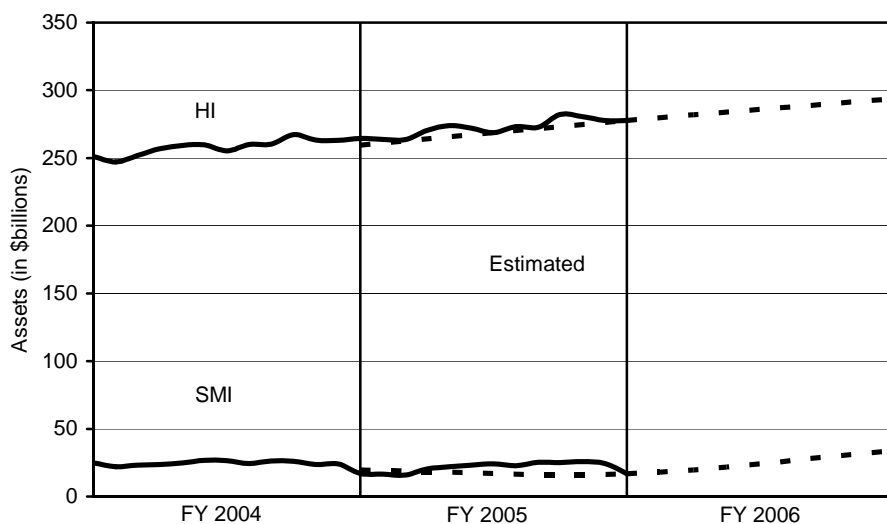
Trust Fund Income, Expenditures, and Assets	Hospital Insurance Trust Fund	Supplementary Medical Insurance Trust Fund	Total Medicare
This Month:			
Income	\$17,431	\$8,185	\$25,616
Expenditures	17,448	15,571	33,019
Difference	(17)	(7,386)	(7,403)
Current Fiscal Year to Date:			
Income	196,921	152,505	349,426
% Change	8.9	20.3	13.6
Expenditures	184,142	152,735	336,877
% Change	10.3	13.6	11.7
Difference	12,779	(230)	12,549
Prior Fiscal Year to Date:			
Income	180,815	126,805	307,620
Expenditures	166,998	134,490	301,488
Trust Fund Balance:			
End of Month	277,723	16,885	294,608

Table 2. Federal Medicare, Medicaid, and SCHIP Expenditures as of September 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	\$33,019	\$14,797	\$606	\$48,422
Fiscal year to date	336,877	181,720	5,129	523,726
Prior fiscal year to date	301,488	176,231	4,607	482,326
% Change	11.7	3.1	11.3	8.6

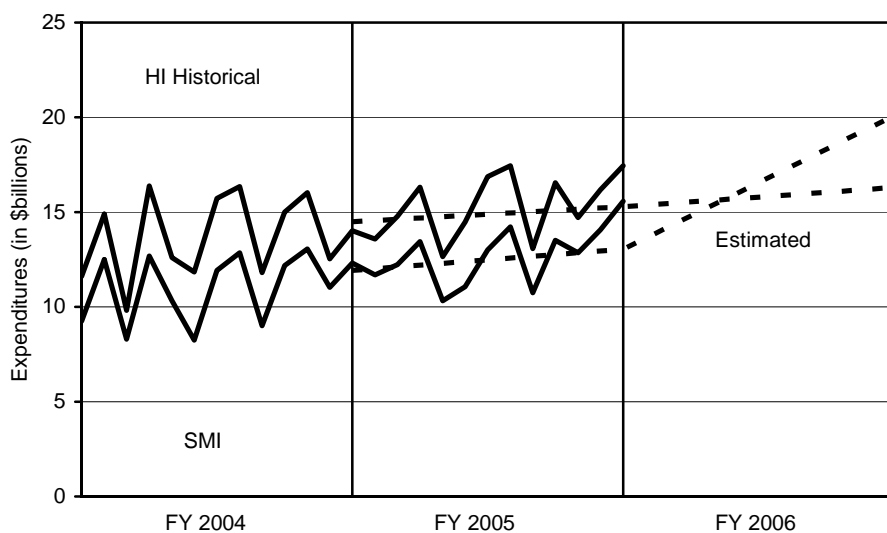
Note: State governments also support the Medicaid and SCHIP programs.

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



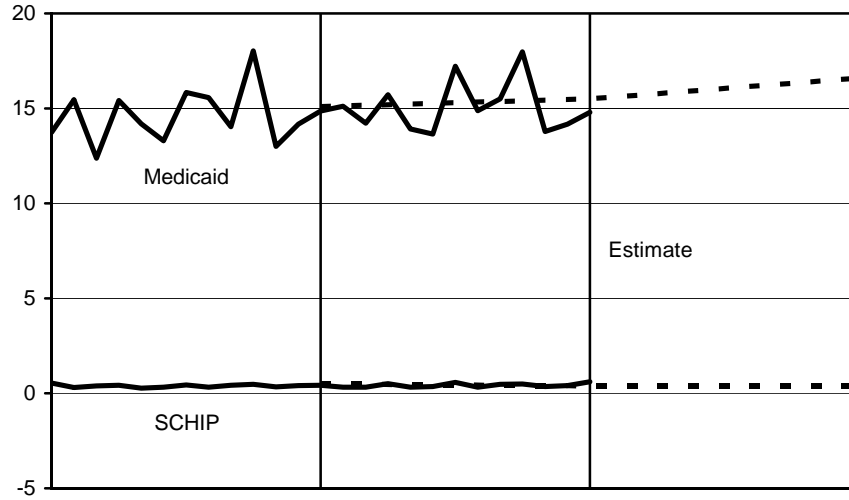
Note: Estimates are from the 2005 Trustees Report (intermediate assumptions).

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.