

Monthly Trend Report for Medicare, Medicaid, and SCHIP

October 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 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 2006 (October 2005)

- Total Federal spending for HI, SMI, Medicaid, and SCHIP decreased by 3.9 percent compared to the corresponding period in fiscal year 2005. 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

October 2005

- HI income exceeded expenditures by \$1.4 billion. The income situation for this October is much the same as that described for October 2004, with no large amounts scheduled for receipt besides FICA taxes. One might thus have expected expenditures to exceed income this month. However, the bulk of the Medicare Advantage payment for this October was made in September. Had the October payment been made this month rather than last month, HI expenditures would have been higher, and would have indeed exceeded income.

- SMI income exceeded expenditures by \$2.1 billion. It should be noted that the bulk of the Medicare Advantage payment for this October was made in September. SMI expenditures would have been higher—and the difference between income and expenditures negligible—had the October payment been made this month rather than last month.
- The SMI trust fund received and spent almost \$47 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 2006 (October 2005)

- Medicare expenditures were 7.6 percent lower than in the corresponding period in fiscal year 2005. There were no Medicare Advantage payments for the fiscal year through October, compared to one for the same period in fiscal year 2005. Adjusted for an equal number of incurred Medicare Advantage payments, it is estimated that Medicare expenditures for fiscal year 2006 thus far (that is, for October 2005) would have been 8.8 percent higher than in the corresponding period in fiscal year 2005 (that is, for October 2004).

Medicaid

Fiscal-Year-to-Date 2006 (October 2005)

- Medicaid expenditures were 2.1 percent lower than in the corresponding period in fiscal year 2005.

SCHIP

Fiscal-Year-to-Date 2006 (October 2005)

- SCHIP expenditures were 1.2 percent higher than in the corresponding period in fiscal year 2005.

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

October 2005

- The CPI-U increased 0.2 percent during the month of October.

Table 1. Medicare Trust Fund Activity as of October 31, 2005
[in millions]

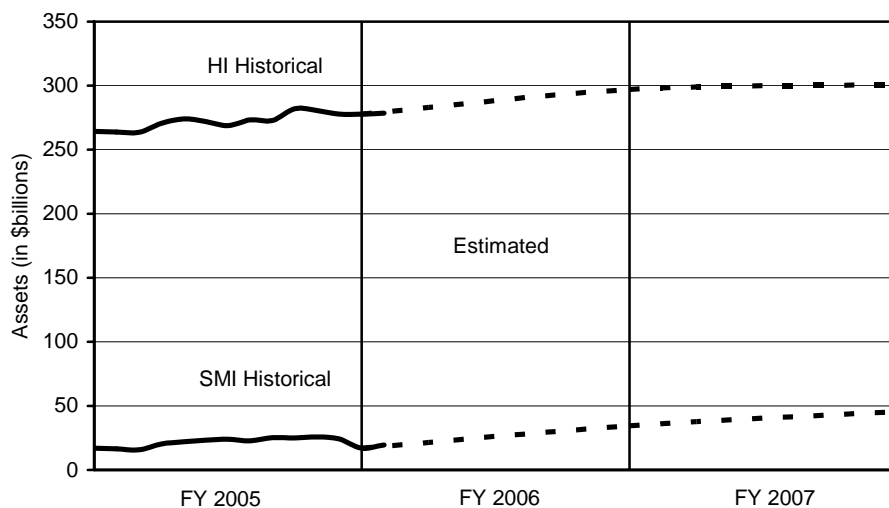
Trust Fund Income, Expenditures, and Assets	Hospital Insurance Trust Fund	Supplementary Medical Insurance Trust Fund	Total Medicare
This Month:			
Income	\$13,639	\$13,279	\$26,918
Expenditures	12,280	11,138	23,418
Difference	1,359	2,141	3,500
Current Fiscal Year to Date:			
Income	13,639	13,279	26,918
% Change	7.5	19.7	13.2
Expenditures	12,280	11,138	23,418
% Change	(10.1)	(4.8)	(7.6)
Difference	1,359	2,141	3,500
Prior Fiscal Year to Date:			
Income	12,692	11,094	23,786
Expenditures	13,659	11,696	25,355
Trust Fund Balance:			
End of Month	279,081	19,026	298,107

Table 2. Federal Medicare, Medicaid, and SCHIP Expenditures as of October 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	\$23,418	\$15,436	\$331	\$39,185
Fiscal year to date	23,418	15,436	331	39,185
Prior fiscal year to date	25,355	15,114	327	40,796
% Change	(7.6)	2.1	1.2	(3.9)

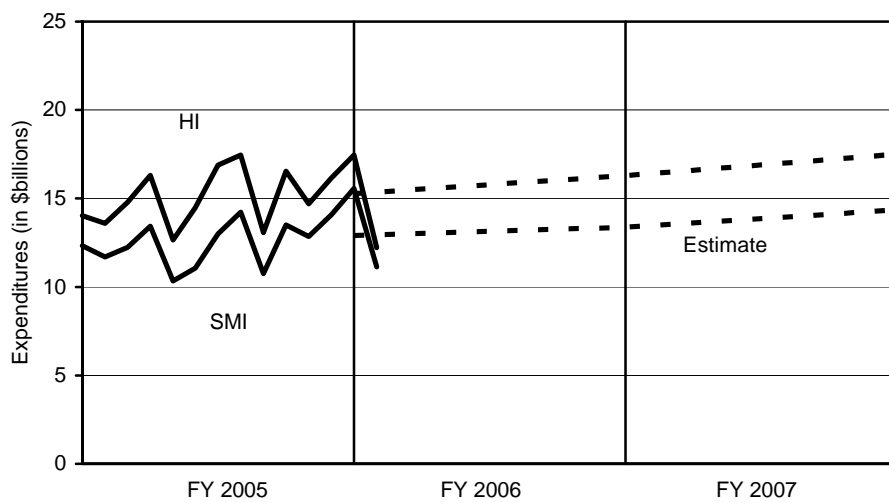
Note: State governments also support the Medicaid and SCHIP programs.

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



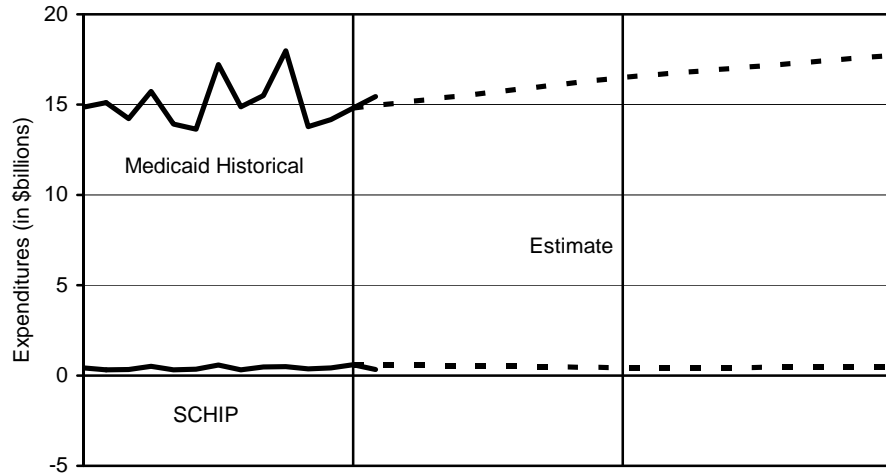
Note: Estimates are from the 2005 Trustees Report (intermediate assumptions).

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 Mid-Session Review of the President's Fiscal Year 2007 Budget.