

Monthly Trend Report for Medicare, Medicaid, and SCHIP

December 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-December 2005)

- Total Federal spending for HI, SMI, Medicaid, and SCHIP increased by 0.9 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

December 2005

- HI income exceeded expenditures by \$7.5 billion. The large excess of income over expenditures is primarily due to the trust fund interest earnings received this month. (Most of the interest on the invested assets of the trust fund is paid semiannually, in June and December.)
- SMI income exceeded expenditures by \$5.8 billion. The main contributing factor to this excess was the transfer made from general revenue to

account for the shortfall in the fiscal year 2005 appropriation for government contributions, as described in the Monthly Trend Report for September 2005. The receipt of trust fund interest this month, as discussed in the HI section, was also a contributing factor to the excess of income over expenditures.

- The SMI trust fund received and spent almost \$38 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-December 2005)

- Medicare expenditures were 0.5 percent lower than in the corresponding period in fiscal year 2005. There were two Medicare Advantage payments for the fiscal year through December, compared to three and one-half payments for the same period in fiscal year 2005. Adjusted for an equal number of incurred Medicare Advantage payments, it is estimated that the growth rate would have been 7.0 percent.

Medicaid

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

- Medicaid expenditures were 3.6 percent greater than in the corresponding period in fiscal year 2005.

SCHIP

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

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

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

December 2005

- The CPI-U decreased 0.4 percent during the month of December.

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

- The fiscal-year-to-date change in the CPI-U is a decrease of 1.0 percent.

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

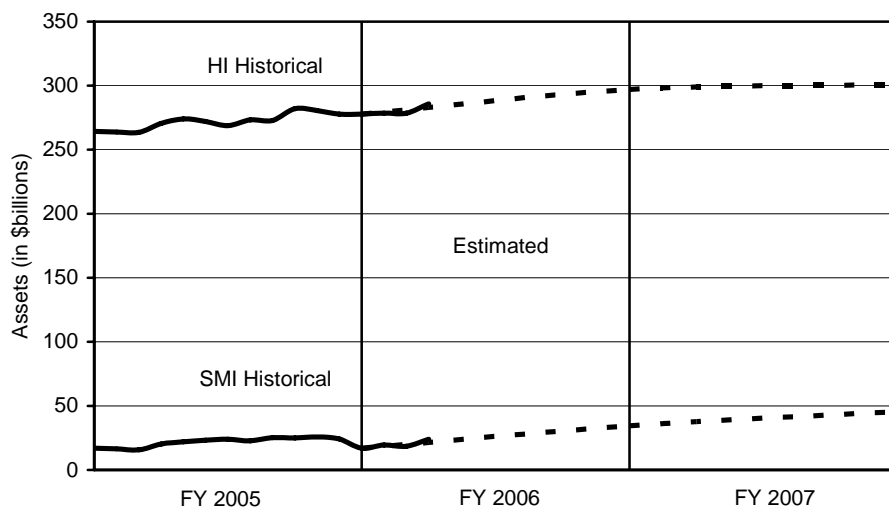
Trust Fund Income, Expenditures, and Assets	Hospital Insurance Trust Fund	Supplementary Medical Insurance Trust Fund	Total Medicare
This Month:			
Income	\$23,093	\$18,951	\$42,044
Expenditures	15,581	13,197	28,778
Difference	7,512	5,754	13,266
Current Fiscal Year to Date:			
Income	51,519	45,266	96,785
% Change	5.0	14.1	9.1
Expenditures	43,472	38,143	81,615
% Change	(2.7)	2.1	(0.5)
Difference	8,047	7,123	15,170
Prior Fiscal Year to Date:			
Income	49,066	39,682	88,748
Expenditures	44,681	37,366	82,047
Trust Fund Balance:			
End of Month	285,770	24,008	309,778

Table 2. Federal Medicare, Medicaid, and SCHIP Expenditures as of December 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	\$28,778	\$15,425	\$511	\$44,714
Fiscal year to date	81,615	46,686	1,159	129,460
Prior fiscal year to date	82,047	45,051	1,173	128,271
% Change	(0.5)	3.6	(1.2)	0.9

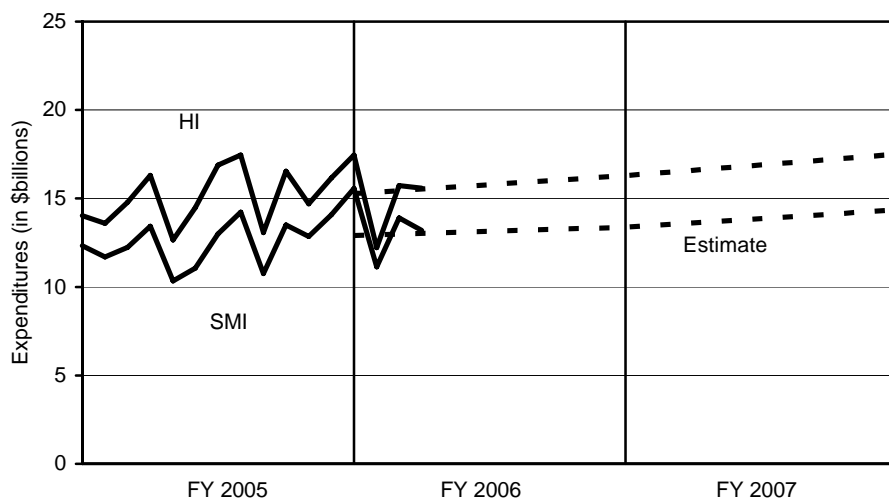
Note: State governments also support the Medicaid and SCHIP programs.

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



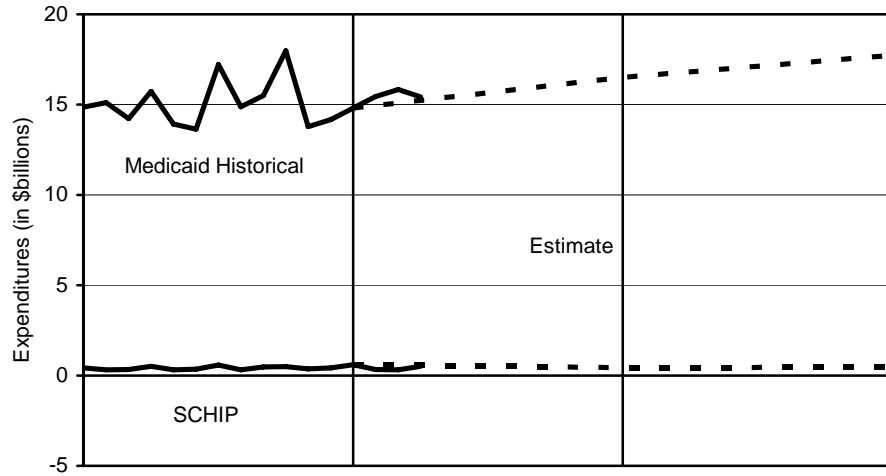
Note: Estimates are from the 2005 Trustees Report (intermediate assumptions).

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.