

# Monthly Trend Report for Medicare, Medicaid, and SCHIP

**January 31, 2006**

On these pages, the Office of the Actuary presents monthly and fiscal-year-to-date data for Medicare (HI and SMI), the Federal portion of Medicaid, and the Federal portion of 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 Federal Medicaid and Federal 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 the Federal portions of 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-January 2006)

- Total Federal spending for HI, SMI, Medicaid, and SCHIP increased by 5.8 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**

January 2006

- HI income exceeded expenditures by \$3.4 billion this month. This excess of income over expenditures was primarily due to the receipt this month of both quarterly self-employment (SECA) taxes and quarterly income taxes paid on Social Security benefits.

- SMI income exceeded expenditures by \$1.0 billion this month. Almost all of this excess was attributable to the Part B account. The excess was likely due, in large part, to the somewhat smaller-than-average number of claims processing days this month, which would tend to lower expenditures.
- The SMI Part D Medicare Prescription Drug Account received and spent about \$2.1 billion this month for benefits under the broad, voluntary prescription drug benefit that began this month. That is, about 13.5 percent of SMI expenditures (and about 6.8 percent of total Medicare expenditures) were attributable to benefit payments made by this account this month.
- The SMI trust fund received and spent about \$27 million this month for benefits under the Transitional Assistance Account. Activity in this account is dwindling, as intended and expected, as the broad, voluntary prescription drug benefit has begun.

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

- Medicare expenditures were 7.3 percent higher than in the corresponding period in fiscal year 2005. There were three Medicare Advantage payments for the fiscal year through January (including, for January, payments to free-standing prescription drug plans), compared to four for the same period in fiscal year 2005. Adjusted for an equal number of incurred Medicare Advantage payments, the growth rate would have been about 11.3 percent. Of that adjusted growth rate, about 2.0 percentage points are attributable to Part D prescription drug benefit payments.

## **Medicaid**

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

- Federal expenditures for Medicaid were 3.1 percent higher than in the corresponding period in fiscal year 2005.

## **SCHIP**

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

- Federal expenditures for SCHIP were 14.0 percent higher than in the corresponding period in fiscal year 2005.

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

January 2006

- The CPI-U increased 0.8 percent during the month of January.

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

- The fiscal-year-to-date change in the CPI-U is a decrease of 0.3 percent.

**Table 1. Medicare Trust Fund Activity as of January 31, 2006**  
[in millions]

Income, Expenditures, and Balance	Supplementary Medical Insurance						Total Medicare
	Hospital Insurance Trust Fund	Part B Account	Transitional Assistance Account	Medicare Prescription Drug Account (Part D)	Supplementary Medical Insurance Trust Fund (Total SMI)		
<b>This Month:</b>							
Income	\$18,778	\$14,501	\$27	\$2,108	\$16,636		\$35,414
Expenditures	15,422	13,492	27	2,107	15,626		31,048
Difference	3,356	1,009	0	1	1,010		4,366
<b>Current Fiscal-Year-to-Date:</b>							
Income	70,297	59,643	151	2,108	61,902		132,199
% Change	5.8	14.2	(57.2)	--	17.7		11.1
Expenditures	58,894	51,511	151	2,107	53,769		112,662
% Change	2.7	8.8	(57.2)	--	12.7		7.3
Difference	11,403	8,132	0	1	8,134		19,537
<b>Prior Fiscal-Year-to-Date:</b>							
Income	66,447	52,218	353	--	52,571		119,019
Expenditures	57,324	47,338	353	--	47,692		105,015
<b>End-of-Month:</b>							
Balance	289,126	25,017	0	1	25,018		314,144

Notes: Totals do not necessarily equal the sums of rounded components.

Changes shown ("% Change") reflect current fiscal-year-to-date amounts as compared to amounts in the corresponding period in the prior fiscal year.

**Table 2. Federal Medicare, Medicaid, and SCHIP Expenditures as of January 31, 2006**  
[in millions]

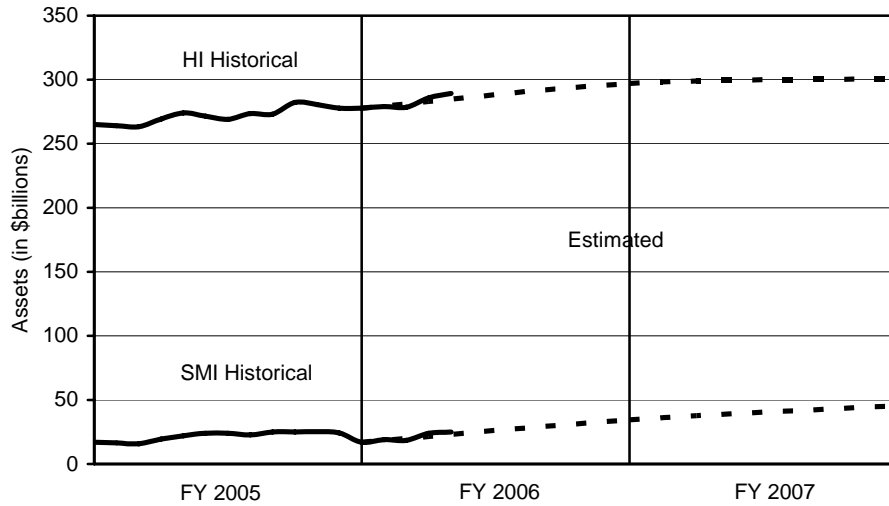
Expenditures	Total Medicare Expenditures	Federal Medicaid Expenditures	Federal Expenditures for State Children's Health Insurance Program	Total Expenditures
This month	\$31,048	\$14,079	\$548	\$45,675
Fiscal year-to-date	112,662	60,766	1,707	175,135
Prior fiscal-year-to-date	105,015	58,966	1,497	165,478
% Change	7.3	3.1	14.0	5.8

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

Totals do not necessarily equal the sums of rounded components.

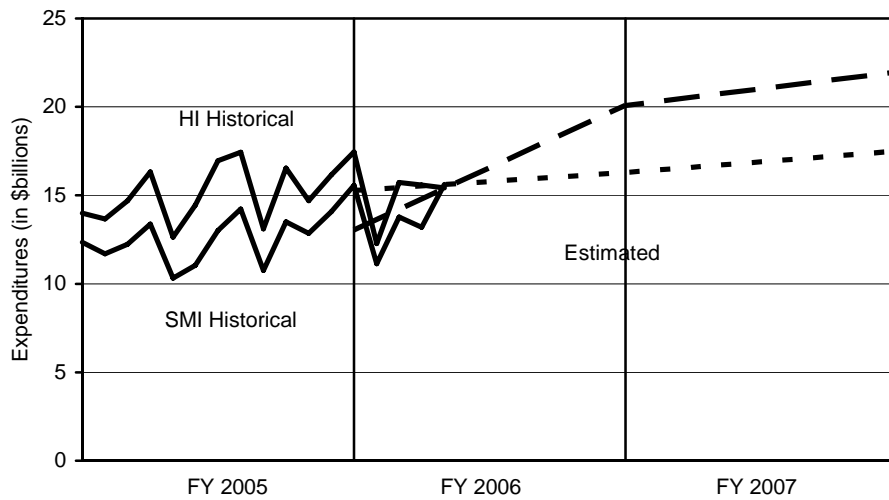
Changes shown ("% Change") reflect current fiscal-year-to-date amounts as compared to amounts in the corresponding period in the prior fiscal year.

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



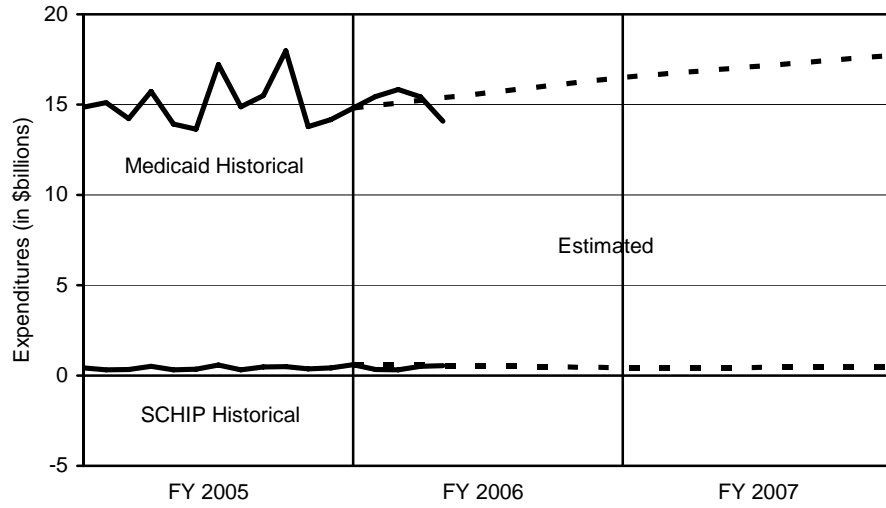
**Note: Estimates are from the 2006 Trustees Report (intermediate assumptions).**

**Figure 2. Medicare Expenditures: Historical and Estimated**



**Note: Estimates are from the 2006 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.**