

# Monthly Trend Report for Medicare, Medicaid, and SCHIP

**March 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-March 2006)

- Total Federal spending for HI, SMI, Medicaid, and SCHIP increased by 10.0 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

March 2006

- HI expenditures exceeded income by \$3.1 billion this month. This excess can be broken down into three main contributing factors. First, on the expenditure side, the bulk of the Medicare Advantage payment for April 2006 was made in March. (The Medicare Advantage payment for March was also made in March.) HI expenditures would thus have been lower had the April payment been made next month rather than this month. Second, the month of March had a higher-than-average number of claims

processing days, which would tend to raise expenditures. Third, on the income side, three relatively small annual transfers to the HI trust fund were scheduled and made, which reduced the excess of expenditures over income a bit; in the absence of these transfers, the excess would have been higher. (Each month, the primary source of HI income is Federal Income Contribution Act (FICA) taxes, but this is particularly true for months such as this March, in which secondary sources of income were relatively modest, with no large amounts scheduled for receipt.)

- SMI expenditures exceeded income by \$2.0 billion this month. Almost all of this excess was attributable to the Part B account. Much of the excess was due to the fact that the bulk of the Medicare Advantage payment for April 2006 was made in March, as described above for HI. (The bulk of Part D benefit payments for April 2006, both to Medicare Advantage plans for their prescription drug benefit and to free-standing prescription drug plans, were also sped up to March, but this did not contribute significantly to the SMI excess of expenditures over income, because most of the income to finance the Part D benefits was sped up as well.) The higher-than-average number of claims processing days this month, as described above for HI, would also tend to raise Part B expenditures—and contribute to the excess of expenditures over income—this month.
- The SMI Part D Medicare Prescription Drug Account spent about \$6.4 billion this month for benefits under the broad, voluntary prescription drug benefit that began in January. That is, about 27.5 percent of SMI expenditures (and about 14.9 percent of total Medicare expenditures) were attributable to benefit payments made by this account this month. However, as discussed above, it should be noted that the bulk of Part D payments for April were paid in March; adjusting for a single, rather than a double, Part D payment would bring these two percentages down to roughly 13.6 percent and 7.4 percent, respectively.
- The SMI trust fund received and spent about \$12 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-March 2006)

- Medicare expenditures were 15.9 percent higher than in the corresponding period in fiscal year 2005.

## **Medicaid**

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

- Federal expenditures for Medicaid were 0.4 percent lower than in the corresponding period in fiscal year 2005.

## **SCHIP**

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

- Federal expenditures for SCHIP were 7.5 percent higher than in the corresponding period in fiscal year 2005.

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

March 2006

- The CPI-U increased 0.6 percent during the month of March.

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

- The fiscal-year-to-date change in the CPI-U is an increase of 0.5 percent.

**Table 1. Medicare Trust Fund Activity as of March 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	\$16,489	\$14,899	\$12	\$6,321	\$21,232		\$37,721
Expenditures	19,636	16,847	12	6,397	23,255		42,891
Difference	(3,147)	(1,948)	0	(76)	(2,023)		(5,170)
<b>Current Fiscal-Year-to-Date:</b>							
Income	100,072	89,109	204	11,495	100,807		200,879
% Change	7.8	14.3	(69.1)	--	28.2		17.2
Expenditures	93,764	80,511	204	11,495	92,210		185,974
% Change	5.7	13.2	(69.1)	--	28.5		15.9
Difference	6,308	8,597	0	0	8,597		14,905
<b>Prior Fiscal-Year-to-Date:</b>							
Income	92,821	77,976	660	--	78,637		171,458
Expenditures	88,726	71,093	660	--	71,753		160,480
<b>End-of-Month:</b>							
Balance	284,031	25,482	0	0	25,482		309,513

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 March 31, 2006**  
[in millions]

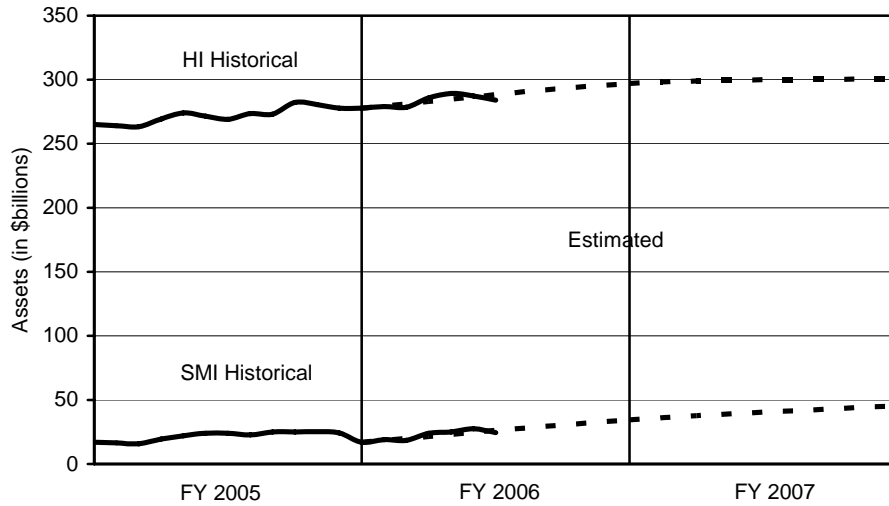
Expenditures	Total Medicare Expenditures	Federal Medicaid Expenditures	Federal Expenditures for State Children's Health Insurance Program	Total Expenditures
This month	\$42,891	\$15,595	\$571	\$59,057
Fiscal-year-to-date	185,974	89,500	2,619	278,093
Prior fiscal-year-to-date	160,480	89,827	2,437	252,744
% Change	15.9	(0.4)	7.5	10.0

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

Totals do not necessarily equal the sums of rounded components.

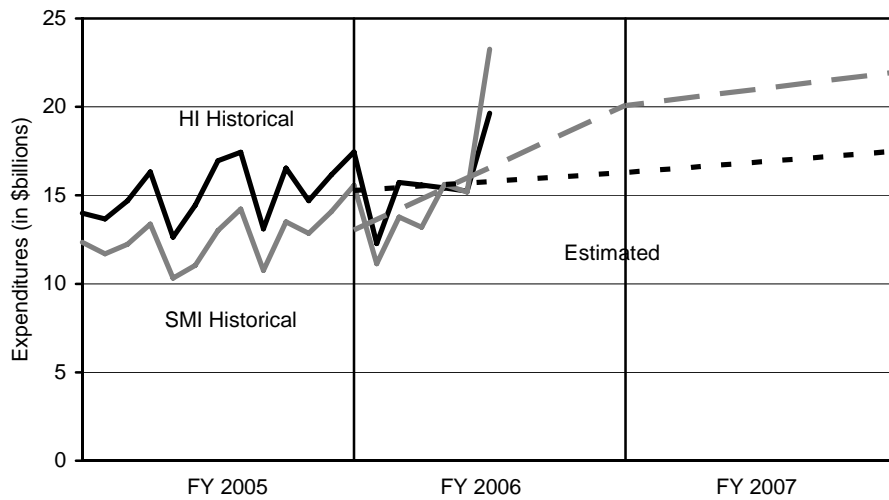
Changes shown ("% Change") reflect current fiscal-year-to-date amounts as compared to amounts in the corresponding period in the prior fiscal year.

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



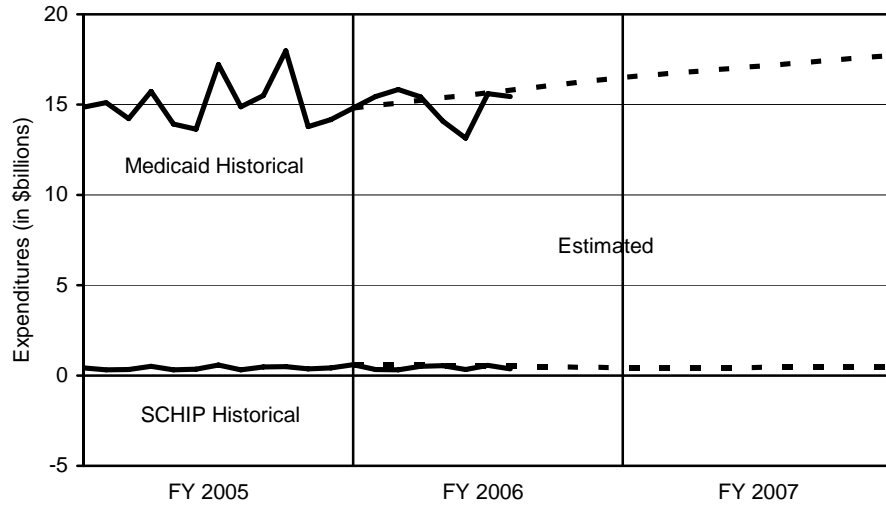
**Note: Estimates are from the 2006 Trustees Report (intermediate assumptions).**

**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.**