

Monthly Trend Report for Medicare, Medicaid, and SCHIP

August 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-August 2006)

- Total Federal spending for HI, SMI, Medicaid, and SCHIP increased by 9.8 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

August 2006

- HI expenditures exceeded income by \$3.6 billion this month. 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 August, in which secondary sources of income were relatively modest, with no large amounts scheduled for receipt. (On the expenditures side, the month of

August had a higher-than-average number of claims processing days, which would tend to raise expenditures and increase the excess of expenditures over income.)

- SMI expenditures exceeded income by \$0.6 billion this month. Almost all of this excess was attributable to the Part B account; the difference between income and expenditures for Part D was negligible. (Much of the excess for Part B could be due to the higher-than-average number of claims processing days, as discussed above for HI.)
- The SMI Part D Medicare Prescription Drug Account spent about \$4.5 billion this month under the broad, voluntary prescription drug program that began in January. That is, about 22 percent of SMI expenditures, and about 12 percent of total Medicare expenditures, were attributable to expenditures made by this account this month.
- The SMI trust fund received and spent about \$640 thousand 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 program has begun.

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

- Medicare expenditures were 15.2 percent higher than in the corresponding period in fiscal year 2005. There were ten Medicare Advantage payments (including, for January through August, payments to free-standing prescription drug plans), compared to eleven 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 16.7 percent.

Medicaid

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

- Federal expenditures for Medicaid were less than 0.02 percent lower than in the corresponding period in fiscal year 2005 (that is, the difference between the expenditures for the two periods was negligible).

SCHIP

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

- Federal expenditures for SCHIP were 7.4 percent higher than in the corresponding period in fiscal year 2005.

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

August 2006

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

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

- The fiscal-year-to-date change in the CPI-U is an increase of 2.6 percent.

Table 1. Medicare Trust Fund Activity as of August 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)		
This Month:							
Income	\$13,932	\$15,182	\$1	\$4,470	\$19,653		\$33,584
Expenditures	17,497	15,774	\$1	4,493	\$20,268		37,765
Difference	(3,565)	(592)	0	(23)	(615)		(4,180)
Current Fiscal-Year-to-Date:							
Income	192,274	162,640	229	28,340	191,209		383,482
% Change	7.1	13.5	(78.6)	--	32.5		18.4
Expenditures	172,655	149,562	229	27,631	177,422		350,077
% Change	3.6	9.9	(78.6)	--	29.4		15.2
Difference	19,619	13,078	0	709	13,787		33,406
Prior Fiscal-Year-to-Date:							
Income	179,490	143,250	1,070	--	144,319		323,809
Expenditures	166,694	136,094	1,070	--	137,163		303,857
End-of-Month:							
Balance	297,341	29,962	0	709	30,671		328,013

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 August 31, 2006
[in millions]

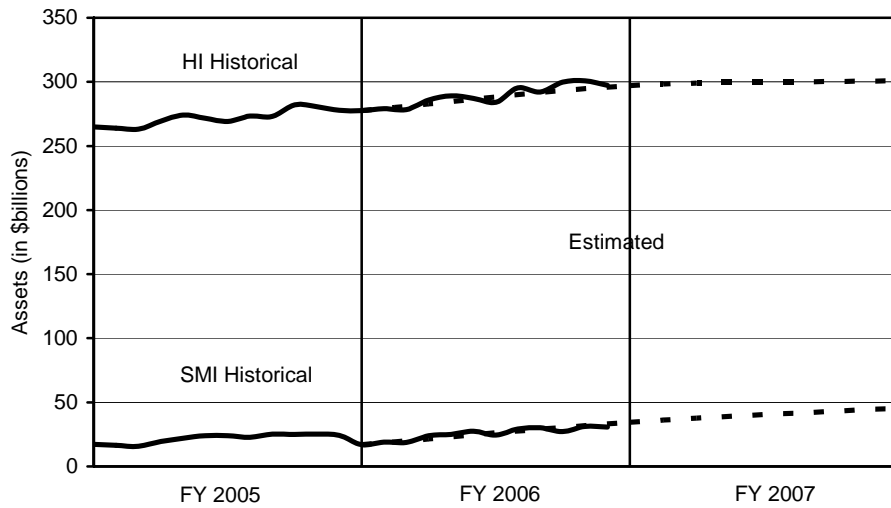
Expenditures	Total Medicare Expenditures	Federal Medicaid Expenditures	Federal Expenditures for State Children's Health Insurance Program	Total Expenditures
This month	\$37,765	\$16,629	\$432	\$54,826
Fiscal-year-to-date	350,077	166,891	4,856	521,824
Prior fiscal-year-to-date	303,857	166,922	4,523	475,302
% Change	15.2	(0.0)	7.4	9.8

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

Totals do not necessarily equal the sums of rounded components.

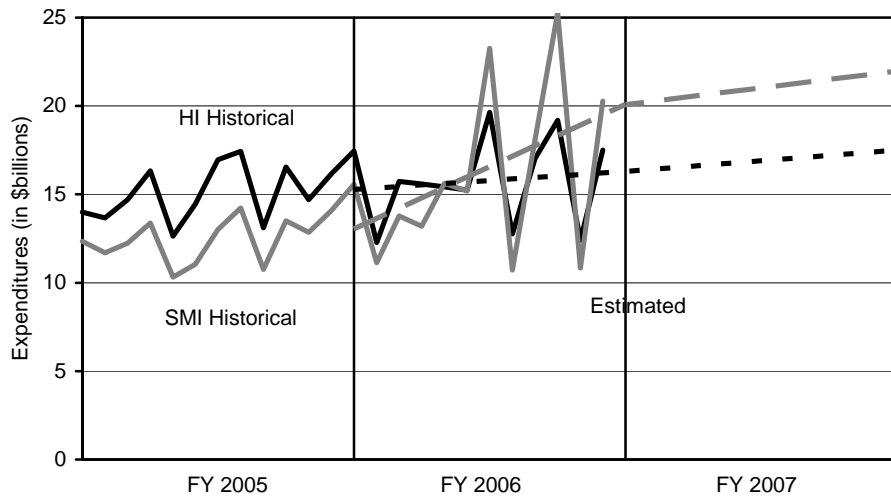
Changes shown ("% Change") reflect current fiscal-year-to-date amounts as compared to amounts in the corresponding period in the prior fiscal year.

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



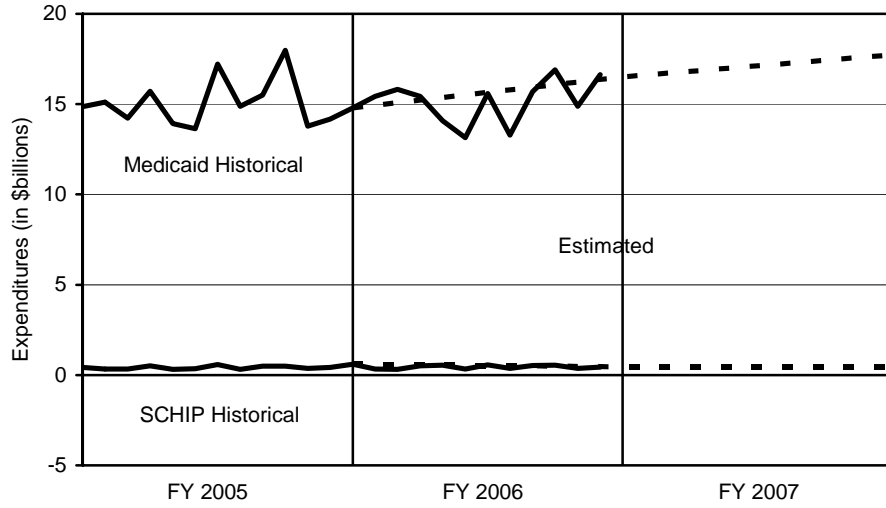
Note: Estimates are from the 2006 Trustees Report (intermediate assumptions).

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.