

Monthly Trend Report for Medicare, Medicaid, and SCHIP

October 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 2007 (October 2006)

- Total Federal spending for HI, SMI, Medicaid, and SCHIP increased by 38.7 percent compared to the corresponding period in fiscal year 2006. 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 2006

- HI expenditures exceeded income by \$4.1 billion this month. The income situation for this October is much the same as that described for the Octobers of 2005 and 2004, with no large amounts scheduled for receipt besides FICA taxes.

- SMI expenditures exceeded income by \$1.3 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.
- The SMI Part D Medicare Prescription Drug Account spent about \$4.1 billion this month under the broad, voluntary prescription drug program that began in January. That is, about 21 percent of SMI expenditures, and about 11 percent of total Medicare expenditures, were attributable to expenditures made by this account this month.
- The SMI trust fund received and spent about \$283 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 2007 (October 2006)

- Medicare expenditures were 64.0 percent higher than in the corresponding period in fiscal year 2006.

One large part of this increase is attributable to expenditures made by the SMI Part D Medicare Prescription Drug Account during October 2006 (that is, during this fiscal-year-to-date). This account was not in operation during October 2005 (that is, during the prior fiscal-year-to-date). Removing this account's expenditures yields an adjusted increase of 46.3 percent.

Next, there was one Medicare Advantage payment during the current fiscal year through October, compared to none during the same period in the prior fiscal year. Adjusted for an equal number of incurred Medicare Advantage payments for Medicare Parts A and B (with Part D already accounted for in the paragraph immediately above), it is estimated that Medicare expenditures for fiscal year 2007 thus far (that is, for October 2006) would have been 24.1 percent higher than in the corresponding period in fiscal year 2006 (that is, for October 2005).

Medicaid

Fiscal-Year-to-Date 2007 (October 2006)

- Federal expenditures for Medicaid were 0.4 percent higher than in the corresponding period in fiscal year 2006.

SCHIP

Fiscal-Year-to-Date 2007 (October 2006)

- Federal expenditures for SCHIP were 31.1 percent higher than in the corresponding period in fiscal year 2006.

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

October 2006

- The CPI-U decreased 0.5 percent during the month of October.

Table 1. Medicare Trust Fund Activity as of October 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	\$14,298	\$14,623	\$0	\$4,079 ¹	\$18,701 ¹	\$33,000 ¹
Expenditures	18,359	15,905	0	4,137 ¹	20,042 ¹	38,401 ¹
Difference	(4,061)	(1,282)	0	(59)	(1,341)	(5,402)
Current Fiscal-Year-to-Date:						
Income	14,298	14,623	0	4,079 ²	18,701 ²	33,000 ²
% Change	4.8	10.5	(100.0)	--	40.8 ²	22.6 ²
Expenditures	18,359	15,905	0	4,137 ²	20,042 ²	38,401 ²
% Change	49.5	43.4	(100.0)	--	79.9 ²	64.0 ²
Difference	(4,061)	(1,282)	0	(59)	(1,341)	(5,402)
Prior Fiscal-Year-to-Date:						
Income	13,639	13,233	47	--	13,279	26,918
Expenditures	12,280	11,092	47	--	11,138	23,418
End-of-Month:						
Balance	299,069	31,310	0	628	31,938	331,007

¹Not including Part D premiums paid directly to plans, which are not displayed on the financial statements and are available only on an estimated basis. The estimated amount of these directly-paid Part D premiums should be added to both Part D income and expenditures for a complete picture of Part D operations. Based on estimates prepared under 2008 Trustees Report assumptions, the estimated amount for the first quarter of fiscal year 2007 is \$498 million, and a rough estimate of this month's share would be 1/3 of \$498 million, or \$166 million. Adding this amount to the amounts shown above yields estimates of \$4,245 million for Part D income; \$18,867 million for SMI income; \$33,166 million for total Medicare income; \$4,303 million for Part D expenditures; \$20,208 million for SMI expenditures; and \$38,567 million for total Medicare expenditures.

²Not including Part D premiums paid directly to plans, which are not displayed on the financial statements and are available only on an estimated basis. The estimated amount of these directly-paid Part D premiums should be added to both Part D income and expenditures for a complete picture of Part D operations. Based on estimates prepared under 2008 Trustees Report assumptions, the estimated amount for the first quarter of fiscal year 2007 is \$498 million, and a rough estimate for the fiscal-year-to-date would be 1/3 of \$498 million, or \$166 million. Adding this amount to the amounts shown above yields estimates of \$4,245 million for Part D income; \$18,867 million for SMI income; \$33,166 million for total Medicare income; \$4,303 million for Part D expenditures; \$20,208 million for SMI expenditures; and \$38,567 million for total Medicare expenditures. The associated "% Change" estimates are 42.1 for SMI income, 23.2 for total Medicare income, 81.4 for SMI expenditures, and 64.7 for total Medicare expenditures.

- Notes:
1. Totals do not necessarily equal the sums of rounded components.
 2. Changes shown ("% Change") reflect current fiscal-year-to-date amounts as compared to amounts in the corresponding period in the prior fiscal year.
 3. Transitional Assistance Account income and expenditures, each, for this month and for the current fiscal-year-to-date were (\$282.91).

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

Expenditures	Total Medicare Expenditures	Federal Medicaid Expenditures	Federal Expenditures for State Children's Health Insurance Program	Total Expenditures
This month	\$38,401 ¹	\$15,500	\$434	\$54,335 ²
Fiscal-year-to-date	38,401 ³	15,500	434	54,335 ⁴
Prior fiscal-year-to-date	23,418	15,436	331	39,185
% Change	64.0 ³	0.4	31.1	38.7 ⁴

¹See footnote 1 of Table 1. Adding the estimated amount for Part D premiums paid directly to plans yields an estimate of \$38,567 million for total Medicare expenditures for this month.

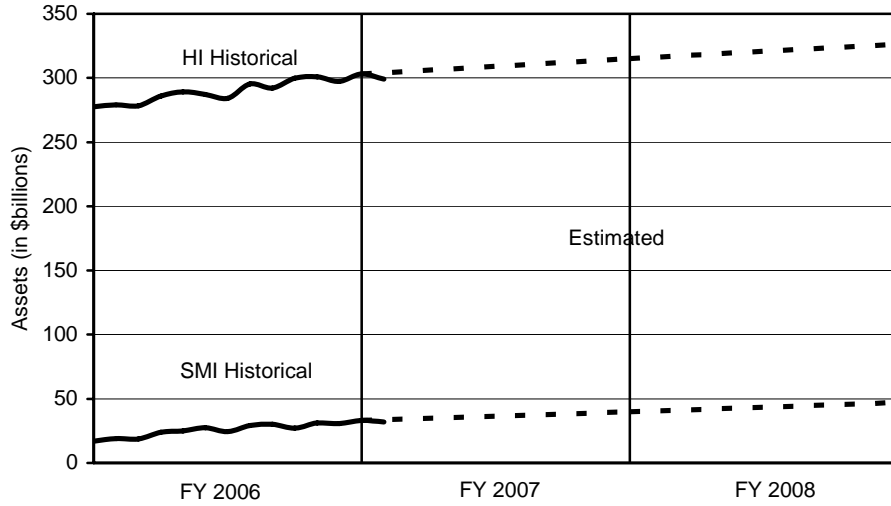
²See footnote 1 of Table 1. Adding the estimated amount for Part D premiums paid directly to plans yields an estimate of \$54,501 million for total expenditures for this month.

³See footnote 2 of Table 1. Adding the estimated amount for Part D premiums paid directly to plans yields an estimate of \$38,567 million for total Medicare expenditures for the fiscal-year-to-date, and the associated "% Change" estimate is 64.7.

⁴See footnote 2 of Table 1. Adding the estimated amount for Part D premiums paid directly to plans yields an estimate of \$54,501 million for total expenditures for the fiscal-year-to-date, and the associated "% Change" estimate is 39.1.

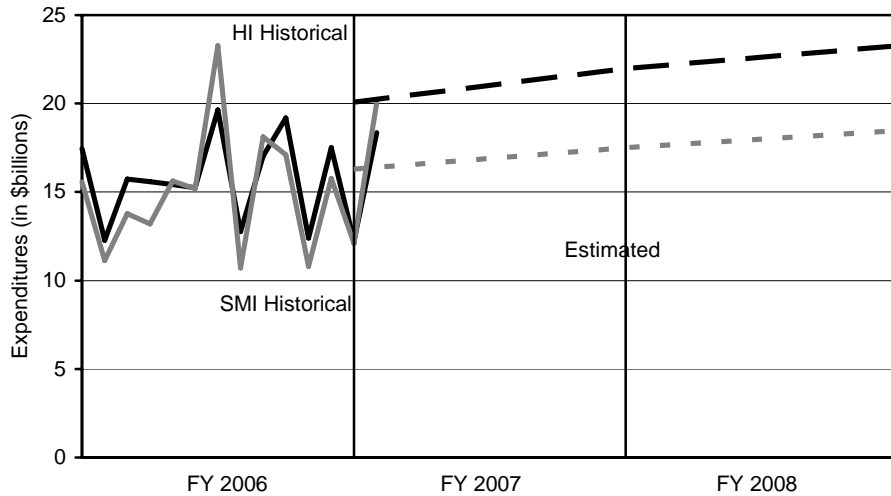
- Notes:
1. State governments also support the Medicaid and SCHIP programs.
 2. Totals do not necessarily equal the sums of rounded components.
 3. Changes shown ("% Change") reflect current fiscal-year-to-date amounts as compared to amounts in the corresponding period in the prior fiscal year.

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



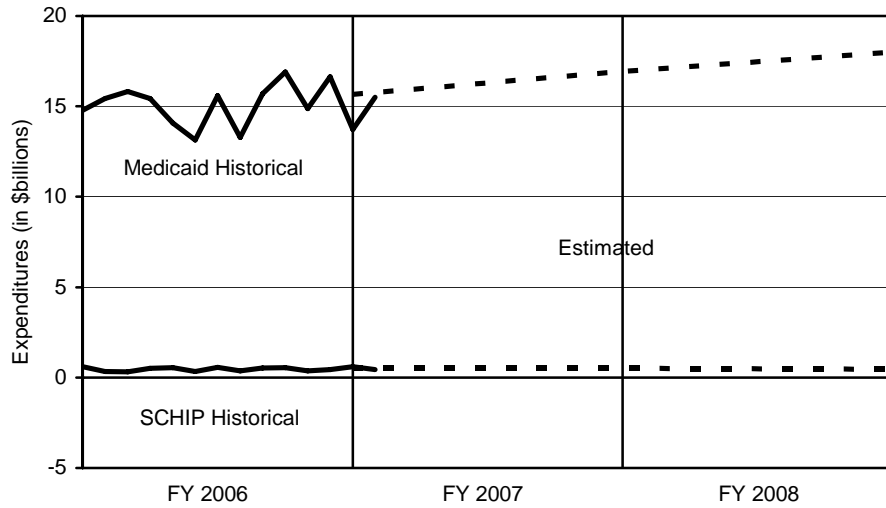
Note: Estimates are from the 2006 Trustees Report (intermediate assumptions).

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.