

# Monthly Trend Report for Medicare, Medicaid, and SCHIP

November 30, 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-November 2006)

- Total Federal spending for HI, SMI, Medicaid, and SCHIP increased by 25.5 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

November 2006

- HI expenditures exceeded income by \$1.0 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 November, in which secondary sources of income were relatively modest, with no large amounts scheduled for receipt. Self-employment (SECA) tax income was

small, and no income taxes on Social Security benefits were received. Most of the interest on invested assets of the trust fund is paid in June and December, with only small amounts received in other months. Similarly, no annual transfers (such as that from the Railroad Retirement program) were due to the trust fund this month.

- SMI expenditures exceeded income by \$0.5 billion this month. About \$0.6 billion of this excess was attributable to Part B, and about (\$0.1) billion was attributable to Part D.
- The SMI Part D Medicare Prescription Drug Account spent about \$4.3 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 \$375 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 2007 (October 2006-November 2006)

- Medicare expenditures were 41.2 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 the current fiscal-year-to-date. This account was not in operation during the prior fiscal-year-to-date. Removing this account's expenditures yields an adjusted increase of 25.2 percent.

Next, there were two Medicare Advantage payments during the current fiscal year through November, compared to one 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 the current fiscal-year-to-date would have been 16.0 percent higher than in the corresponding period in fiscal year 2006.

## **Medicaid**

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

- Federal expenditures for Medicaid were 1.3 percent lower than in the corresponding period in fiscal year 2006.

## **SCHIP**

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

- Federal expenditures for SCHIP were 30.1 percent higher than in the corresponding period in fiscal year 2006.

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

November 2006

- The CPI-U decreased 0.1 percent during the month of November.

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

- The fiscal-year-to-date change in the CPI-U is a decrease of 0.7 percent.

**Table 1. Medicare Trust Fund Activity as of November 30, 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	\$15,436	\$14,851	\$0	\$4,452 <sup>1</sup>	\$19,303 <sup>1</sup>	\$34,739 <sup>1</sup>
Expenditures	16,423	15,499	0	4,350 <sup>1</sup>	19,798 <sup>1</sup>	36,220 <sup>1</sup>
Difference	(987)	(597)	0	102	(495)	(1,482)
<b>Current Fiscal-Year-to-Date:</b>						
Income	29,734	29,474	0	8,531 <sup>2</sup>	38,004 <sup>2</sup>	67,738 <sup>2</sup>
% Change	4.6	12.4	(100.4)	--	44.4 <sup>2</sup>	23.7 <sup>2</sup>
Expenditures	34,782	31,354	0	8,487 <sup>2</sup>	39,840 <sup>2</sup>	74,622 <sup>2</sup>
% Change	24.7	26.1	(100.4)	--	59.7 <sup>2</sup>	41.2 <sup>2</sup>
Difference	(5,048)	(1,879)	0	44	(1,836)	(6,883)
<b>Prior Fiscal-Year-to-Date:</b>						
Income	28,425	26,229	86	--	26,315	54,741
Expenditures	27,891	24,860	86	--	24,946	52,837
<b>End-of-Month:</b>						
Balance	298,083	30,712	0	731	31,443	329,526

<sup>1</sup>Not 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 \$4,618 million for Part D income; \$19,469 million for SMI income; \$34,905 million for total Medicare income; \$4,516 million for Part D expenditures; \$19,964 million for SMI expenditures; and \$36,386 million for total Medicare expenditures.

<sup>2</sup>Not 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 2/3 of \$498 million, or \$332 million. Adding this amount to the amounts shown above yields estimates of \$8,863 million for Part D income; \$38,336 million for SMI income; \$68,070 million for total Medicare income; \$8,819 million for Part D expenditures; \$40,172 million for SMI expenditures; and \$74,954 million for total Medicare expenditures. The associated "% Change" estimates are 45.7 for SMI income, 24.3 for total Medicare income, 61.0 for SMI expenditures, and 41.9 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 were each (\$374,982.57) this month and were each (\$375,265.48) for the current fiscal-year-to-date.

**Table 2. Federal Medicare, Medicaid, and SCHIP Expenditures  
as of November 30, 2006  
[in millions]**

<b>Expenditures</b>	<b>Total Medicare Expenditures</b>	<b>Federal Medicaid Expenditures</b>	<b>Federal Expenditures for State Children's Health Insurance Program</b>	<b>Total Expenditures</b>
This month	\$36,220 <sup>1</sup>	\$15,364	\$409	\$51,993 <sup>2</sup>
Fiscal-year-to-date	74,622 <sup>3</sup>	30,864	843	106,329 <sup>4</sup>
Prior fiscal-year-to-date	52,837	31,262	648	84,747
% Change	41.2 <sup>3</sup>	(1.3)	30.1	25.5 <sup>4</sup>

<sup>1</sup>See footnote 1 of Table 1. Adding the estimated amount for Part D premiums paid directly to plans yields an estimate of \$36,386 million for total Medicare expenditures for this month.

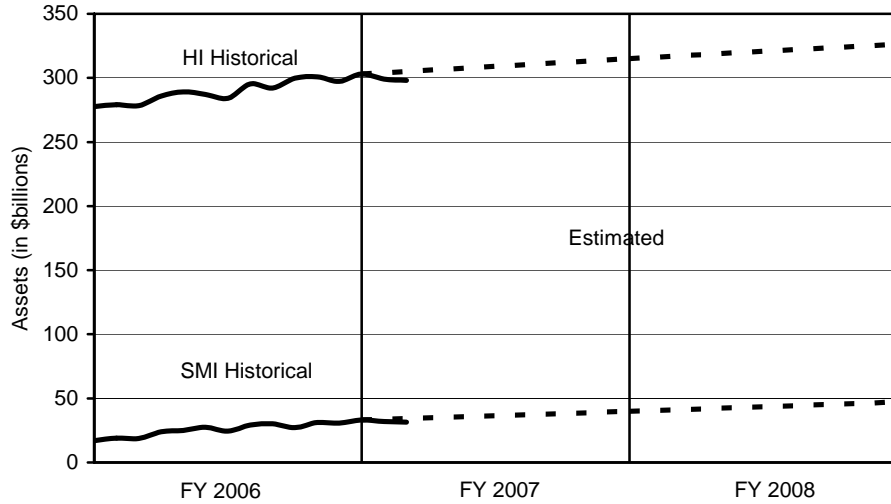
<sup>2</sup>See footnote 1 of Table 1. Adding the estimated amount for Part D premiums paid directly to plans yields an estimate of \$52,159 million for total expenditures for this month.

<sup>3</sup>See footnote 2 of Table 1. Adding the estimated amount for Part D premiums paid directly to plans yields an estimate of \$74,954 million for total Medicare expenditures for the fiscal-year-to-date, and the associated "% Change" estimate is 41.9.

<sup>4</sup>See footnote 2 of Table 1. Adding the estimated amount for Part D premiums paid directly to plans yields an estimate of \$106,661 million for total expenditures for the fiscal-year-to-date, and the associated "% Change" estimate is 25.9.

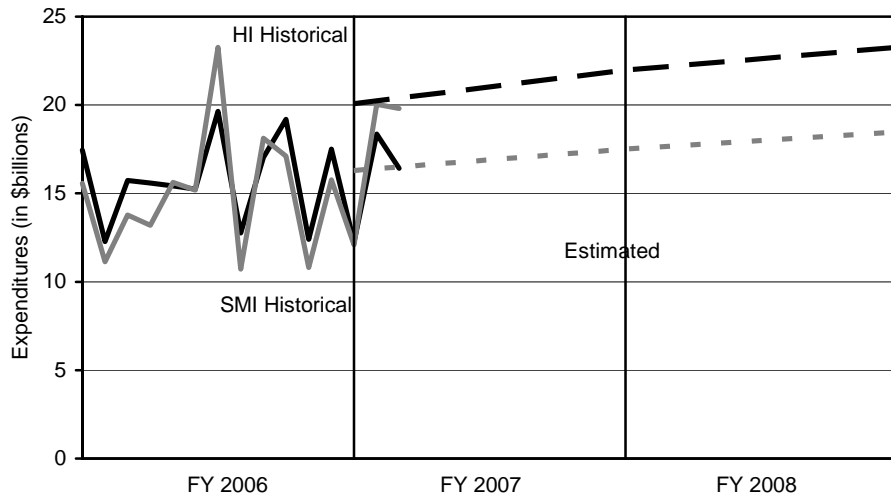
- Notes:
1. State governments also support the Medicaid and SCHIP programs.
  2. Totals do not necessarily equal the sums of rounded components.
  3. Changes shown ("% Change") reflect current fiscal-year-to-date amounts as compared to amounts in the corresponding period in the prior fiscal year.

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



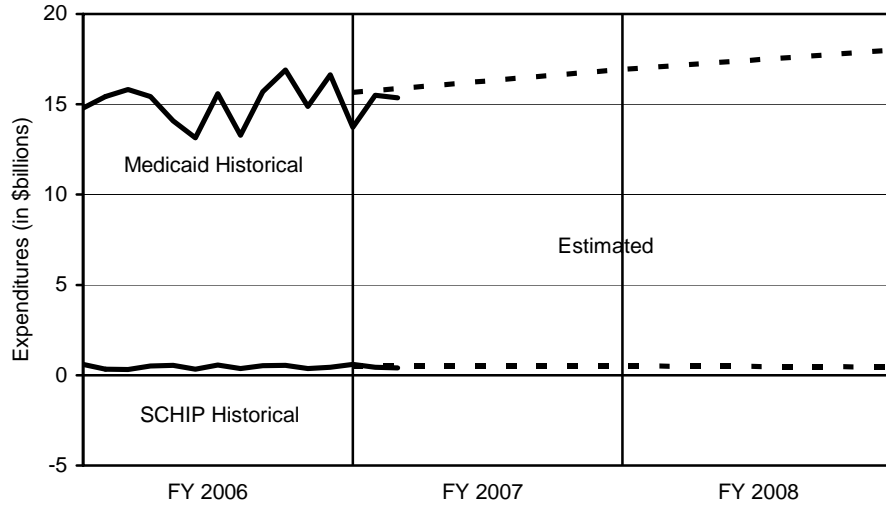
**Note: Estimates are from the 2006 Trustees Report (intermediate assumptions).**

**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.**