

# Monthly Trend Report for Medicare, Medicaid, and SCHIP

January 31, 2007

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-January 2007)

- Total Federal spending for HI, SMI, Medicaid, and SCHIP increased by 18.5 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

January 2007

- HI income exceeded expenditures by \$3.1 billion this month. This excess of income over expenditures was primarily due to the receipt of both quarterly self-employment (SECA) taxes and quarterly income taxes paid on Social Security benefits.

- SMI income exceeded expenditures by \$0.8 billion this month. About \$0.9 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 \$3.8 billion this month under the broad, voluntary prescription drug program that began in January 2006. 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 \$56 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-January 2007)

- Medicare expenditures were 27.9 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. This account was in operation during all four months of the current fiscal-year-to-date, but for only one month of the prior fiscal-year-to-date. Removing this account's expenditures yields an adjusted increase of 15.0 percent.

Next, there were four Medicare Advantage payments during the current fiscal year through January, compared to three 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 10.8 percent higher than in the corresponding period in fiscal year 2006.

### **Medicaid**

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

- Federal expenditures for Medicaid were 1.4 percent higher than in the corresponding period in fiscal year 2006.

### **SCHIP**

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

- Federal expenditures for SCHIP were 12.7 percent higher than in the corresponding period in fiscal year 2006.

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

January 2007

The CPI-U increased 0.3 percent during the month of January. Fiscal-Year-to-Date 2007 (October 2006-January 2007)

- The fiscal-year-to-date change in the CPI-U is a decrease of 0.2 percent.

**Table 1. Medicare Trust Fund Activity as of January 31, 2007**  
**[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	\$19,665	\$15,610	\$0	\$3,707 <sup>1</sup>	\$19,317 <sup>1</sup>	\$38,982 <sup>1</sup>
Expenditures	16,580	14,685	0	3,816 <sup>1</sup>	18,501 <sup>1</sup>	35,080 <sup>1</sup>
Difference	3,085	925	0	(109)	816	3,901
<b>Current Fiscal-Year-to-Date:</b>						
Income	72,390	60,715	(0)	16,948 <sup>2</sup>	77,662 <sup>2</sup>	150,052 <sup>2</sup>
% Change	3.0	1.8	(100.3)	704.0 <sup>2</sup>	25.5 <sup>2</sup>	13.5 <sup>2</sup>
Expenditures	67,083	60,057	(0)	16,950 <sup>2</sup>	77,006 <sup>2</sup>	144,089 <sup>2</sup>
% Change	13.9	16.6	(100.3)	704.5 <sup>2</sup>	43.2 <sup>2</sup>	27.9 <sup>2</sup>
Difference	5,307	658	0	(2)	656	5,963
<b>Prior Fiscal-Year-to-Date:</b>						
Income	70,297	59,643	151	2,108 <sup>3</sup>	61,902 <sup>3</sup>	132,199 <sup>3</sup>
Expenditures	58,894	51,511	151	2,107 <sup>3</sup>	53,769 <sup>3</sup>	112,662 <sup>3</sup>
<b>End-of-Month:</b>						
Balance	308,437	33,250	0	685	33,935	342,372

<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 this month is \$183 million. Adding this amount to the amounts shown above yields estimates of \$3,890 million for Part D income; \$19,500 million for SMI income; \$39,165 million for total Medicare income; \$3,999 million for Part D expenditures; \$18,684 million for SMI expenditures; and \$35,263 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 current fiscal-year-to-date is \$681 million. Adding this amount to the amounts shown above yields estimates of \$17,629 million for Part D income; \$78,343 million for SMI income; \$150,733 million for total Medicare income; \$17,631 million for Part D expenditures; \$77,687 million for SMI expenditures; and \$144,770 million for total Medicare expenditures. The associated "% Change" estimates are 663.2 for Part D income, 26.1 for SMI income, 13.8 for total Medicare income, 663.6 for Part D expenditures, 43.9 for SMI expenditures, and 28.3 for total Medicare expenditures.

<sup>3</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 prior fiscal-year-to-date is \$202 million. Adding this amount to the amounts shown above yields estimates of \$2,310 million for Part D income; \$62,104 million for SMI income; \$132,401 million for total Medicare income; \$2,309 million for Part D expenditures; \$53,971 million for SMI expenditures; and \$112,864 million 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 \$56,241.19 this month and were each (\$463,315.66) for the current fiscal-year-to-date.

**Table 2. Federal Medicare, Medicaid, and SCHIP Expenditures  
as of January 31, 2007  
[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	\$35,080 <sup>1</sup>	\$16,069	\$412	\$51,561 <sup>2</sup>
Fiscal-year-to-date	144,089 <sup>3</sup>	61,604	1,924	207,617 <sup>4</sup>
Prior fiscal-year-to-date	112,662 <sup>5</sup>	60,766	1,707	175,135 <sup>6</sup>
% Change	27.9 <sup>3</sup>	1.4	12.7	18.5 <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 \$35,263 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 \$51,744 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 \$144,770 million for total Medicare expenditures for the current fiscal-year-to-date, and the associated "% Change" estimate is 28.3.

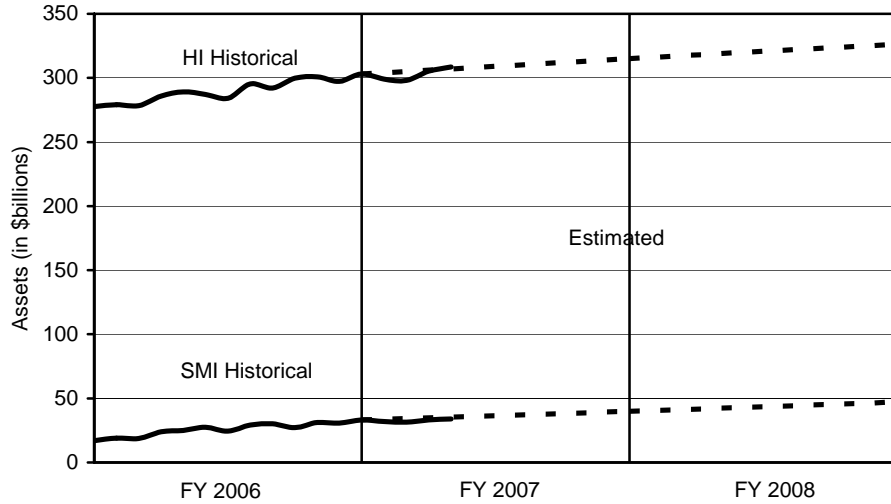
<sup>4</sup>See footnote 2 of Table 1. Adding the estimated amount for Part D premiums paid directly to plans yields an estimate of \$208,298 million for total expenditures for the current fiscal-year-to-date, and the associated "% Change" estimate is 18.8.

<sup>5</sup>See footnote 3 of Table 1. Adding the estimated amount for Part D premiums paid directly to plans yields an estimate of \$112,864 million for total Medicare expenditures for the prior fiscal-year-to-date.

<sup>6</sup>See footnote 3 of Table 1. Adding the estimated amount for Part D premiums paid directly to plans yields an estimate of \$175,337 million for total expenditures for the prior fiscal-year-to-date.

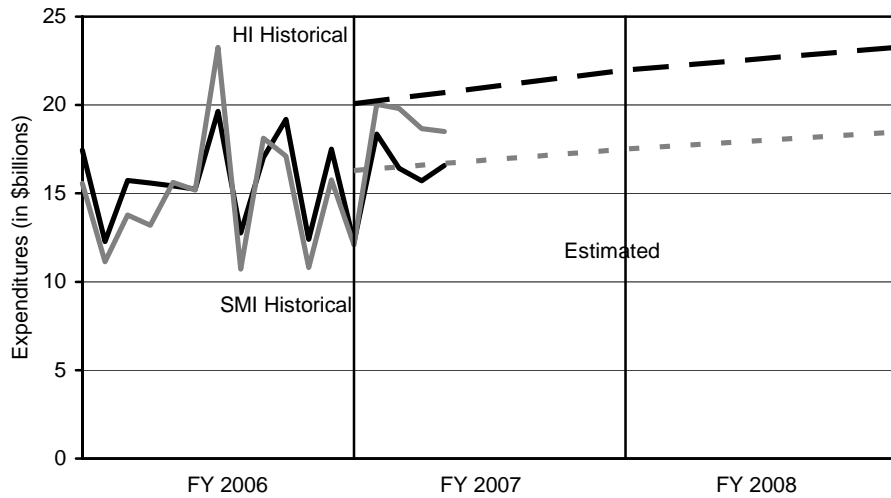
- Notes:
1. State governments also support the Medicaid and SCHIP programs.
  2. Totals do not necessarily equal the sums of rounded components.
  3. Changes shown ("% Change") reflect current fiscal-year-to-date amounts as compared to amounts in the corresponding period in the prior fiscal year.

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



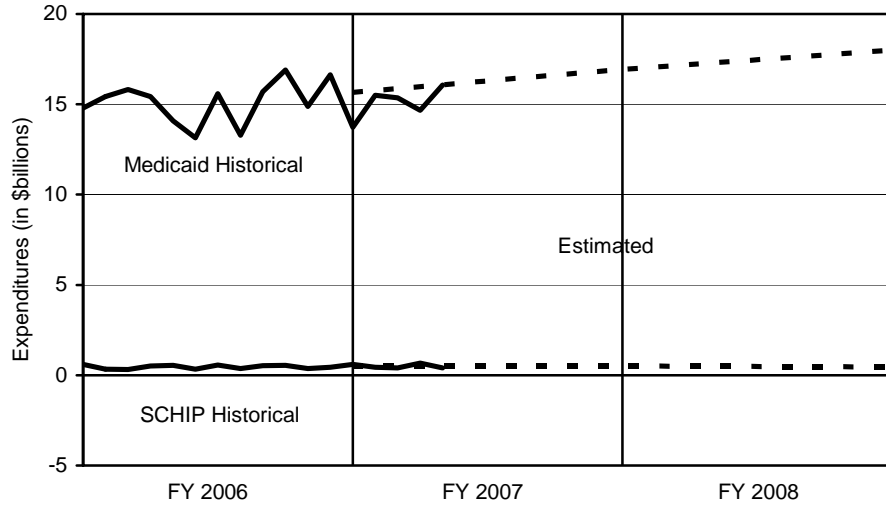
**Note: Estimates are from the 2006 Trustees Report (intermediate assumptions).**

**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.**