

Monthly Trend Report for Medicare, Medicaid, and SCHIP

April 30, 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-April 2007)

- Total Federal spending for HI, SMI, Medicaid, and SCHIP increased by 15.0 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

April 2007

- HI income exceeded expenditures by \$12.2 billion this month. This excess can be broken down into three notable contributing factors. On the income side, the receipt of both quarterly self-employment (SECA) taxes and quarterly income taxes paid on Social Security benefits were two large contributing factors to this excess. These two items accounted for a

combined \$10.8 billion. On the expenditure side, the bulk of the Medicare Advantage payment for April 2007 was made in March. HI expenditures would have been higher—and the excess of income over expenditures lower—by about \$3.3 billion if the bulk of the April payment had been made this month rather than last month.

- SMI income exceeded expenditures by \$3.7 billion this month. Almost all of this excess—\$3.9 billion—was attributable to the Part B account; the difference between income and expenditures for Part D was small, at (\$0.2) billion. Within the Part B account, on the expenditure side, the bulk of the Medicare Advantage payment for April was made in March, as described above for HI. (The bulk of Part D payments for April, both to Medicare Advantage plans for their prescription drug benefit and to freestanding 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 needed to finance the Part D benefits was sped up as well.) Part B expenditures would have been higher by about \$3.2 billion if the bulk of the April payment had been made this month rather than last month.
- The SMI Part D Medicare Prescription Drug Account spent only a small amount—about \$0.3 billion—this month under the broad, voluntary prescription drug program that began in January 2006. This is because the bulk of Part D payments for April were paid in March, as discussed above.
- The SMI trust fund received and spent about \$508 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-April 2007)

- Medicare expenditures were 18.7 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 seven months of the current fiscal-year-to-date, but for only four months of the prior fiscal-year-to-date. Removing this account's expenditures yields an adjusted increase of 11.0 percent.

Next, there were seven Medicare Advantage payments during the current fiscal year through April, compared to six 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 8.7 percent higher than in the corresponding period in fiscal year 2006.

Medicaid

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

- Federal expenditures for Medicaid were 7.4 percent higher than in the corresponding period in fiscal year 2006.

SCHIP

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

- Federal expenditures for SCHIP were 11.6 percent higher than in the corresponding period in fiscal year 2006.

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

April 2007

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

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

- The fiscal-year-to-date change in the CPI-U is an increase of 1.9 percent.

Table 1. Medicare Trust Fund Activity as of April 30, 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)	
This Month:						
Income	\$25,549	\$15,226	(\$1)	\$33 ¹	\$15,258 ¹	\$40,807 ¹
Expenditures	13,379	11,306	(1)	258 ¹	11,563 ¹	24,943 ¹
Difference	12,170	3,920	0	(225)	3,695	15,865
Current Fiscal-Year-to-Date:						
Income	129,814	106,936	(1)	28,890 ²	135,824 ²	265,638 ²
% Change	4.6	3.5	(100.6)	148.0 ²	17.9 ²	11.0 ²
Expenditures	117,488	102,305	(1)	28,937 ²	131,241 ²	248,728 ²
% Change	10.3	12.2	(100.6)	151.7 ²	27.5 ²	18.7 ²
Difference	12,326	4,630	0	(47)	4,584	16,910
Prior Fiscal-Year-to-Date:						
Income	124,080	103,326	219	11,651 ³	115,196 ³	239,275 ³
Expenditures	106,532	91,212	219	11,495 ³	102,926 ³	209,458 ³
End-of-Month:						
Balance	315,456	37,222	0	640	37,862	353,319

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 this month is \$183 million. Adding this amount to the amounts shown above yields estimates of \$216 million for Part D income; \$15,441 million for SMI income; \$40,990 million for total Medicare income; \$441 million for Part D expenditures; \$11,746 million for SMI expenditures; and \$25,126 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 current fiscal-year-to-date is \$1,231 million. Adding this amount to the amounts shown above yields estimates of \$30,121 million for Part D income; \$137,055 million for SMI income; \$266,869 million for total Medicare income; \$30,168 million for Part D expenditures; \$132,472 million for SMI expenditures; and \$249,959 million for total Medicare expenditures. The associated "% Change" estimates are 141.8 for Part D income, 18.1 for SMI income, 11.2 for total Medicare income, 145.2 for Part D expenditures, 27.7 for SMI expenditures, and 18.9 for total Medicare expenditures.

³Not 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 \$806 million. Adding this amount to the amounts shown above yields estimates of \$12,457 million for Part D income; \$116,002 million for SMI income; \$240,081 million for total Medicare income; \$12,301 million for Part D expenditures; \$103,732 million for SMI expenditures; and \$210,264 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 (\$507,519.00) this month and were each (\$1,345,562.56) for the current fiscal-year-to-date.

**Table 2. Federal Medicare, Medicaid, and SCHIP Expenditures
as of April 30, 2007
[in millions]**

Expenditures	Total Medicare Expenditures	Federal Medicaid Expenditures	Federal Expenditures for State Children's Health Insurance Program	Total Expenditures
This month	\$24,943 ¹	\$16,195	\$375	\$41,513 ²
Fiscal-year-to-date	248,728 ³	110,377	3,331	362,436 ⁴
Prior fiscal-year-to-date	209,458 ⁵	102,785	2,985	315,228 ⁶
% Change	18.7 ³	7.4	11.6	15.0 ⁴

¹See footnote 1 of Table 1. Adding the estimated amount for Part D premiums paid directly to plans yields an estimate of \$25,126 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 \$41,696 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 \$249,959 million for total Medicare expenditures for the current fiscal-year-to-date, and the associated "% Change" estimate is 18.9.

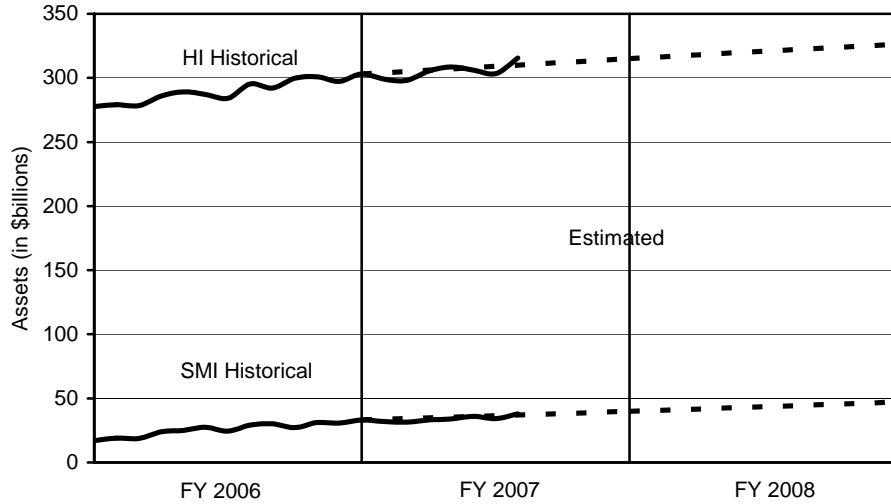
⁴See footnote 2 of Table 1. Adding the estimated amount for Part D premiums paid directly to plans yields an estimate of \$363,667 million for total expenditures for the current fiscal-year-to-date, and the associated "% Change" estimate is 15.1.

⁵See footnote 3 of Table 1. Adding the estimated amount for Part D premiums paid directly to plans yields an estimate of \$210,264 million for total Medicare expenditures for the prior fiscal-year-to-date.

⁶See footnote 3 of Table 1. Adding the estimated amount for Part D premiums paid directly to plans yields an estimate of \$316,034 million for total expenditures for the prior fiscal-year-to-date.

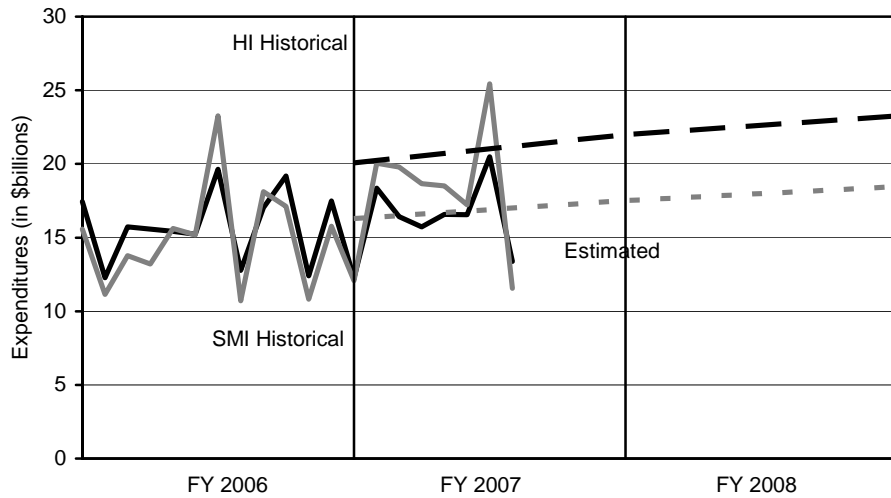
- Notes:
1. State governments also support the Medicaid and SCHIP programs.
 2. Totals do not necessarily equal the sums of rounded components.
 3. Changes shown ("% Change") reflect current fiscal-year-to-date amounts as compared to amounts in the corresponding period in the prior fiscal year.

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



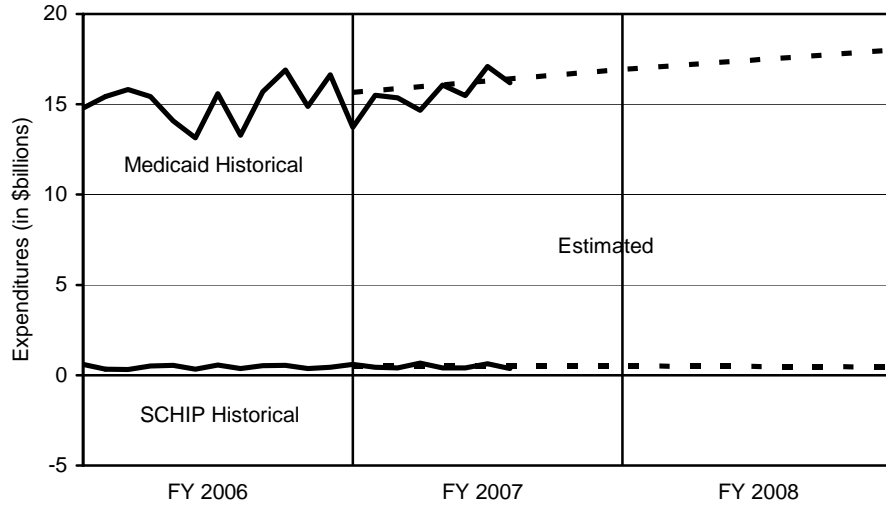
Note: Estimates are from the 2007 Trustees Report (intermediate assumptions).

Figure 2. Medicare Expenditures: Historical and Estimated



Note: Estimates are from the 2007 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 2008 Budget.