

Monthly Trend Report for Medicare, Medicaid, and SCHIP

May 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-May 2007)

- Total Federal spending for HI, SMI, Medicaid, and SCHIP increased by 14.3 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

May 2007

- HI expenditures exceeded income by \$3.5 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 May, in which secondary sources of income were relatively modest, with no large amounts scheduled for receipt.

- SMI expenditures exceeded income by \$0.4 billion this month. About \$0.5 billion was attributable to the Part B account and about (\$0.2) billion was attributable to the Part D account.
- 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 2006. That is, about 20 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 \$97 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-May 2007)

- Medicare expenditures were 17.3 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 eight months of the current fiscal-year-to-date, but for only five months of the prior fiscal-year-to-date. Removing this account's expenditures yields an adjusted increase of 10.6 percent.

Next, there were eight Medicare Advantage payments during the current fiscal year through May, compared to seven 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 8.6 percent higher than in the corresponding period in fiscal year 2006.

Medicaid

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

- Federal expenditures for Medicaid were 8.1 percent higher than in the corresponding period in fiscal year 2006.

SCHIP

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

- Federal expenditures for SCHIP were 8.6 percent higher than in the corresponding period in fiscal year 2006.

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

May 2007

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

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

- The fiscal-year-to-date change in the CPI-U is an increase of 2.5 percent.

Table 1. Medicare Trust Fund Activity as of May 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)	
This Month:						
Income	\$14,709	\$15,450	(\$0)	\$4,242 ¹	\$19,692 ¹	\$34,401 ¹
Expenditures	18,183	15,967	(0)	4,086 ¹	20,053 ¹	38,236 ¹
Difference	(3,474)	(517)	0	156	(361)	(3,835)
Current Fiscal-Year-to-Date:						
Income	144,523	122,385	(1)	33,132 ²	155,516 ²	300,038 ²
% Change	4.8	3.7	(100.6)	105.6 ²	15.8 ²	10.2 ²
Expenditures	135,670	118,272	(1)	33,023 ²	151,294 ²	286,964 ²
% Change	9.8	11.7	(100.6)	120.8 ²	25.0 ²	17.3 ²
Difference	8,852	4,113	0	109	4,222	13,074
Prior Fiscal-Year-to-Date:						
Income	137,885	117,969	225	16,112 ³	134,305 ³	272,190 ³
Expenditures	123,571	105,860	225	14,955 ³	121,040 ³	244,611 ³
End-of-Month:						
Balance	311,982	36,705	0	796	37,501	349,483

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 \$4,425 million for Part D income; \$19,875 million for SMI income; \$34,584 million for total Medicare income; \$4,269 million for Part D expenditures; \$20,236 million for SMI expenditures; and \$38,419 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 \$1,414 million. Adding this amount to the amounts shown above yields estimates of \$34,546 million for Part D income; \$156,930 million for SMI income; \$301,452 million for total Medicare income; \$34,437 million for Part D expenditures; \$152,708 million for SMI expenditures; and \$288,378 million for total Medicare expenditures. The associated "% Change" estimates are 101.8 for Part D income, 16.0 for SMI income, 10.3 for total Medicare income, 115.7 for Part D expenditures, 25.1 for SMI expenditures, and 17.4 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 \$1,008 million. Adding this amount to the amounts shown above yields estimates of \$17,120 million for Part D income; \$135,313 million for SMI income; \$273,198 million for total Medicare income; \$15,963 million for Part D expenditures; \$122,048 million for SMI expenditures; and \$245,619 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 (\$96,959.30) this month and were each (\$1,442,521.86) for the current fiscal-year-to-date.

**Table 2. Federal Medicare, Medicaid, and SCHIP Expenditures
as of May 31, 2007
[in millions]**

Expenditures	Total Medicare Expenditures	Federal Medicaid Expenditures	Federal Expenditures for State Children's Health Insurance Program	Total Expenditures
This month	\$38,236 ¹	\$17,731	\$482	\$56,449 ²
Fiscal-year-to-date	286,964 ³	128,107	3,813	418,884 ⁴
Prior fiscal-year-to-date	244,611 ⁵	118,472	3,510	366,593 ⁶
% Change	17.3 ³	8.1	8.6	14.3 ⁴

¹See footnote 1 of Table 1. Adding the estimated amount for Part D premiums paid directly to plans yields an estimate of \$38,419 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 \$56,632 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 \$288,378 million for total Medicare expenditures for the current fiscal-year-to-date, and the associated "% Change" estimate is 17.4.

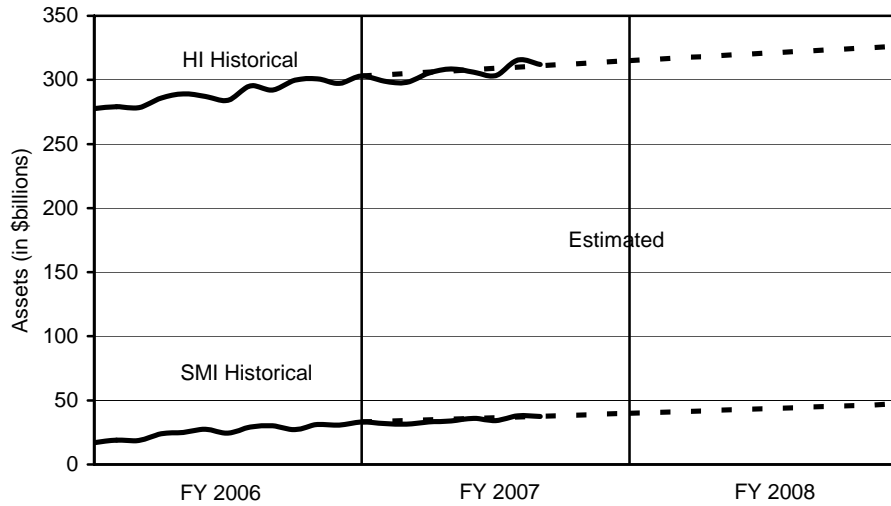
⁴See footnote 2 of Table 1. Adding the estimated amount for Part D premiums paid directly to plans yields an estimate of \$420,298 million for total expenditures for the current fiscal-year-to-date, and the associated "% Change" estimate is 14.3.

⁵See footnote 3 of Table 1. Adding the estimated amount for Part D premiums paid directly to plans yields an estimate of \$245,619 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 \$367,601 million for total expenditures for the prior fiscal-year-to-date.

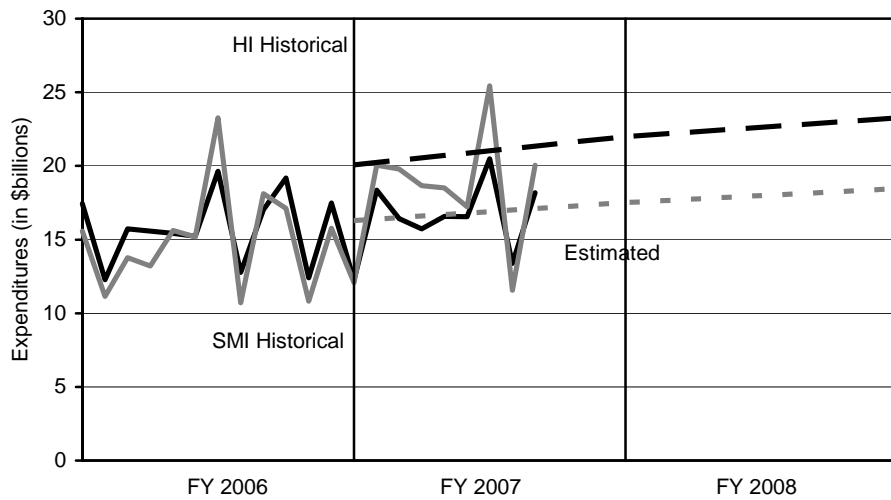
Notes: 1. State governments also support the Medicaid and SCHIP programs.
2. Totals do not necessarily equal the sums of rounded components.
3. Changes shown ("% Change") reflect current fiscal-year-to-date amounts as compared to amounts in the corresponding period in the prior fiscal year.

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



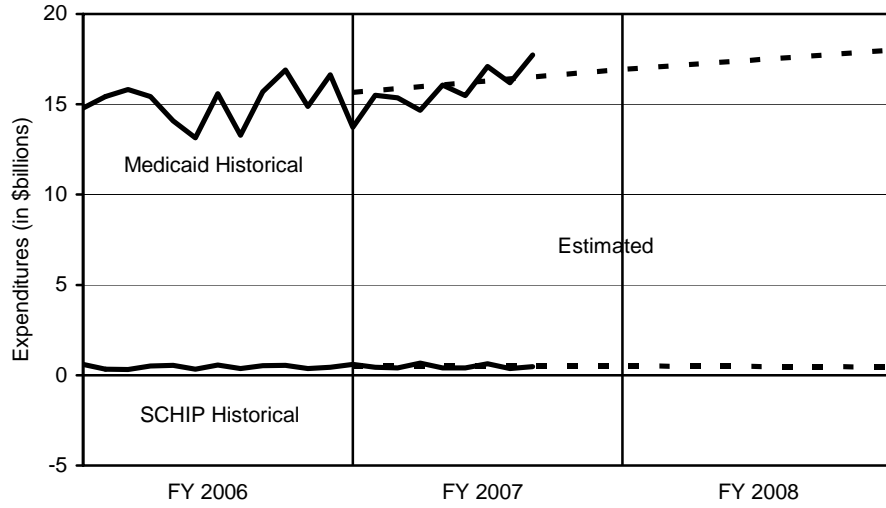
Note: Estimates are from the 2007 Trustees Report (intermediate assumptions).

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.