

Monthly Trend Report for Medicare, Medicaid, and SCHIP

October 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. (Because premiums paid directly to Part D plans by enrollees are not displayed on the financial statements and are not available other than on an estimated basis, they are not included in this information except where otherwise indicated.)

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 2008 (October 2007) Change

- Total Federal spending for HI, SMI, Medicaid, and SCHIP increased by 2.2 percent compared to the corresponding period in fiscal year 2007. 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 2007 Amounts

- HI expenditures exceeded income by \$2.9 billion this month. The income situation for this October is much the same as that described for the Octobers of 2006, 2005, and 2004, with no large amounts scheduled for receipt besides FICA taxes.
- SMI income and expenditures were quite close this month. Income exceeded expenditures by \$0.5 billion this month, with about \$0.3 billion attributable to the Part B account and about \$0.2 billion attributable to the Part D account.
- The SMI Part D Medicare Prescription Drug Account spent about \$4.0 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.

Fiscal-Year-to-Date 2008 (October 2007) Change

- Medicare expenditures were 1.9 percent lower than in the corresponding period in fiscal year 2007. This is primarily due to a provision of the Deficit Reduction Act (DRA) of 2005 which required that all Part A and Part B payments that would have been paid from September 22, 2006 through September 30, 2006 (the last 9 days of fiscal year 2006) be paid instead on October 2, 2006 (the first business day of fiscal year 2007). This provision resulted in an artificially high expenditure level for the prior fiscal-year-to-date (2007) and thus an artificially low increase for the current fiscal-year-to-date (2008). Removing this impact yields an increase of about 17.8 percent.
- It should be noted that during the prior fiscal year, certain Part A payments for hospice care were inadvertently paid from the Part B account of the SMI trust fund. This misallocation occurred as a new accounting system was implemented. Because of the misallocation, Part A expenditures for the prior fiscal-year-to-date (2007) were slightly lower than they should have been, and thus the increase for Part A expenditures for the current fiscal-year-to-date (2008) is slightly overstated. Similarly, but in the opposite direction, Part B expenditures for the prior fiscal-year-to-date (2007) were slightly higher than they should have been, and thus the increase for Part B expenditures for the current fiscal-year-to-date (2008) is slightly understated. On a combined basis, the increase for Medicare is unaffected by this misallocation.

Medicaid

Fiscal-Year-to-Date 2008 (October 2007) Change

- Federal expenditures for Medicaid were 12.2 percent higher than in the corresponding period in fiscal year 2007.

SCHIP

Fiscal-Year-to-Date 2008 (October 2007) Change

- Federal expenditures for SCHIP were 18.7 percent higher than in the corresponding period in fiscal year 2007.

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

October 2007 Change Over Prior Month

- The CPI-U increased 0.2 percent during the month of October.

Fiscal-Year-to-Date 2008 (October 2007) Change

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

Table 1. Medicare Trust Fund Activity as of October 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	\$15,374	\$15,684	\$0	\$4,241 ¹	\$19,926 ¹	\$35,300 ¹
Expenditures	18,240	15,383	0	4,033 ¹	19,416 ¹	37,656 ¹
Difference	(2,866)	301	0	208	509	(2,357)
Current Fiscal-Year-to-Date:						
Income	15,374	15,684	0	4,241 ²	19,926 ²	35,300 ²
% Change	7.5	7.3	(100.0)	4.0 ²	6.5 ²	7.0 ²
Expenditures	18,240	15,383	0	4,033 ²	19,416 ²	37,656 ²
% Change	(0.6)	(3.3)	(100.0)	(2.5) ²	(3.1) ²	(1.9) ²
Difference	(2,866)	301	0	208	509	(2,357)
Prior Fiscal-Year-to-Date:						
Income	14,298	14,623	0	4,079 ³	18,701 ³	33,000 ³
Expenditures	18,359	15,905	0	4,137 ³	20,042 ³	38,401 ³
End-of-Month:						
Balance	316,645	38,856	0	800	39,655	356,300

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 2009 Trustees Report assumptions, the estimated amount for this month is \$199 million. Adding this amount to the amounts shown above yields estimates of \$4,440 million for Part D income; \$20,125 million for SMI income; \$35,149 million for total Medicare income; \$4,232 million for Part D expenditures; \$19,615 million for SMI expenditures; and \$37,855 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 2009 Trustees Report assumptions, the estimated amount for the current fiscal-year-to-date is \$199 million. Adding this amount to the amounts shown above yields estimates of \$4,440 million for Part D income; \$20,125 million for SMI income; \$35,499 million for total Medicare income; \$4,232 million for Part D expenditures; \$19,615 million for SMI expenditures; and \$37,855 million for total Medicare expenditures. The associated "% Change" estimates are 4.6 for Part D income, 6.7 for SMI income, 7.0 for total Medicare income, (1.6) for Part D expenditures, (2.9) for SMI expenditures, and (1.8) 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 2009 Trustees Report assumptions, the estimated amount for the prior fiscal-year-to-date is \$165 million. Adding this amount to the amounts shown above yields estimates of \$4,244 million for Part D income; \$18,866 million for SMI income; \$33,165 million for total Medicare income; \$4,302 million for Part D expenditures; \$20,207 million for SMI expenditures; and \$38,566 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 are \$0 for this month, \$0 for the current fiscal-year-to-date, and (\$282.91) for the prior fiscal-year-to-date.

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

Expenditures	Total Medicare Expenditures	Federal Medicaid Expenditures	Federal Expenditures for State Children's Health Insurance Program	Total Expenditures
This month	\$37,656 ¹	\$17,386	\$515	\$55,557 ²
Fiscal-year-to-date	37,656 ³	17,386	515	55,557 ⁴
Prior fiscal-year-to-date	38,401 ⁵	15,500	434	54,335 ⁶
% Change	(1.9) ³	12.2	18.7	2.2 ⁴

¹See footnote 1 of Table 1. Adding the estimated amount for Part D premiums paid directly to plans yields an estimate of \$37,855 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 \$55,756 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 \$37,855 million for total Medicare expenditures for the current fiscal-year-to-date, and the associated "% Change" estimate is (1.8).

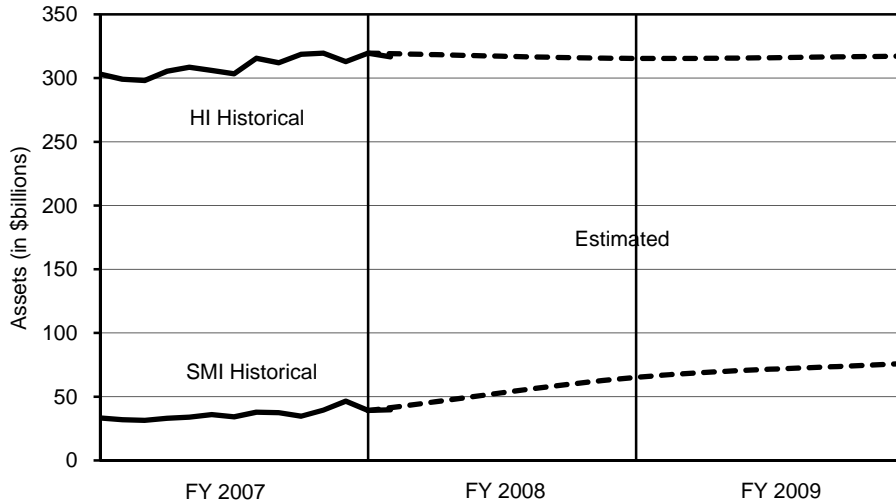
⁴See footnote 2 of Table 1. Adding the estimated amount for Part D premiums paid directly to plans yields an estimate of \$55,756 million for total expenditures for the current fiscal-year-to-date, and the associated "% Change" estimate is 2.3.

⁵See footnote 3 of Table 1. Adding the estimated amount for Part D premiums paid directly to plans yields an estimate of \$38,566 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 \$54,520 million for total expenditures for the prior fiscal-year-to-date.

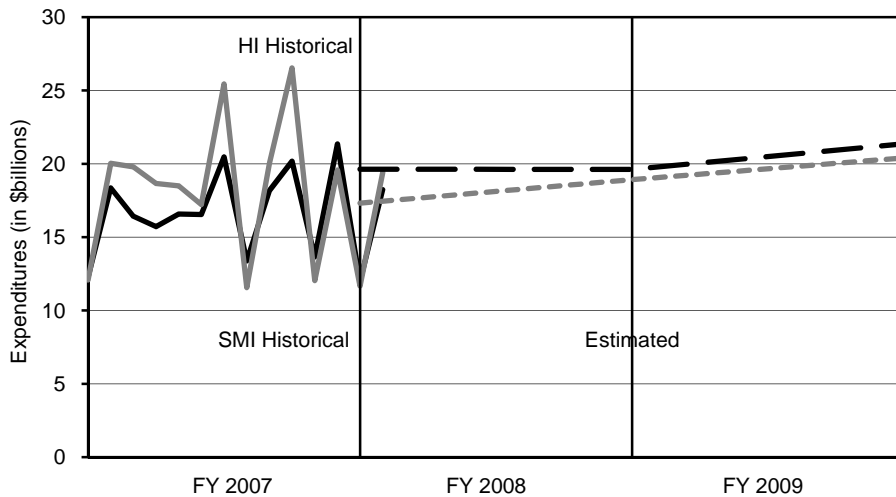
- Notes:
1. State governments also support the Medicaid and SCHIP programs.
 2. Totals do not necessarily equal the sums of rounded components.
 3. Changes shown ("% Change") reflect current fiscal-year-to-date amounts as compared to amounts in the corresponding period in the prior fiscal year.

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



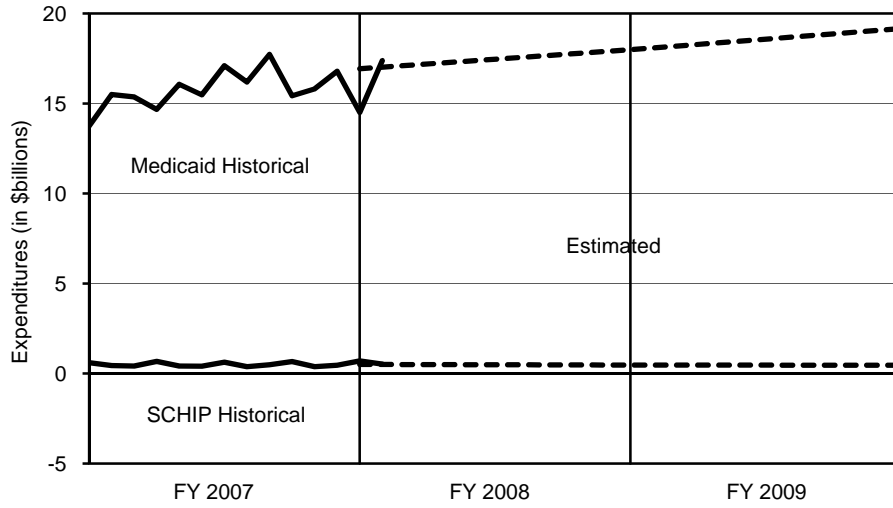
Note: Estimates are from the 2007 Trustees Report (intermediate assumptions).

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. Because premiums paid directly to Part D plans by enrollees are not available other than on an estimated basis, they are not included in the historical figures, but because they are part of the Trustees Report projections, they are included in the estimated figures.

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.