

Monthly Trend Report for Medicare, Medicaid, and SCHIP

April 30, 2008

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 these reports 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-April 2008)

- Total Federal spending for HI, SMI, Medicaid, and SCHIP increased by 4.0 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

April 2008

- HI income exceeded expenditures by \$7.2 billion this month. The receipt of both quarterly self-employment (SECA) taxes and quarterly income taxes paid on Social Security benefits were the two notable factors contributing to this excess. In fact, were it not for these two items, expenditures would have exceeded income.

SMI income and expenditures were extremely close this month, in total and for both the Part B and Part D accounts separately.

- The Part D account spent \$3.8 billion this month, accounting for about 19 percent of SMI expenditures and about 9 percent of total Medicare expenditures. Part D expenditures were slightly reduced this month by the continued holdback of payments to Part D plans, in order to retroactively repay the Part D account for overpayments made to the plans during fiscal year 2006, as part of the Part D reconciliation, which is described in detail in the November 2007 report.

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

- Medicare expenditures were 2.9 percent higher than in the corresponding period in fiscal year 2007. This increase includes two factors that deserve mention. First, a provision of the Deficit Reduction Act (DRA) of 2005 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, therefore, an artificially low increase for the current fiscal-year-to-date (2008). Removing the effect of this provision yields an increase of about 5.6 percent. Next, while both the current and prior fiscal-years-to-date contain seven months' worth of Medicare Advantage and Part D payments, the payments made for November 2007-April 2008, during the current fiscal year, were affected by the Part D reconciliation, which reduces payments in fiscal year 2008 to retroactively adjust for overpayments in fiscal year 2006, as explained in detail in the November 2007 report. (In Table 1 below, the effect of the Part D reconciliation is most pronounced in the large decrease in fiscal-year-to-date Part D expenditures.) Adjusting Medicare Advantage and Part D payments to incurred, rather than cash, levels—thereby removing the effect of the Part D reconciliation—and having already removed the effect of the DRA provision, it is estimated that Medicare expenditures for the current fiscal-year-to-date would have been 7.2 percent higher than in the corresponding period in fiscal year 2007.
- 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-April 2008)

- Federal expenditures for Medicaid were 6.3 percent higher than in the corresponding period in fiscal year 2007.

SCHIP

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

- Federal expenditures for SCHIP were 15.8 percent higher than in the corresponding period in fiscal year 2007.

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

April 2008

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

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

- The fiscal-year-to-date change in the CPI-U is an increase of 3.0 percent.

Table 1. Medicare Trust Fund Activity as of April 30, 2008
[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	\$27,196	\$16,200	\$0	\$3,706 ¹	\$19,907 ¹	\$47,102 ¹
Expenditures	19,964	16,152	0	3,779 ¹	19,931 ¹	39,895 ¹
Difference	7,232	48	0	(72)	(24)	7,207
Current Fiscal-Year-to-Date:						
Income	138,244	113,241	0	23,546 ²	136,786 ²	275,030 ²
% Change	6.5	5.9	(100.0)	(18.5) ²	0.7 ²	3.5 ²
Expenditures	126,882	105,553	0	23,387 ²	128,940 ²	255,822 ²
% Change	8.0	3.2	(100.0)	(19.2) ²	(1.8) ²	2.9 ²
Difference	11,362	7,688	0	159	7,846	19,208
Prior Fiscal-Year-to-Date:						
Income	129,814	106,936	(1)	28,890 ³	135,824 ³	265,638 ³
Expenditures	117,488	102,305	(1)	28,937 ³	131,241 ³	248,728 ³
End-of-Month:						
Balance	330,872	46,242	0	751	46,992	377,865

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 \$260 million. Adding this amount to the amounts shown above yields estimates of \$3,966 million for Part D income; \$20,167 million for SMI income; \$47,362 million for total Medicare income; \$4,039 million for Part D expenditures; \$20,191 million for SMI expenditures; and \$40,155 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 \$1,637 million. Adding this amount to the amounts shown above yields estimates of \$25,183 million for Part D income; \$138,423 million for SMI income; \$276,667 million for total Medicare income; \$25,024 million for Part D expenditures; \$130,577 million for SMI expenditures; and \$257,459 million for total Medicare expenditures. The associated "% Change" estimates are (16.5) for Part D income, 1.0 for SMI income, 3.7 for total Medicare income, (17.2) for Part D expenditures, (1.5) for SMI expenditures, and 3.0 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 \$1,286 million. Adding this amount to the amounts shown above yields estimates of \$30,176 million for Part D income; \$137,110 million for SMI income; \$266,924 million for total Medicare income; \$30,223 million for Part D expenditures; \$132,527 million for SMI expenditures; and \$250,014 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 (\$1,345,562.56) for the prior fiscal-year-to-date.

**Table 2. Federal Medicare, Medicaid, and SCHIP Expenditures
as of April 30, 2008
[in millions]**

Expenditures	Total Medicare Expenditures	Federal Medicaid Expenditures	Federal Expenditures for State Children's Health Insurance Program	Total Expenditures
This month	\$39,895 ¹	\$18,336	\$593	\$58,824 ²
Fiscal-year-to-date	255,822 ³	117,294	3,858	376,974 ⁴
Prior fiscal-year-to-date	248,728 ⁵	110,377	3,331	362,436 ⁶
% Change	2.9 ³	6.3	15.8	4.0 ⁴

¹See footnote 1 of Table 1. Adding the estimated amount for Part D premiums paid directly to plans yields an estimate of \$40,155 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 \$59,084 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 \$257,459 million for total Medicare expenditures for the current fiscal-year-to-date, and the associated "% Change" estimate is 3.0.

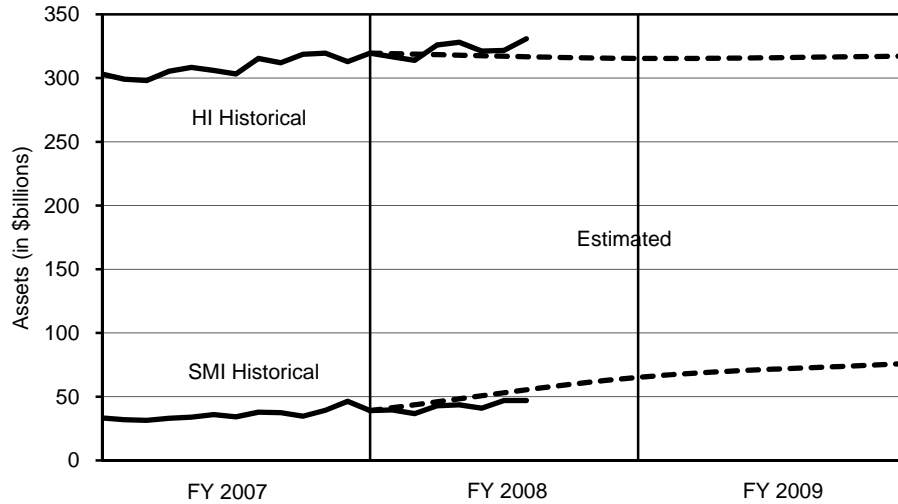
⁴See footnote 2 of Table 1. Adding the estimated amount for Part D premiums paid directly to plans yields an estimate of \$378,611 million for total expenditures for the current fiscal-year-to-date, and the associated "% Change" estimate is 4.1.

⁵See footnote 3 of Table 1. Adding the estimated amount for Part D premiums paid directly to plans yields an estimate of \$250,014 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 \$363,722 million for total expenditures for the prior fiscal-year-to-date.

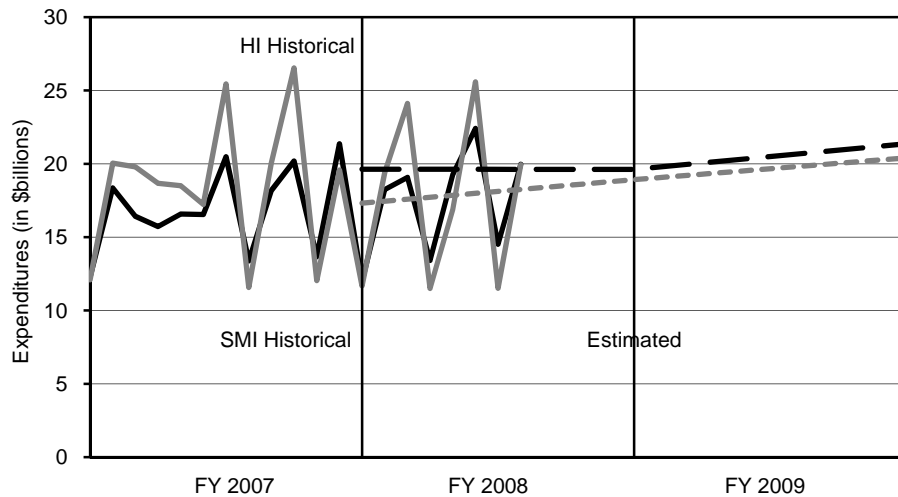
Notes: 1. State governments also support the Medicaid and SCHIP programs.
2. Totals do not necessarily equal the sums of rounded components.
3. Changes shown ("% Change") reflect current fiscal-year-to-date amounts as compared to amounts in the corresponding period in the prior fiscal year.

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



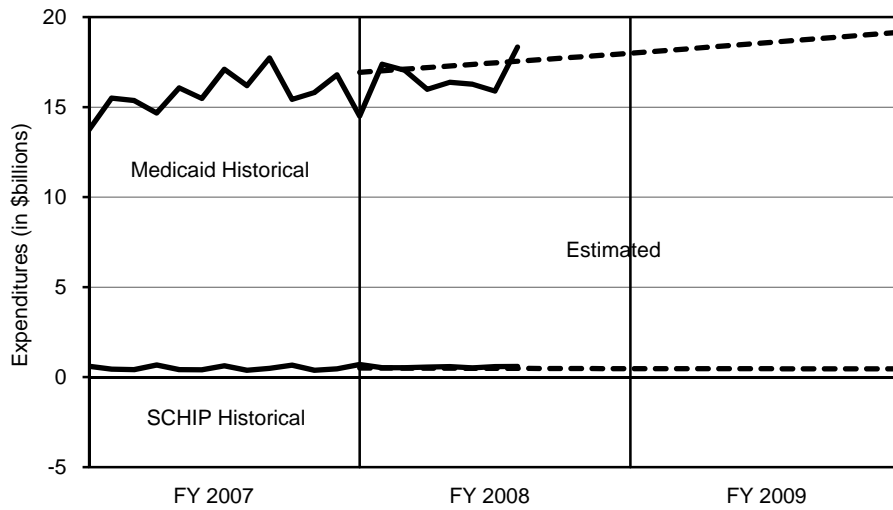
Note: Estimates are from the 2008 Trustees Report (intermediate assumptions).

Figure 2. Medicare Expenditures: Historical and Estimated



Note: Estimates are from the 2008 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.