

Monthly Trend Report for Medicare, Medicaid, and SCHIP

November 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 2009 (October 2008-November 2008)

- Total Federal spending for HI, SMI, Medicaid, and SCHIP decreased by 2.2 percent compared to the corresponding period in fiscal year 2008. 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

November 2008

- HI income exceeded expenditures by \$3.8 billion this month. Each month, the primary source of HI income is Federal Income Contribution (FICA) taxes, but this is particularly true for months such as this November, in which secondary sources of income were relatively modest, with no large amounts (other than FICA taxes) scheduled for receipt. On the expenditures side, the bulk of the Medicare Advantage payments for November were made in October. (When the first day of the month is a Saturday, Sunday, or legal holiday, as is the case for November 1, the payment date is often sped up to the prior month.) Therefore, HI expenditures would have been higher—and the excess of income over expenditures lower—had the payment for November been made this month rather than last month. Also on the expenditures side, the month of November had a notably lower-than-average number of claims processing days, which would tend to decrease expenditures and increase the excess of income over expenditures. These two expenditures items are the notable factors contributing to the excess of income over expenditures.

SMI income exceeded expenditures by \$6.1 billion this month, of which \$5.4 billion was attributable to the Part B account and \$0.7 billion was attributable to the Part D account.

For Part B, the main notable factors contributing to the large excess were on the expenditures side, where the bulk of the Medicare Advantage payments for November were made in October, as described above for HI, and where the lower-than-average number of claims processing days was also likely a factor, as described for HI.

For Part D, on the expenditures side, the bulk of payments for November were sped up to October, as described for Medicare Advantage for HI and Part B. However, for Part D, most of the largest source of income (from Federal contributions) was sped up as well. Thus, the excess of income over expenditures for Part D is small, and attributable mainly to smaller secondary sources of income. (The lower-than-average number of claims processing days does not affect Part D.)

- The Part D account spent only a small amount—about \$0.2 billion—this month, but this was because the bulk of Part D payments for November were made in October, as discussed above.

Fiscal-Year-to-Date 2009 (October 2008-November 2008)

- Medicare expenditures were 4.8 percent lower than in the corresponding period in fiscal year 2008. This decrease is primarily due to the fact that there were two months' worth of Medicare Advantage and Part D payments during the current fiscal-year-to-date, compared to three during the prior fiscal-year-to-date. It should also be noted that this decrease would be larger, in fact, had it not been for a Part D reconciliation that necessitated reducing Part D payments in fiscal year 2008 to retroactively adjust for overpayments made in fiscal year 2006. Adjusted for an equal

number of incurred Medicare Advantage and Part D payments—thereby removing both the effect of the different number of payments and the effect of the Part D reconciliation—it is estimated that Medicare expenditures for the current fiscal-year-to-date would have been 3.3 percent higher than in the corresponding period in fiscal year 2008.

Medicaid

Fiscal-Year-to-Date 2009 (October 2008-November 2008)

- Federal expenditures for Medicaid were 3.7 percent higher than in the corresponding period in fiscal year 2008.

SCHIP

Fiscal-Year-to-Date 2009 (October 2008-November 2008)

- Federal expenditures for SCHIP were 9.0 percent higher than in the corresponding period in fiscal year 2008.

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

November 2008

- The CPI-U decreased 1.9 percent during the month of November.

Fiscal-Year-to-Date 2009 (October 2008-November 2008)

- The fiscal-year-to-date change in the CPI-U is a decrease of 2.9 percent.

Table 1. Medicare Trust Fund Activity as of November 30, 2008
[in millions]

Income, Expenditures, and Balance	Supplementary Medical Insurance				Total Medicare
	Hospital Insurance Trust Fund (Part A)	Part B Account	Medicare Prescription Drug Account (Part D)	Supplementary Medical Insurance Trust Fund (Total SMI)	
This Month:					
Income	\$17,007	\$16,637	\$896 ¹	\$17,533 ¹	\$34,540 ¹
Expenditures	13,212	11,233	242 ¹	11,475 ¹	24,687 ¹
Difference	3,795	5,404	654	6,058	9,853
Current Fiscal-Year-to-Date:					
Income	32,899	33,600	8,235 ²	41,835 ²	74,734 ²
% Change	3.6	6.6	(14.3) ²	1.7 ²	2.5 ²
Expenditures	35,600	32,992	8,361 ²	41,353 ²	76,953 ²
% Change	(4.6)	(1.3)	(17.2) ²	(5.0) ²	(4.8) ²
Difference	(2,701)	608	(126)	482	(2,219)
Prior Fiscal-Year-to-Date:					
Income	31,755	31,526	9,604 ³	41,130 ³	72,886 ³
Expenditures	37,319	33,437	10,099 ³	43,536 ³	80,855 ³
End-of-Month:					
Balance	316,299	58,932	700	59,632	375,930

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 \$261 million. Adding this amount to the amounts shown above yields estimates of \$1,157 million for Part D income; \$17,794 million for SMI income; \$34,801 million for total Medicare income; \$503 million for Part D expenditures; \$11,736 million for SMI expenditures; and \$24,948 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 \$522 million. Adding this amount to the amounts shown above yields estimates of \$8,757 million for Part D income; \$42,357 million for SMI income; \$75,256 million for total Medicare income; \$8,883 million for Part D expenditures; \$41,875 million for SMI expenditures; and \$77,475 million for total Medicare expenditures. The associated "% Change" estimates are (12.4) for Part D income, 2.0 for SMI income, 2.7 for total Medicare income, (15.4) for Part D expenditures, (4.7) for SMI expenditures, and (4.6) 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 \$397 million. Adding this amount to the amounts shown above yields estimates of \$10,001 million for Part D income; \$41,527 million for SMI income; \$73,283 million for total Medicare income; \$10,496 million for Part D expenditures; \$43,933 million for SMI expenditures; and \$81,252 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.

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

Expenditures	Total Medicare Expenditures	Federal Medicaid Expenditures	Federal Expenditures for State Children's Health Insurance Program	Total Expenditures
This month	\$24,687 ¹	\$16,504	\$474	\$41,665 ²
Fiscal-year-to-date	76,953 ³	35,719	1,129	113,801 ⁴
Prior fiscal-year-to-date	80,855 ⁵	34,434	1,036	116,325 ⁶
% Change	(4.8) ³	3.7	9.0	(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 \$24,948 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 \$41,926 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 \$77,475 million for total Medicare expenditures for the current fiscal-year-to-date, and the associated "% Change" estimate is (4.6).

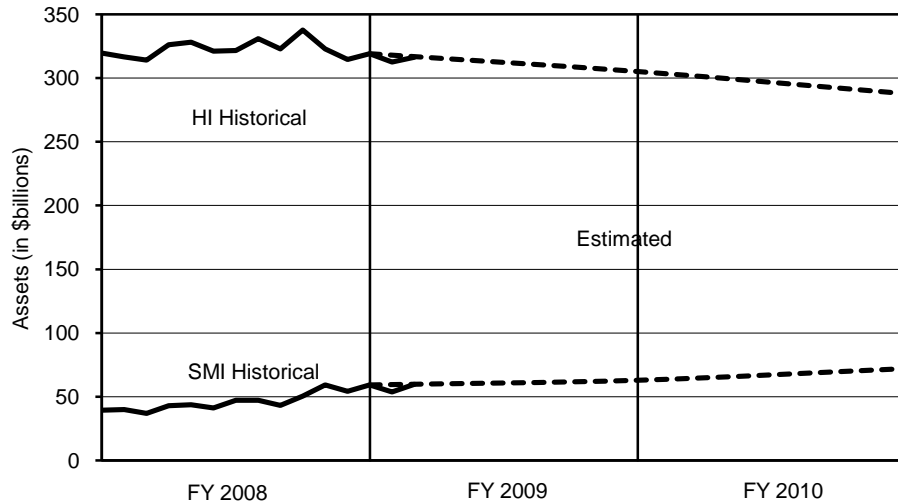
⁴See footnote 2 of Table 1. Adding the estimated amount for Part D premiums paid directly to plans yields an estimate of \$114,323 million for total expenditures for the current fiscal-year-to-date, and the associated "% Change" estimate is (2.1).

⁵See footnote 3 of Table 1. Adding the estimated amount for Part D premiums paid directly to plans yields an estimate of \$81,252 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 \$116,722 million for total expenditures for the prior fiscal-year-to-date.

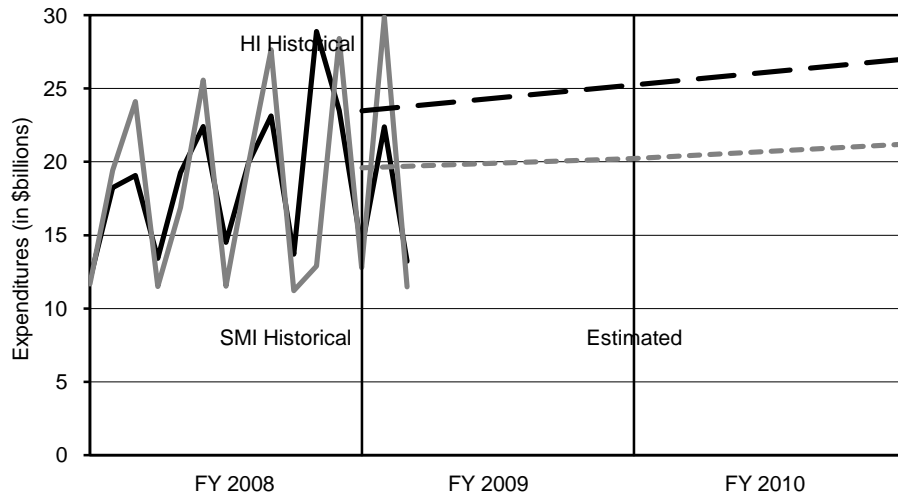
- Notes:
1. State governments also support the Medicaid and SCHIP programs.
 2. Totals do not necessarily equal the sums of rounded components.
 3. Changes shown ("% Change") reflect current fiscal-year-to-date amounts as compared to amounts in the corresponding period in the prior fiscal year.

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



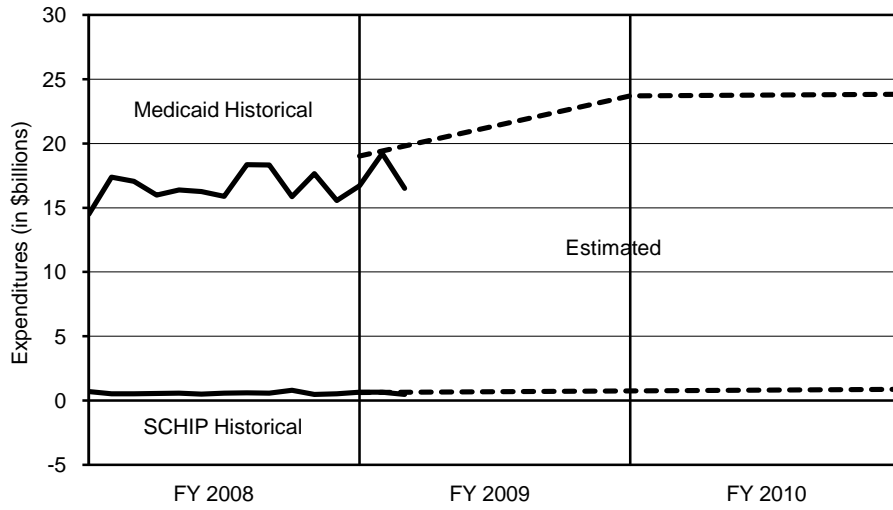
Note: Estimates are from the 2009 Trustees Report (intermediate assumptions).

Figure 2. Medicare Expenditures: Historical and Estimated



Note: Estimates are from the 2009 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 President's Fiscal Year 2010 Budget.