

Monthly Trend Report for Medicare, Medicaid, and SCHIP

December 31, 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-December 2008)

- Total Federal spending for HI, SMI, Medicaid, and SCHIP increased by 10.3 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

December 2008

- HI income exceeded expenditures by \$5.0 billion this month. This excess was primarily due to the receipt of interest earnings this month. (Most of the interest on the invested assets of the trust fund is paid semiannually, in June and December.)

SMI income and expenditures were fairly close this month, with income exceeding expenditures by \$0.7 billion. Of this amount, \$0.5 billion was attributable to the Part B account and \$0.2 billion was attributable to the Part D account. For Part B, the excess of income over expenditures was primarily due to the receipt of interest earnings this month, as described above for HI. (For Part D, unlike Parts A and B, the semi-annual interest payment is not a major factor in the analysis of the excess of income over expenditures. Because the Part D account holds only a small amount of invested assets on which to earn interest, the semi-annual interest payment is relatively small.)

- The Part D account spent \$4.0 billion this month, accounting for about 19 percent of SMI expenditures and about 10 percent of total Medicare expenditures.

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

- Medicare expenditures were 12.2 percent higher than in the corresponding period in fiscal year 2008. Although there were three months' worth of Medicare Advantage and Part D payments during both the current and prior fiscal-years-to-date, a Part D reconciliation necessitated reducing Part D payments in fiscal year 2008 (the prior fiscal-year-to-date), to retroactively adjust for overpayments made in fiscal year 2006. Adjusting Medicare Advantage and Part D payments to incurred, rather than cash, levels—thereby removing the effect of the Part D reconciliation—it is estimated that Medicare expenditures for the current fiscal-year-to-date would have been 8.1 percent higher than in the corresponding period in fiscal year 2008.

Medicaid

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

- Federal expenditures for Medicaid were 6.5 percent higher than in the corresponding period in fiscal year 2008.

SCHIP

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

- Federal expenditures for SCHIP were 4.0 percent higher than in the corresponding period in fiscal year 2008.

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

December 2008

- The CPI-U decreased 1.0 percent during the month of December.

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

- The fiscal-year-to-date change in the CPI-U is a decrease of 3.9 percent.

Table 1. Medicare Trust Fund Activity as of December 31, 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	\$25,422	\$17,695	\$4,192 ¹	\$21,886 ¹	\$47,309 ¹
Expenditures	20,451	17,244	3,980 ¹	21,225 ¹	41,675 ¹
Difference	4,972	450	211	662	5,633
Current Fiscal-Year-to-Date:					
Income	58,321	51,295	12,427 ²	63,722 ²	122,043 ²
% Change	1.9	6.5	17.2 ²	8.5 ²	5.2 ²
Expenditures	56,050	50,236	12,341 ²	62,577 ²	118,628 ²
% Change	10.5	12.5	18.7 ²	13.7 ²	12.2 ²
Difference	2,271	1,059	85	1,144	3,415
Prior Fiscal-Year-to-Date:					
Income	57,235	48,150	10,604 ³	58,755 ³	115,990 ³
Expenditures	50,734	44,642	10,395 ³	55,037 ³	105,772 ³
End-of-Month:					
Balance	321,270	59,382	911	60,293	381,564

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 \$4,453 million for Part D income; \$22,147 million for SMI income; \$47,570 million for total Medicare income; \$4,241 million for Part D expenditures; \$21,486 million for SMI expenditures; and \$41,936 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 \$783 million. Adding this amount to the amounts shown above yields estimates of \$13,210 million for Part D income; \$64,505 million for SMI income; \$122,826 million for total Medicare income; \$13,124 million for Part D expenditures; \$63,360 million for SMI expenditures; and \$119,411 million for total Medicare expenditures. The associated "% Change" estimates are 17.9 for Part D income, 8.7 for SMI income, 5.4 for total Medicare income, 19.4 for Part D expenditures, 13.9 for SMI expenditures, and 12.3 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 \$596 million. Adding this amount to the amounts shown above yields estimates of \$11,200 million for Part D income; \$59,351 million for SMI income; \$116,586 million for total Medicare income; \$10,991 million for Part D expenditures; \$55,633 million for SMI expenditures; and \$106,368 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 December 31, 2008
[in millions]**

Expenditures	Total Medicare Expenditures	Federal Medicaid Expenditures	Federal Expenditures for State Children's Health Insurance Program	Total Expenditures
This month	\$41,675 ¹	\$17,965	\$526	\$60,166 ²
Fiscal-year-to-date	118,628 ³	53,684	1,655	173,967 ⁴
Prior fiscal-year-to-date	105,772 ⁵	50,420	1,591	157,783 ⁶
% Change	12.2 ³	6.5	4.0	10.3 ⁴

¹See footnote 1 of Table 1. Adding the estimated amount for Part D premiums paid directly to plans yields an estimate of \$41,936 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 \$60,427 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 \$119,411 million for total Medicare expenditures for the current fiscal-year-to-date, and the associated "% Change" estimate is 12.3.

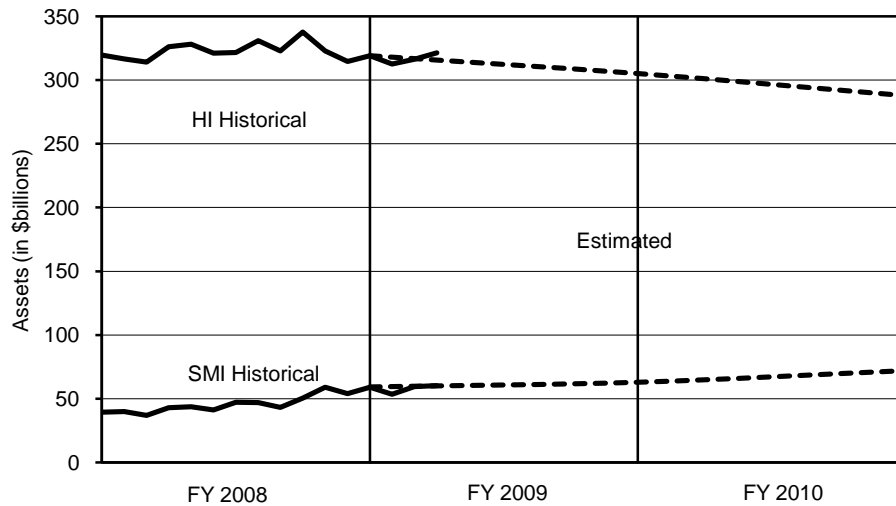
⁴See footnote 2 of Table 1. Adding the estimated amount for Part D premiums paid directly to plans yields an estimate of \$174,750 million for total expenditures for the current fiscal-year-to-date, and the associated "% Change" estimate is 10.3.

⁵See footnote 3 of Table 1. Adding the estimated amount for Part D premiums paid directly to plans yields an estimate of \$106,368 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 \$158,379 million for total expenditures for the prior fiscal-year-to-date.

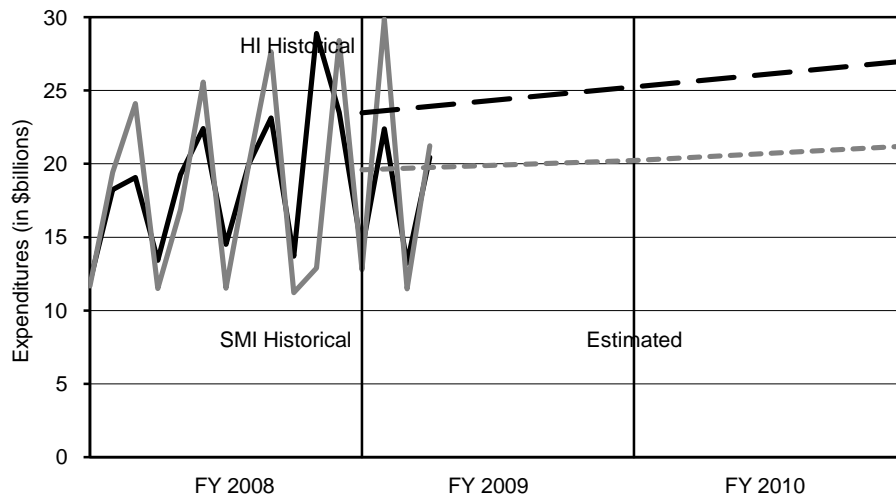
- Notes:
1. State governments also support the Medicaid and SCHIP programs.
 2. Totals do not necessarily equal the sums of rounded components.
 3. Changes shown ("% Change") reflect current fiscal-year-to-date amounts as compared to amounts in the corresponding period in the prior fiscal year.

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



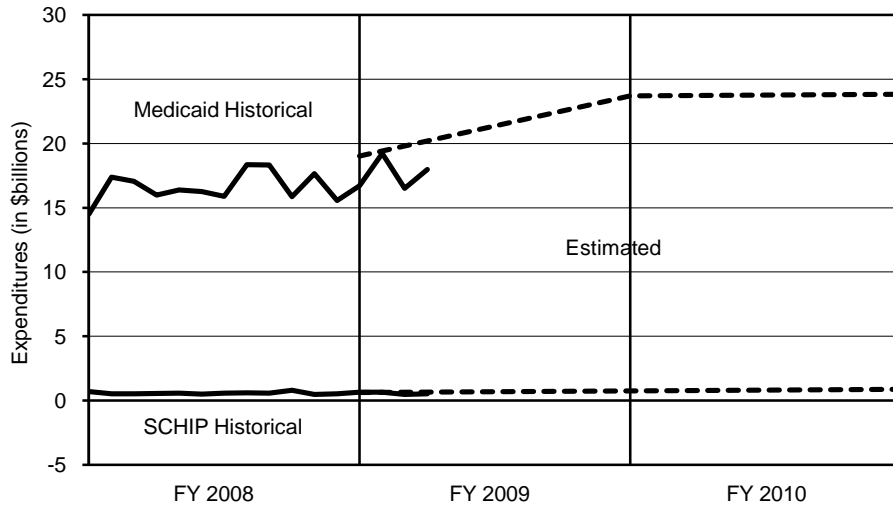
Note: Estimates are from the 2009 Trustees Report (intermediate assumptions).

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.