

Monthly Trend Report for Medicare, Medicaid, and SCHIP

January 31, 2009

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-January 2009)

- Total Federal spending for HI, SMI, Medicaid, and SCHIP increased by 15.5 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

January 2009

- HI expenditures exceeded income by \$2.8 billion this month. On the expenditures side, the bulk of the Medicare Advantage payment for February was made in January. (When the first day of the month is a Saturday, Sunday, or legal holiday, as was the case for February 1, the payment date is often sped up to the prior month.) The Medicare Advantage payment for January was also paid in January (interestingly, the first day of January was a legal holiday, but the payment was not sped up to December), so January was a “two-payment month” for Medicare Advantage. On the income side, the receipt of both quarterly self-employment (SECA) taxes and quarterly income taxes paid on Social Security benefits were two notable factors contributing to the analysis of this excess; were it not for these two items, the excess of expenditures over income would have been larger. In fact, the extra Medicare Advantage payment and the two notable income items almost cancel each other out; in the absence of both, expenditures would have exceeded income by only a little less than the amount with both included.

SMI expenditures exceeded income by \$3.8 billion this month, of which \$3.0 billion was attributable to the Part B account and \$0.9 billion was attributable to the Part D account. For both Parts B and D, the situation on the expenditures side was the same as that described for HI, and the extra Medicare Advantage and Part D payments, respectively, were the notable factors contributing to the excesses of expenditures over income. For Part D, the size of the excess is mitigated, however, because when a month’s payment is sped up, much of the financing is sped up as well.

- The Part D account spent \$8.5 billion this month, accounting for about 30 percent of SMI expenditures and about 16 percent of total Medicare expenditures. These percentages are artificially elevated because this month was a two-payment month for Part D, as described above. (It was also a two-payment month for Medicare Advantage payments made by HI and Part B, but the extra payment has a bigger effect, relatively speaking, on Part D than it does on HI and Part B, hence raising the percentages attributable to Part D to levels above what would be seen in a single-payment month.)

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

- Medicare expenditures were 20.1 percent higher than in the corresponding period in fiscal year 2008. This large increase is primarily due to the fact that there were five months’ worth of Medicare Advantage and Part D payments during the current fiscal-year-to-date, compared to four during the prior fiscal-year-to-date. Also adding to the large increase is the fact that 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. (In Table 1 below, the effect of both the different number of payments and the Part D reconciliation is most pronounced in the large increase in fiscal-year-to-date Part D expenditures.) 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 7.9 percent higher than in the corresponding period in fiscal year 2008.

Medicaid

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

- Federal expenditures for Medicaid were 6.4 percent higher than in the corresponding period in fiscal year 2008.

SCHIP

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

- Federal expenditures for SCHIP were 1.6 percent higher than in the corresponding period in fiscal year 2008.

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

January 2009

- The CPI-U increased 0.4 percent during the month of January.

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

- The fiscal-year-to-date change in the CPI-U is a decrease of 3.5 percent.

Table 1. Medicare Trust Fund Activity as of January 31, 2009
[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	\$20,465	\$17,014	\$7,601 ¹	\$24,615 ¹	\$45,080 ¹
Expenditures	23,276	20,009	8,452 ¹	28,461 ¹	51,738 ¹
Difference	(2,811)	(2,995)	(851)	(3,846)	(6,658)
Current Fiscal-Year-to-Date:					
Income	78,786	68,309	20,028 ²	88,336 ²	167,122 ²
% Change	0.2	6.1	67.0 ²	15.7 ²	7.8 ²
Expenditures	79,327	70,245	20,794 ²	91,039 ²	170,365 ²
% Change	13.3	16.9	75.6 ²	26.6 ²	20.1 ²
Difference	(541)	(1,936)	(766)	(2,702)	(3,243)
Prior Fiscal-Year-to-Date:					
Income	78,605	64,372	11,990 ³	76,361 ³	154,966 ³
Expenditures	69,997	60,074	11,839 ³	71,914 ³	141,911 ³
End-of-Month:					
Balance	318,459	56,387	60	56,447	374,906

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 \$316 million. Adding this amount to the amounts shown above yields estimates of \$7,917 million for Part D income; \$24,931 million for SMI income; \$45,396 million for total Medicare income; \$8,768 million for Part D expenditures; \$28,777 million for SMI expenditures; and \$52,054 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 \$1,099 million. Adding this amount to the amounts shown above yields estimates of \$21,127 million for Part D income; \$89,435 million for SMI income; \$168,221 million for total Medicare income; \$21,893 million for Part D expenditures; \$92,138 million for SMI expenditures; and \$171,464 million for total Medicare expenditures. The associated "% Change" estimates are 64.5 for Part D income, 15.8 for SMI income, 8.0 for total Medicare income, 72.4 for Part D expenditures, 26.6 for SMI expenditures, and 20.1 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 \$856 million. Adding this amount to the amounts shown above yields estimates of \$12,846 million for Part D income; \$77,217 million for SMI income; \$155,822 million for total Medicare income; \$12,695 million for Part D expenditures; \$72,770 million for SMI expenditures; and \$142,767 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 January 31, 2009
[in millions]**

Expenditures	Total Medicare Expenditures	Federal Medicaid Expenditures	Federal Expenditures for State Children's Health Insurance Program	Total Expenditures
This month	\$51,738 ¹	\$17,407	\$551	\$69,696 ²
Fiscal-year-to-date	170,365 ³	71,091	2,206	243,662 ⁴
Prior fiscal-year-to-date	141,911 ⁵	66,800	2,171	210,882 ⁶
% Change	20.1 ³	6.4	1.6	15.5 ⁴

¹See footnote 1 of Table 1. Adding the estimated amount for Part D premiums paid directly to plans yields an estimate of \$52,054 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 \$70,012 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 \$171,464 million for total Medicare expenditures for the current fiscal-year-to-date, and the associated "% Change" estimate is 20.1.

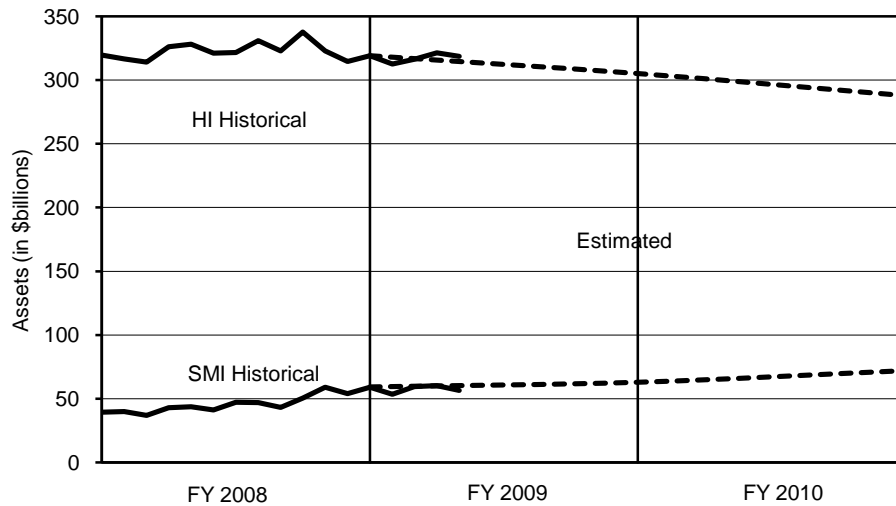
⁴See footnote 2 of Table 1. Adding the estimated amount for Part D premiums paid directly to plans yields an estimate of \$244,761 million for total expenditures for the current fiscal-year-to-date, and the associated "% Change" estimate is 15.6.

⁵See footnote 3 of Table 1. Adding the estimated amount for Part D premiums paid directly to plans yields an estimate of \$142,767 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 \$211,738 million for total expenditures for the prior fiscal-year-to-date.

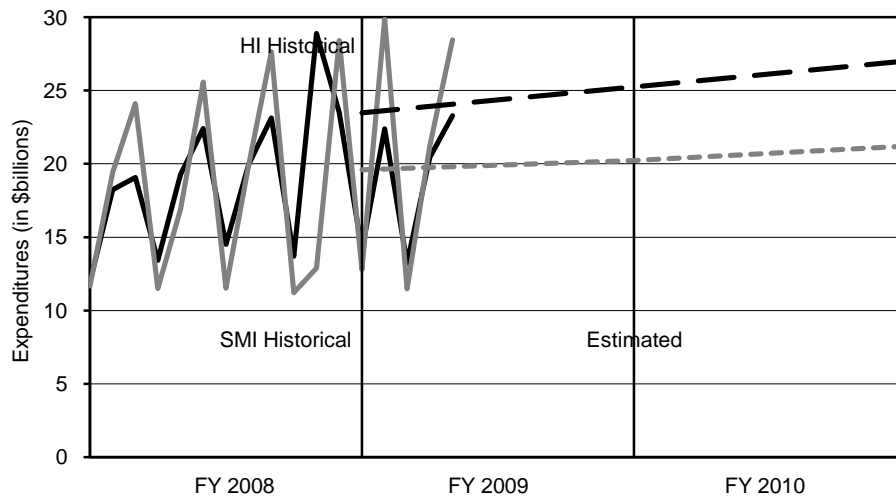
Notes: 1. State governments also support the Medicaid and SCHIP programs.
2. Totals do not necessarily equal the sums of rounded components.
3. Changes shown ("% Change") reflect current fiscal-year-to-date amounts as compared to amounts in the corresponding period in the prior fiscal year.

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



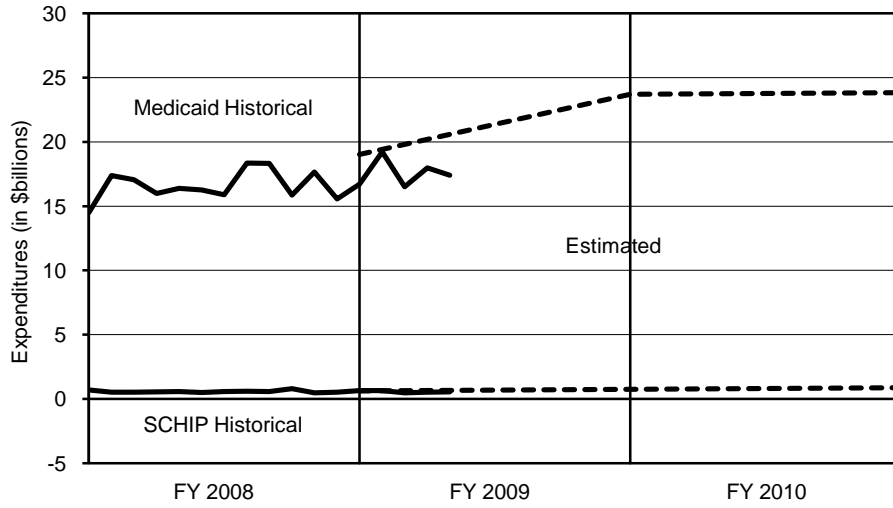
Note: Estimates are from the 2009 Trustees Report (intermediate assumptions).

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.