

Monthly Trend Report for Medicare, Medicaid, and CHIP

April 30, 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 Children's Health Insurance Program (CHIP; formerly the State Children's Health Insurance Program, or SCHIP). Highlights include

- changes in HI and SMI income, expenditures, and assets (see Table 1 below);
- changes in Federal Medicaid and Federal CHIP 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 CHIP, 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 CHIP. 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-April 2009)

- Total Federal spending for HI, SMI, Medicaid, and CHIP increased by 13.2 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

April 2009

- HI income exceeded expenditures by \$6.9 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. For a number of months, extending back into fiscal year 2008, we have seen that, after adjustment for notable factors, expenditures have consistently exceeded income for the HI trust fund. While the notable factors do matter, and those on the income side (in months with notable income besides FICA taxes) mitigate this condition somewhat over the course of a year, this downward trend for the HI trust fund seems to now be evident on a monthly basis. *The 2009 Annual Report of the Board of Trustees of the Federal Hospital Insurance and Federal Supplementary Insurance Trust Funds* showed fiscal year 2008 as the start of continued and larger annual decreases in the trust fund, with a projected depletion of the fund in fiscal year 2017, unless corrective action is taken.

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

- The Part D account spent \$4.7 billion this month, accounting for about 21 percent of SMI expenditures and about 11 percent of total Medicare expenditures.

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

- Medicare expenditures were 9.6 percent higher than in the corresponding period in fiscal year 2008. This increase was slightly inflated because, while there were seven 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), in order to retroactively adjust for overpayments made in fiscal year 2006. (In Table 1 below, the effect of the Part D reconciliation is most pronounced in the large increase 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—it is estimated that Medicare expenditures for the current fiscal-year-to-date would have been 8.0 percent higher than in the corresponding period in fiscal year 2008.

Medicaid

April 2009

- The unusually high level of Federal expenditures for Medicaid in March and April, relative to each month from October to February this fiscal year (as seen in Figure 3, below), is due to a temporary increase in Federal Medicaid matching rates. This increase was mandated by a law enacted in February 2009; it is retroactive to the start of this fiscal year, and it runs through December 2010.

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

- Federal expenditures for Medicaid were 21.0 percent higher than in the corresponding period in fiscal year 2008. The temporary increase in

Federal Medicaid matching rates, noted above, is contributing to this higher-than-average increase for the fiscal-year-to-date.

CHIP (formerly SCHIP)

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

- Federal expenditures for CHIP (formerly SCHIP) were 9.3 percent higher than in the corresponding period in fiscal year 2008.

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

April 2009

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

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

- The fiscal-year-to-date change in the CPI-U is a decrease of 2.5 percent.

Table 1. Medicare Trust Fund Activity as of April 30, 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	\$27,078	\$16,958	\$4,701 ¹	\$21,659 ¹	\$48,736 ¹
Expenditures	20,178	17,350	4,713 ¹	22,063 ¹	42,241 ¹
Difference	6,889	(393)	(12)	(404)	6,495
Current Fiscal-Year-to-Date:					
Income	137,361	119,079	30,348 ²	149,427 ²	286,788 ²
% Change	(0.6)	5.2	28.9 ²	9.2 ²	4.3 ²
Expenditures	134,869	115,315	30,279 ²	145,594 ²	280,463 ²
% Change	6.3	9.2	29.5 ²	12.9 ²	9.6 ²
Difference	2,492	3,764	69	3,832	6,325
Prior Fiscal-Year-to-Date:					
Income	138,244	113,241	23,546 ³	136,786 ³	275,030 ³
Expenditures	126,882	105,553	23,387 ³	128,940 ³	255,822 ³
End-of-Month:					
Balance	321,492	62,087	895	62,982	384,474

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 \$5,017 million for Part D income; \$21,975 million for SMI income; \$49,052 million for total Medicare income; \$5,029 million for Part D expenditures; \$22,379 million for SMI expenditures; and \$42,557 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 \$2,048 million. Adding this amount to the amounts shown above yields estimates of \$32,396 million for Part D income; \$151,475 million for SMI income; \$288,836 million for total Medicare income; \$32,327 million for Part D expenditures; \$147,642 million for SMI expenditures; and \$282,511 million for total Medicare expenditures. The associated "% Change" estimates are 28.6 for Part D income, 9.4 for SMI income, 4.4 for total Medicare income, 29.2 for Part D expenditures, 13.1 for SMI expenditures, and 9.7 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 \$1,637 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.

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 CHIP Expenditures
as of April 30, 2009
[in millions]**

Expenditures	Total Medicare Expenditures	Federal Medicaid Expenditures	Federal Expenditures for Children's Health Insurance Program	Total Expenditures
This month	\$42,241 ¹	\$26,118	\$669	\$69,028 ²
Fiscal-year-to-date	280,463 ³	141,947	4,218	426,628 ⁴
Prior fiscal-year-to-date	255,822 ⁵	117,294	3,858	376,974 ⁶
% Change	9.6 ³	21.0	9.3	13.2 ⁴

¹See footnote 1 of Table 1. Adding the estimated amount for Part D premiums paid directly to plans yields an estimate of \$42,557 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 \$69,344 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 \$282,511 million for total Medicare expenditures for the current fiscal-year-to-date, and the associated "% Change" estimate is 9.7.

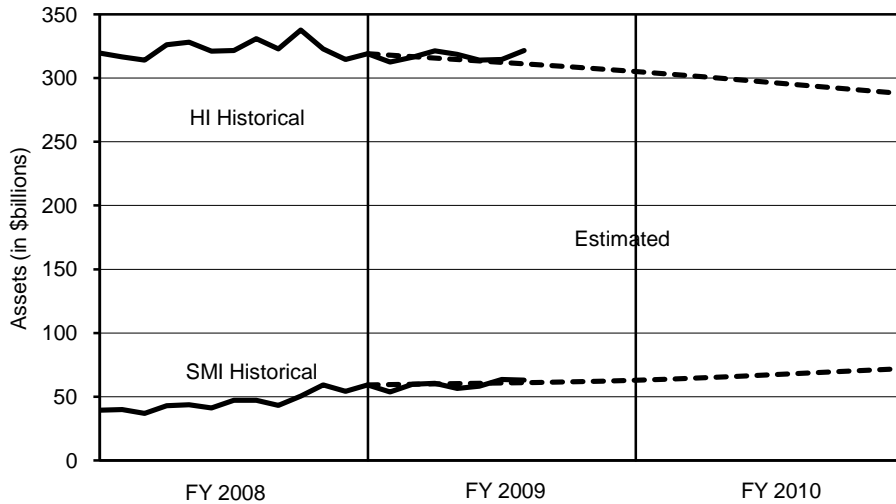
⁴See footnote 2 of Table 1. Adding the estimated amount for Part D premiums paid directly to plans yields an estimate of \$428,674 million for total expenditures for the current fiscal-year-to-date, and the associated "% Change" estimate is 13.2.

⁵See footnote 3 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 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 \$378,611 million for total expenditures for the prior fiscal-year-to-date.

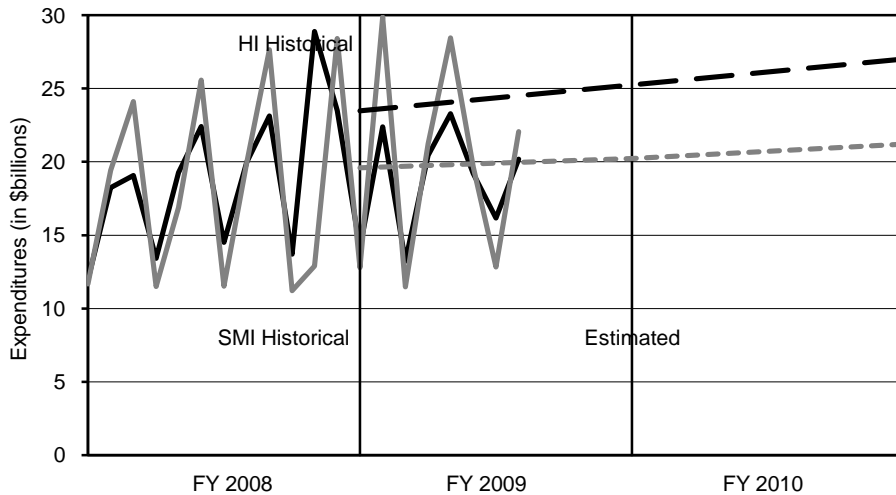
Notes: 1. State governments also support the Medicaid and CHIP programs.
2. Totals do not necessarily equal the sums of rounded components.
3. Changes shown ("% Change") reflect current fiscal-year-to-date amounts as compared to amounts in the corresponding period in the prior fiscal year.

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



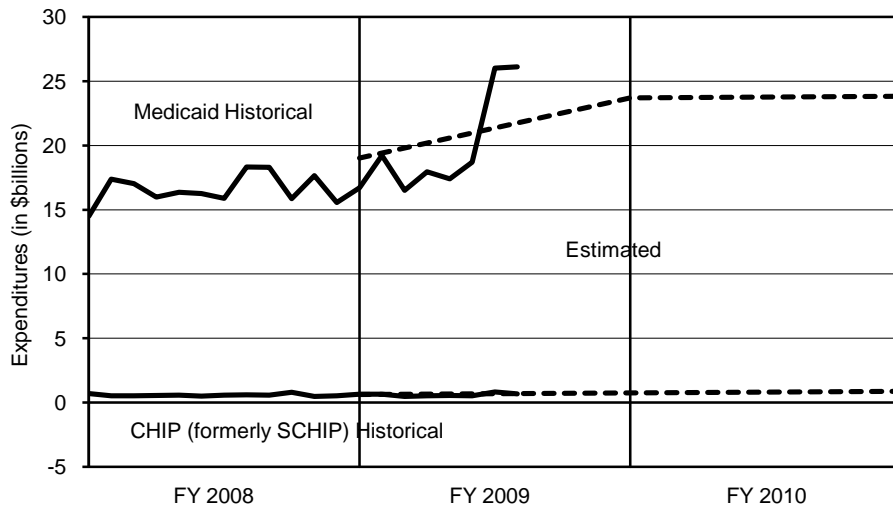
Note: Estimates are from the 2009 Trustees Report (intermediate assumptions).

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 CHIP Expenditures: Historical and Estimated



Note: Estimates are from the President's Fiscal Year 2010 Budget. For FY 2009 (and beyond, through December 31, 2010), the American Recovery and Reinvestment Act of 2009 mandated temporary increases in Federal Medicaid matching rates. This law was not enacted until February 2009; however, it was made retroactive to the beginning of FY 2009. The historical figures reflect the fact that the retroactive amounts for October 2008 to February 2009 were not expended until after enactment. The estimated figures, however, are based on annual amounts and thus reflect a "smooth" projection during the FY; i.e., for the estimated figures, the retroactive expenditures for October 2008 to February 2009, respectively, are included in October 2008 to February 2009, respectively.