

Monthly Trend Report for Medicare, Medicaid, and SCHIP

February 28, 2007

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. 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 2007 (October 2006-February 2007)

- Total Federal spending for HI, SMI, Medicaid, and SCHIP increased by 17.5 percent compared to the corresponding period in fiscal year 2006. 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

February 2007

- HI expenditures exceeded income by \$2.4 billion this month. Each month, the primary source of HI income is Federal Income Contribution Act (FICA) taxes, but this is particularly true for months such as this February, in which secondary sources of income were relatively modest, with no large amounts scheduled for receipt.

- SMI income exceeded expenditures by \$2.1 billion this month. Almost all of this excess was attributable to the Part B account; the difference between income and expenditures for Part D was very small. Much of the excess for Part B was likely due to the smaller-than-average number of claims processing days this month, which would tend to lower expenditures and increase the excess of income over expenditures.
- The SMI Part D Medicare Prescription Drug Account spent about \$3.9 billion this month under the broad, voluntary prescription drug program that began in January 2006. That is, about 23 percent of SMI expenditures, and about 12 percent of total Medicare expenditures, were attributable to expenditures made by this account this month.
- The SMI trust fund received and spent about \$4 thousand this month for benefits under the Transitional Assistance Account. Activity in this account is dwindling, as intended and expected, as the broad, voluntary prescription drug program has begun.

Fiscal-Year-to-Date 2007 (October 2006-February 2007)

- Medicare expenditures were 24.3 percent higher than in the corresponding period in fiscal year 2006.

One large part of this increase is attributable to expenditures made by the SMI Part D Medicare Prescription Drug Account. This account was in operation during all five months of the current fiscal-year-to-date, but for only two months of the prior fiscal-year-to-date. Removing this account's expenditures yields an adjusted increase of 13.8 percent.

Next, there were five Medicare Advantage payments during the current fiscal year through February, compared to four during the same period in the prior fiscal year. Adjusted for an equal number of incurred Medicare Advantage payments for Medicare Parts A and B (with Part D already accounted for in the paragraph immediately above), it is estimated that Medicare expenditures for the current fiscal-year-to-date would have been 10.4 percent higher than in the corresponding period in fiscal year 2006.

Medicaid

Fiscal-Year-to-Date 2007 (October 2006-February 2007)

- Federal expenditures for Medicaid were 4.3 percent higher than in the corresponding period in fiscal year 2006.

SCHIP

Fiscal-Year-to-Date 2007 (October 2006-February 2007)

- Federal expenditures for SCHIP were 13.8 percent higher than in the corresponding period in fiscal year 2006.

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

February 2007

- The CPI-U increased 0.5 percent during the month of February.

Fiscal-Year-to-Date 2007 (October 2006-February 2007)

- The fiscal-year-to-date change in the CPI-U is an increase of 0.3 percent.

Table 1. Medicare Trust Fund Activity as of February 28, 2007
[in millions]

Income, Expenditures, and Balance	Supplementary Medical Insurance Accounts Related to Prescription Drug Benefits					Supplementary Medical Insurance Trust Fund (Total SMI)	Total Medicare
	Hospital Insurance Trust Fund	Part B Account	Transitional Assistance Account	Medicare Prescription Drug Account (Part D)			
This Month:							
Income	\$14,101	\$15,310	(\$0)	\$3,977 ¹		\$19,288 ¹	\$33,388 ¹
Expenditures	16,548	13,289	(0)	3,940 ¹		17,229 ¹	33,777 ¹
Difference	(2,447)	2,022	0	37		2,059	(389)
Current Fiscal-Year-to-Date:							
Income	86,490	76,025	(0)	20,925 ²		96,950 ²	183,440 ²
% Change	3.5	2.4	(100.2)	304.5 ²		21.8 ²	12.4 ²
Expenditures	83,631	73,346	(0)	20,890 ²		94,235 ²	177,866 ²
% Change	12.8	15.2	(100.2)	309.8 ²		36.7 ²	24.3 ²
Difference	2,860	2,680	0	35		2,715	5,574
Prior Fiscal-Year-to-Date:							
Income	83,582	74,210	192	5,173 ³		79,575 ³	163,158 ³
Expenditures	74,128	63,665	192	5,098 ³		68,954 ³	143,082 ³
End-of-Month:							
Balance	305,990	35,272	0	722		35,994	341,983

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 2008 Trustees Report assumptions, the estimated amount for this month is \$183 million. Adding this amount to the amounts shown above yields estimates of \$4,160 million for Part D income; \$19,471 million for SMI income; \$33,571 million for total Medicare income; \$4,123 million for Part D expenditures; \$17,412 million for SMI expenditures; and \$33,960 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 2008 Trustees Report assumptions, the estimated amount for the current fiscal-year-to-date is \$864 million. Adding this amount to the amounts shown above yields estimates of \$21,789 million for Part D income; \$97,814 million for SMI income; \$184,304 million for total Medicare income; \$21,754 million for Part D expenditures; \$95,099 million for SMI expenditures; and \$178,370 million for total Medicare expenditures. The associated "% Change" estimates are 290.8 for Part D income, 22.3 for SMI income, 12.7 for total Medicare income, 295.5 for Part D expenditures, 37.1 for SMI expenditures, and 24.6 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 2008 Trustees Report assumptions, the estimated amount for the prior fiscal-year-to-date is \$403 million. Adding this amount to the amounts shown above yields estimates of \$5,576 million for Part D income; \$79,978 million for SMI income; \$163,561 million for total Medicare income; \$5,501 million for Part D expenditures; \$69,357 million for SMI expenditures; and \$143,485 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 were each (\$4,273.97) this month and were each (\$467,589.63) for the current fiscal-year-to-date.

**Table 2. Federal Medicare, Medicaid, and SCHIP Expenditures
as of February 28, 2007
[in millions]**

Expenditures	Total Medicare Expenditures	Federal Medicaid Expenditures	Federal Expenditures for State Children's Health Insurance Program	Total Expenditures
This month	\$33,777 ¹	\$15,475	\$406	\$49,658 ²
Fiscal-year-to-date	177,866 ³	77,080	2,330	257,276 ⁴
Prior fiscal-year-to-date	143,082 ⁵	73,905	2,048	219,035 ⁶
% Change	24.3 ³	4.3	13.8	17.5 ⁴

¹See footnote 1 of Table 1. Adding the estimated amount for Part D premiums paid directly to plans yields an estimate of \$33,960 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 \$49,841 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 \$178,730 million for total Medicare expenditures for the current fiscal-year-to-date, and the associated "% Change" estimate is 24.6.

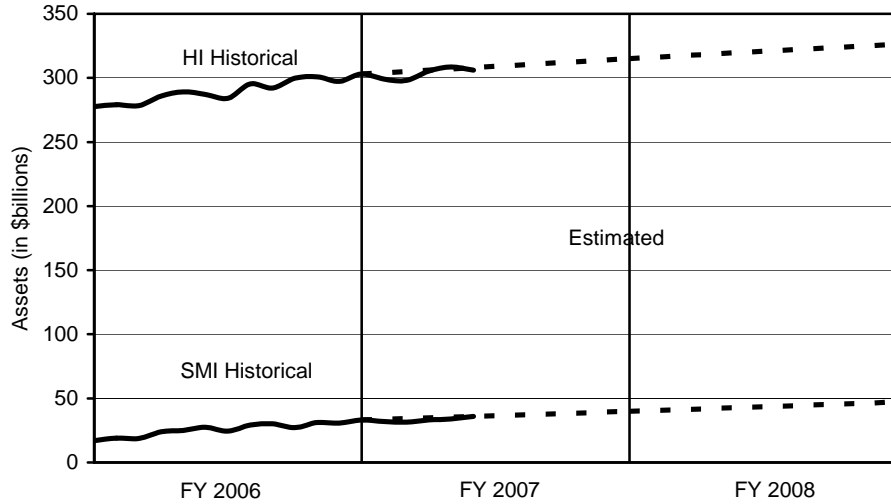
⁴See footnote 2 of Table 1. Adding the estimated amount for Part D premiums paid directly to plans yields an estimate of \$258,140 million for total expenditures for the current fiscal-year-to-date, and the associated "% Change" estimate is 17.6.

⁵See footnote 3 of Table 1. Adding the estimated amount for Part D premiums paid directly to plans yields an estimate of \$143,485 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 \$219,438 million for total expenditures for the prior fiscal-year-to-date.

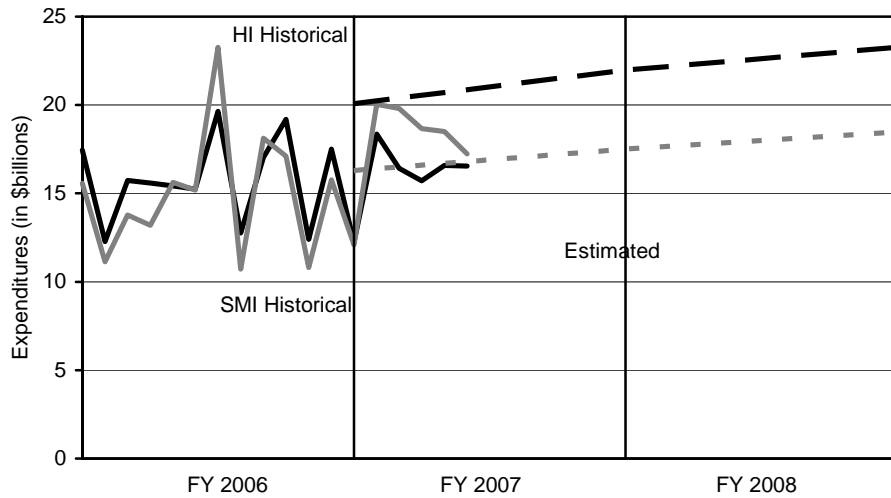
- Notes:
1. State governments also support the Medicaid and SCHIP programs.
 2. Totals do not necessarily equal the sums of rounded components.
 3. Changes shown ("% Change") reflect current fiscal-year-to-date amounts as compared to amounts in the corresponding period in the prior fiscal year.

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



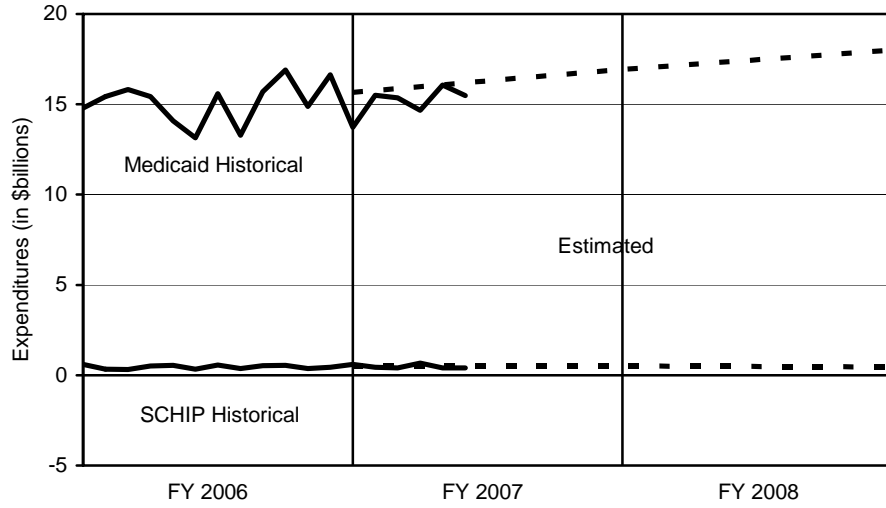
Note: Estimates are from the 2006 Trustees Report (intermediate assumptions).

Figure 2. Medicare Expenditures: Historical and Estimated



Note: Estimates are from the 2006 Trustees Report (intermediate assumptions). The historical figures reflect monthly fluctuations, but the estimated figures are based on annual amounts and thus do not.

Figure 3. Federal Medicaid and SCHIP Expenditures: Historical and Estimated



Note: Estimates are from the Mid-Session Review of the President's Fiscal Year 2007 Budget.