

Monthly Trend Report for Medicare, Medicaid, and SCHIP

June 30, 2004

On these pages, the Office of the Actuary presents monthly and fiscal-year-to-date data for Medicare (HI and SMI), federal Medicaid, and 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 Medicaid and 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 source of information for these reports is the [U.S. Department of Treasury's Financial Management Service's Monthly Treasury Report](#) (tables 5 and 8). 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 2004 (October 2003-June 2004)

- Total Federal spending for HI, SMI, Medicaid, and SCHIP increased by 9.7 percent compared to the corresponding period in fiscal year 2003. 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

June 2004

- HI income exceeded expenditures by \$7.1 billion. June is typically one of the highest months for HI income each year -- and this June is no exception -- for several reasons. The most important of these is the receipt of interest earned by the trust fund. (Most of the interest on invested assets is paid semi-annually, in June and December.) In addition, this month the trust fund received quarterly self-employment (SECA) taxes, quarterly income taxes paid on Social Security benefits, and the annual transfer from the Railroad Retirement program (representing HI payroll taxes on earnings in the railroad industry).

- SMI expenditures exceeded income by \$0.5 billion. On the income side, it should be noted that the SMI trust fund received its semi-annual interest payment this month. (Most of the interest on invested assets is paid semi-annually, in June and December.) Had there not been this interest payment, expenditures would have exceeded income by about \$1.2 billion. This excess is likely due to (1) increases in SMI payments resulting from legislation enacted subsequent to the setting of the SMI financing rates and (2) the relatively high number of claims processing days this month. (Normal month-to-month variation is, as always, a possible contributor to the level of excess, in either direction.)
- The SMI trust fund received and spent almost \$12 million for benefits under the Transitional Assistance provision of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA). This relatively small amount is mentioned here to point out that June is the first month in which activity for this provision has been reported. (Under the Transitional Assistance provision, certain low-income beneficiaries are eligible for benefit assistance of \$600 per year and for a subsidized enrollment fee under the temporary Medicare-endorsed drug discount card program established by the MMA.)

Fiscal-Year-to-Date 2004 (October 2003-June 2004)

- Medicare expenditures were 7.7 percent higher than in the corresponding period in fiscal year 2003.

Medicaid

Fiscal-Year-to-Date 2004 (October 2003-June 2004)

- Medicaid expenditures were 13.4 percent greater than in the corresponding period in fiscal year 2003.

SCHIP

Fiscal-Year-to-Date 2004 (October 2003-June 2004)

- SCHIP expenditures were 8.0 percent greater than in the corresponding period in fiscal year 2003.

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

June 2004

- The CPI-U increased 0.3 percent during the month of June.

Fiscal-Year-to-Date 2004 (October 2003-June 2004)

- The fiscal-year-to-date change in the CPI-U is an increase of 2.4 percent.

Table 1. Medicare Trust Fund Activity as of June 30, 2004

[in millions]

Trust Fund Income, Expenditures, and Assets	Hospital Insurance Trust Fund	Supplementary Medical Insurance Trust Fund	Total Medicare
This Month:			
Income	\$22,094	\$11,666	\$33,760
Expenditures	15,004	12,187	27,191
Difference	7,090	(521)	6,569
Current Fiscal Year to Date:			
Income	140,730	99,023	239,753
% Change	1.6	16.8	7.4
Expenditures	124,439	98,093	222,532
% Change	8.5	6.6	7.7
Difference	16,291	930	17,221
Prior Fiscal Year to Date:			
Income	138,487	84,776	223,263
Expenditures	114,654	92,007	206,661
Trust Fund Balance (Current Total Investments):			
End of Month	267,270	26,032	293,302

Table 2. Federal Medicare, Medicaid, and SCHIP Expenditures as of June 30, 2004

[in millions]

Trust Fund Expenditures	Total Medicare Expenditures	Federal Medicaid Expenditures	Federal Expenditures for State Children's Health Insurance Program	Total Expenditures
This month	\$27,191	\$18,023	\$485	\$45,699
Fiscal year to date	222,532	134,191	3,412	360,135
Prior fiscal year to date	206,661	118,334	3,159	328,154
% Change	7.7	13.4	8.0	9.7

Note: State governments also support the Medicaid and SCHIP programs.

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

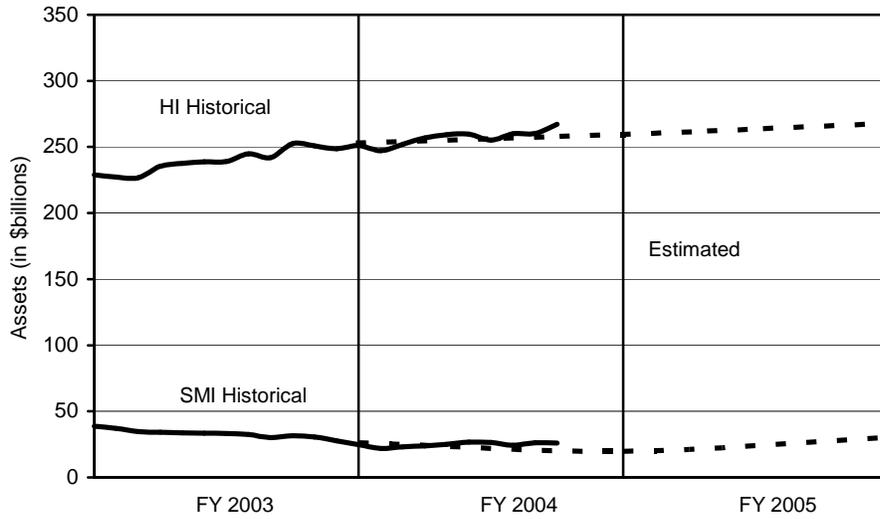


Figure 2. Medicare Expenditures: Historical and Estimated

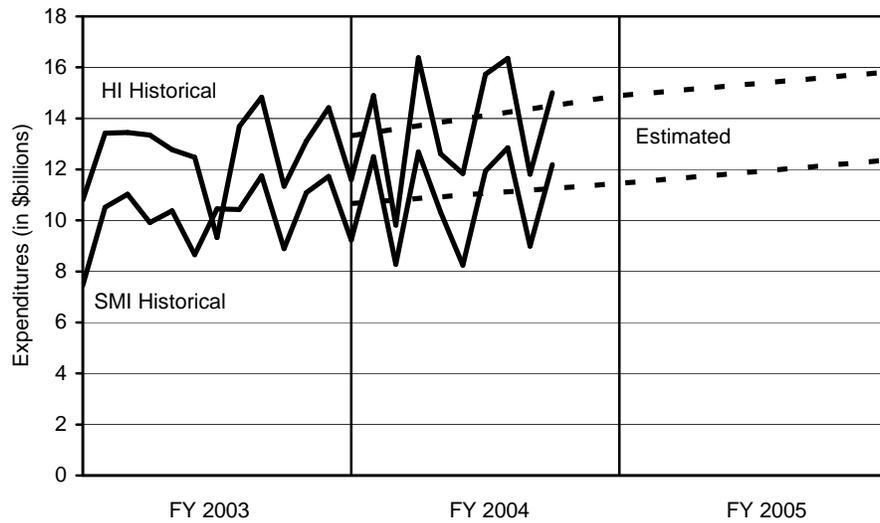


Figure 3. Federal Medicaid and SCHIP Expenditures: Historical and Estimated

