

Table 142. Medicare enrollees and expenditures and percent distribution, by Medicare program and type of service: United States and other areas, selected years 1970-2008

(Data are compiled from various sources by the Centers for Medicare & Medicaid Services)

Medicare program and type of service	1970	1980	1990	1995	2000	2003	2004	2005	2006	2007	2008 <sup>1</sup>
Enrollees											
Number in millions											
Total Medicare <sup>2</sup> .....	20.4	28.4	34.3	37.6	39.7	41.2	41.9	42.6	43.4	44.3	45.2
Hospital insurance.....	20.1	28.0	33.7	37.2	39.3	40.7	41.5	42.2	43.1	43.9	44.9
Supplementary medical insurance (SMI) <sup>3</sup> .....	19.5	27.3	32.6	35.6	37.3	38.6	---	---	---	---	---
Part B.....	19.5	27.3	32.6	35.6	37.3	38.6	39.1	39.8	40.4	41.1	41.7
Part D <sup>4</sup> .....	---	---	---	---	---	---	1.2	1.8	27.0	30.8	32.1
Expenditures											
Amount in billions											
Total Medicare.....	\$7.5	\$36.8	\$111.0	\$184.2	\$221.8	\$280.8	\$308.9	\$336.4	\$408.3	\$431.7	\$468.1
Total hospital insurance (HI).....	5.3	25.6	67.0	117.6	131.1	154.6	170.6	182.9	191.9	203.1	235.6
HI payments to managed care organizations <sup>5</sup> .....	---	0.0	2.7	6.7	21.4	19.5	20.8	24.9	32.9	39.0	50.6
HI payments for fee-for-service utilization.....	5.1	25.0	63.4	109.5	105.1	134.5	146.5	156.6	159.6	163.4	172.8
Inpatient hospital.....	4.8	24.1	56.9	82.3	87.1	109.1	117.0	123.2	124.1	124.2	130.5
Skilled nursing facility.....	0.2	0.4	2.5	9.1	11.1	14.8	17.2	19.4	20.3	22.5	24.2
Home health agency.....	0.1	0.5	3.7	16.2	4.0	4.9	5.4	6.0	5.9	6.2	6.6
Hospice.....	---	---	0.3	1.9	2.9	5.7	6.8	8.0	9.3	10.5	11.7
Home health agency transfer <sup>6</sup> .....	---	---	---	---	1.7	-2.2	---	---	---	---	---
Medicare Advantage premiums <sup>7</sup> .....	---	---	---	---	---	---	---	---	0.0	0.1	0.9
Accounting error (CY 2005-2008) <sup>8</sup> .....	---	---	---	---	---	---	---	-1.9	-3.9	-2.7	8.5
Administrative expenses <sup>9</sup> .....	0.2	0.5	0.9	1.4	2.9	2.8	3.3	3.3	3.3	3.2	3.6
Total supplementary medical insurance (SMI) <sup>3</sup> .....	2.2	11.2	44.0	66.6	90.7	126.1	138.3	153.5	216.4	228.6	232.6
Total Part B.....	2.2	11.2	44.0	66.6	90.7	126.1	137.9	152.4	169.0	178.9	183.3
Part B payments to managed care organizations <sup>5</sup> .....	0.0	0.2	2.8	6.6	18.4	17.3	18.7	22.0	31.5	38.9	47.6
Part B payments for fee-for-service utilization <sup>10</sup> .....	1.9	10.4	39.6	58.4	72.2	104.3	116.2	125.0	130.2	134.6	141.0
Physician/supplies <sup>11</sup> .....	1.8	8.2	29.6	---	---	---	---	---	---	---	---
Outpatient hospital <sup>12</sup> .....	0.1	1.9	8.5	---	---	---	---	---	---	---	---
Independent laboratory <sup>13</sup> .....	0.0	0.1	1.5	---	---	---	---	---	---	---	---
Physician fee schedule.....	---	---	---	31.7	37.0	48.3	54.1	57.7	58.2	58.9	60.8
Durable medical equipment.....	---	---	---	3.7	4.7	7.5	7.7	8.0	8.3	8.1	8.9
Laboratory <sup>14</sup> .....	---	---	---	4.3	4.0	5.5	6.1	6.3	6.7	7.1	7.3
Other <sup>15</sup> .....	---	---	---	9.9	13.6	22.6	25.0	26.7	28.0	28.9	30.2
Hospital <sup>16</sup> .....	---	---	---	8.7	8.4	15.3	17.4	19.2	21.3	22.4	23.8
Home health agency.....	0.0	0.2	0.1	0.2	4.5	5.1	5.9	7.1	7.8	9.2	10.0
Home health agency transfer <sup>6</sup> .....	---	---	---	---	-1.7	2.2	---	---	---	---	---
Medicare Advantage premiums.....	---	---	---	---	---	---	---	---	0.0	0.1	0.1
Accounting error (CY 2005-2008) <sup>8</sup> .....	---	---	---	---	---	---	---	1.9	3.9	2.7	-8.5
Administrative expenses <sup>9</sup> .....	0.2	0.6	1.5	1.6	1.8	2.4	2.8	2.6	2.9	2.5	3.0
Part D start-up costs <sup>17</sup> .....	---	---	---	---	---	---	0.2	0.7	0.2	0.0	0.0

Total Part D <sup>4</sup> .....	---	---	---	---	---	---	0.4	1.1	47.4	49.7	49.3
Percent distribution of expenditures											
Total hospital insurance (HI).....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
HI payments to managed care organizations <sup>5</sup> .....	---	0.0	4.0	5.7	16.3	12.6	12.2	13.6	17.2	19.2	21.5
HI payments for fee-for-service utilization.....	97.0	97.9	94.6	93.1	80.2	87.0	85.9	85.6	83.2	80.5	73.4
Inpatient hospital.....	91.4	94.3	85.0	70.0	66.4	70.6	68.6	67.4	64.6	61.2	55.4
Skilled nursing facility.....	4.7	1.5	3.7	7.8	8.5	9.6	10.1	10.6	10.6	11.1	10.3
Home health agency.....	1.0	2.1	5.5	13.8	3.1	3.1	3.2	3.3	3.1	3.1	2.8
Hospice.....	---	---	0.5	1.6	2.2	3.7	4.0	4.4	4.9	5.2	5.0
Home health agency transfer <sup>6</sup> .....	---	---	---	---	1.3	-1.4	---	---	---	---	---
Medicare Advantage premiums <sup>7</sup> .....	---	---	---	---	---	---	---	---	0.0	0.0	0.4
Accounting error (CY 2005-2008) <sup>8</sup> .....	---	---	---	---	---	---	---	-1.0	-2.0	-1.3	3.6
Administrative expenses <sup>9</sup> .....	3.0	2.1	1.4	1.2	2.2	1.8	2.0	1.8	1.7	1.6	1.5
Total supplementary medical insurance (SMI) <sup>3</sup> .....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total Part B.....	100.0	100.0	100.0	100.0	100.0	100.0	99.7	99.3	78.1	78.3	78.8
Part B payments to managed care organizations <sup>5</sup> .....	1.2	1.8	6.4	9.9	20.2	13.7	13.5	14.3	14.5	17.0	20.5
Part B payments for fee-for-service utilization <sup>10</sup> .....	88.1	92.8	90.1	87.6	79.6	82.7	84.0	81.5	60.2	58.9	60.6
Physician/supplies <sup>11</sup> .....	80.9	72.8	67.3	---	---	---	---	---	---	---	---
Outpatient hospital <sup>12</sup> .....	5.2	16.9	19.3	---	---	---	---	---	---	---	---
Independent laboratory <sup>13</sup> .....	0.5	1.0	3.4	---	---	---	---	---	---	---	---
Physician fee schedule.....	---	---	---	47.5	40.8	38.3	39.1	37.6	26.9	25.7	26.1
Durable medical equipment.....	---	---	---	5.5	5.2	6.0	5.6	5.2	3.8	3.5	3.8
Laboratory <sup>14</sup> .....	---	---	---	6.4	4.4	4.3	4.4	4.1	3.1	3.1	3.2
Other <sup>15</sup> .....	---	---	---	14.8	15.0	17.9	18.1	17.4	13.0	12.7	13.0
Hospital <sup>16</sup> .....	---	---	---	13.0	9.3	12.1	12.6	12.5	9.8	9.8	10.2
Home health agency.....	1.5	2.1	0.2	0.3	4.9	4.0	4.2	4.6	3.6	4.0	4.3
Home health agency transfer <sup>6</sup> .....	---	---	---	---	-1.9	1.7	---	---	---	---	---
Medicare Advantage premiums <sup>7</sup> .....	---	---	---	---	---	---	---	---	0.0	0.0	0.0
Accounting error (CY 2005-2008) <sup>8</sup> .....	---	---	---	---	---	---	---	1.2	1.8	1.2	-3.6
Administrative expenses <sup>9</sup> .....	10.7	5.4	3.5	2.4	2.0	1.9	2.0	1.7	1.3	1.1	1.3
Part D start-up costs <sup>17</sup> .....	---	---	---	---	---	---	0.1	0.4	0.1	0.0	0.0
Total Part D <sup>4</sup> .....	---	---	---	---	---	---	0.3	0.7	21.9	21.7	21.2

---Category not applicable or data not available.  
0.0 Quantity greater than 0 but less than 0.05.

<sup>1</sup>Preliminary estimates.

<sup>2</sup>Average number enrolled in the hospital insurance (HI) and/or supplementary medical insurance (SMI) programs for the period.  
See Appendix II, Medicare.

<sup>3</sup>Starting with 2004 data, the SMI trust fund consists of two separate accounts: Part B (which pays for a portion of the costs of physicians' services, outpatient hospital services, and other related medical and health services for voluntarily enrolled individuals) and Part D (Medicare Prescription Drug Account, which pays private plans to provide prescription drug coverage).

<sup>4</sup>The Medicare Modernization Act, enacted on December 8, 2003, established within SMI two Part D accounts related to prescription drug benefits: the Medicare Prescription Drug Account and the Transitional Assistance Account. The Medicare Prescription Drug Account is used in conjunction with the broad, voluntary prescription drug benefits that began in 2006. The Transitional Assistance Account was used to provide transitional assistance benefits, beginning in 2004 and extending through 2005, for certain low-income beneficiaries prior to the start of the new prescription drug benefit.  
The amounts shown for Total Part D expenditures--and thus for total SMI expenditures and total Medicare expenditures--for 2006 and later years include

estimated amounts for premiums paid directly from Part D beneficiaries to Part D prescription drug plans.

<sup>5</sup>Medicare-approved managed care organizations.

<sup>6</sup>For 1998 to 2003 data, reflects annual home health HI to SMI transfer amounts.

<sup>7</sup>When a beneficiary chooses a Medicare Advantage plan whose monthly premium exceeds the benchmark amount, the additional premiums (that is, amounts beyond those paid by Medicare to the plan) are the responsibility of the beneficiary.

Beneficiaries subject to such premiums may choose to either reimburse the plans directly or have the additional premiums deducted from their Social Security checks. The amounts shown here are only those additional premiums deducted from Social Security checks. These amounts are transferred to the HI trust and SMI trust funds and then transferred from the trust funds to the plans.

<sup>8</sup>Represents misallocation of benefit payments between the HI trust fund and the Part B account of the SMI trust fund from May 2005 to September 2007, and the transfer made in June 2008 to correct the misallocation.

<sup>9</sup>Includes expenditures for research, experiments and demonstration projects, peer review activity (performed by Peer Review Organizations from 1983 to 2001 and by Quality Review Organizations from 2002 to present), and to combat and prevent fraud and abuse.

<sup>10</sup>Type-of-service reporting categories for fee-for-service reimbursement differ before and after 1991.

<sup>11</sup>Includes payment for physicians, practitioners, durable medical equipment, and all suppliers other than independent laboratory through 1990. Starting with 1991 data, physician services subject to the physician fee schedule are shown. Payments for laboratory services paid under the laboratory fee schedule and performed in a physician office are included under Laboratory beginning in 1991. Payments for durable medical equipment are shown separately beginning in 1991. The remaining services from the Physician/supplies category are included in Other.

<sup>12</sup>Includes payments for hospital outpatient department services, skilled nursing facility outpatient services, Part B services received as an inpatient in a hospital or skilled nursing facility setting, and other types of outpatient facilities. Starting with 1991 data, payments for hospital outpatient department services, except for laboratory services, are listed under Hospital. Hospital outpatient laboratory services are included in the Laboratory line.

<sup>13</sup>Starting with 1991 data, those independent laboratory services that were paid under the laboratory fee schedule (most of the independent lab category) are included in the Laboratory line; the remaining services are included in the Physician fee schedule and Other lines.

<sup>14</sup>Payments for laboratory services paid under the laboratory fee schedule performed in a physician office, independent lab, or in a hospital outpatient department.

<sup>15</sup>Includes payments for physician-administered drugs; freestanding ambulatory surgical center facility services; ambulance services; supplies; freestanding end-stage renal disease (ESRD) dialysis facility services; rural health clinics; outpatient rehabilitation facilities; psychiatric hospitals; and federally qualified health centers.

<sup>16</sup>Includes the hospital facility costs for Medicare Part B services that are predominantly in the outpatient department, with the exception of hospital outpatient laboratory services, which are included on the Laboratory line. Physician reimbursement is included on the Physician fee schedule line.

<sup>17</sup>Part D start-up costs were funded through the SMI Part B account in 2004-2008.

NOTES: All data shown are estimates and are subject to revision.

Percents may not sum to totals because of rounding.

Estimates for Medicare-covered services furnished to Medicare enrollees residing in the United States, Puerto Rico, Virgin Islands, Guam, other outlying areas, foreign countries, and unknown residence.

Estimates in this table have been revised and differ from previous editions of *Health, United States*.

SOURCE: Centers for Medicare & Medicaid Services, Office of the Actuary, Medicare and Medicaid Cost Estimates Group. Estimates are based on unpublished data from CMS, the Office of the Actuary, and Treasury Department financial statements. Estimates are subject to change as more recent data become available.

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