

**Table III.2**  
**Medicare Operations of the SMI Trust Fund**  
**Selected Fiscal Years**

Fiscal Year <sup>1</sup>	Income					Disbursements			Trust Fund	
	Premiums from Participants <sup>2</sup>	Government Contributions <sup>3</sup>	Transfers from States <sup>4</sup>	Interest and other income <sup>5,6</sup>	Total Income	Benefit Payments <sup>5,7,8</sup>	Administrative Expenses	Total Disbursements	Net Increase in Fund	Fund at End of Year <sup>9</sup>
Amount in millions										
1967	\$647	\$623	--	\$15	\$1,285	\$664	\$135 <sup>10</sup>	\$799	\$486	\$486
1970	936	928	--	12	1,876	1,979	217	2,196	-321	57
1975	1,887	2,330	--	106	4,322	3,765	404	4,170	152	1,424
1980	2,928	6,932	--	416	10,275	10,144	593	10,737	-462	4,532
1985	5,524	17,898	--	1,154	24,577	21,808	923	22,730	1,846	10,646
1990	11,494 <sup>11</sup>	33,210	--	1,434 <sup>11</sup>	46,138 <sup>11</sup>	41,498	1,524 <sup>11</sup>	43,022 <sup>11</sup>	3,115 <sup>11</sup>	14,527 <sup>11</sup>
1995	19,244	36,988 <sup>12</sup>	--	1,937	58,169	63,491	1,722	65,213	-7,044	13,874 <sup>12</sup>
1996	18,931	61,702 <sup>12</sup>	--	1,392	82,025	67,176	1,771	68,946	13,079	26,953 <sup>12</sup>
1997	19,141	59,471	--	2,193	80,806	71,133	1,420	72,553	8,252	35,206
1998	19,427	59,919	--	2,608	81,955	74,837 <sup>13</sup>	1,435	76,272	5,683	40,889
1999	20,160	62,185	--	2,933	85,278	79,008 <sup>13</sup>	1,510	80,518	4,760	45,649
2000	20,515	65,561	--	3,164	89,239	87,212 <sup>13</sup>	1,780	88,992	247	45,896
2001	22,307	69,838	--	3,191	95,336	97,466 <sup>13</sup>	1,986	99,452	-4,116	41,780
2002	24,427	78,318	--	2,960	105,705	106,995 <sup>13</sup>	1,830	108,825	-3,120	38,659
2003	26,834	80,905	--	2,455	110,194	121,699 <sup>13</sup>	2,356	124,055	-13,861	24,799
2004	30,341	94,518	--	1,730	126,589	131,457	2,817	134,274	-7,684	17,114
2005	35,939	115,200	--	1,366	152,505	149,820	2,914	152,735	-230	16,885
2006	44,241 <sup>14</sup>	162,601	3,630	1,478	211,951	192,083 <sup>14</sup>	3,474	195,557	16,394	33,279
2007	49,640 <sup>14</sup>	179,171	6,977	2,065	237,854	228,560 <sup>14</sup>	3,426	231,986	5,867	39,146
2008	54,118 <sup>14</sup>	180,434	7,042	3,238	244,832	221,406 <sup>14,15</sup>	3,423	224,830	20,003	59,149
2009	57,665 <sup>14</sup>	194,267	7,504	3,093	262,529	256,894 <sup>14</sup>	3,318	260,212	2,317	61,466

<sup>1</sup> Fiscal years 1975 and earlier consist of the 12 months ending on June 30 of each year; fiscal years 1980 and later consist of the 12 months ending on September 30 of each year.

<sup>2</sup> For Part D, premiums include both amounts withheld from Social Security benefit checks (and other certain Federal benefit payments) and amounts paid directly to Part D plans, the premiums paid directly to Part D plans are not displayed on Treasury statements and are estimated.

<sup>3</sup> For Part B, includes matching payments from the general fund, plus certain interest-adjustment items. For Part D, includes all federal government transfers, including amounts for the general subsidy, reinsurance, employer drug subsidy, low-income subsidy, administrative expenses, risk sharing, and State expenses for making low-income eligibility determinations. Includes amounts for the transitional assistance benefits in 2004-2006.

<sup>4</sup> With the availability of Part D drug coverage and low-income subsidies beginning in 2006 Medicaid is no longer the primary payer for full-benefit dual eligibles. States are subject to a contribution requirement and must pay the Part D account in the SMI trust fund a portion of their estimated forgone drug costs for this population. Starting in 2006, States must pay 90 percent of the estimated costs, with this percentage phasing down over a 10-year period, to 75 percent in 2015 and later.

<sup>5</sup> Other income includes recoveries of amounts reimbursed from the trust fund that are not obligations of the trust fund and other miscellaneous income.

<sup>6</sup> Values after 2005 include additional premiums for Medicare Advantage (MA) plans that are deducted from beneficiaries' Social Security checks. These additional premiums are beneficiary obligations and occur when a beneficiary chooses an MA plan whose monthly plan payment exceeds the benchmark amount. Beneficiaries subject to such premiums may choose to either reimburse the plans directly or have the premiums deducted from their Social Security checks. The premiums deducted from the Social Security checks are transferred to the HI and SMI trust funds and then transferred from the trust funds to the plans.

<sup>7</sup> Includes costs of Peer Review Organizations from 1983 through 2001 and costs of Quality Improvement Organizations beginning in 2002.

<sup>8</sup> For Part D, includes payments to plans, subsidies to employer-sponsored retiree prescription drug plans, payments to States for making low-income eligibility determinations, Part D drug premiums collected from beneficiaries and transferred to Medicare Advantage plans and private drug plans, and premium amounts paid directly by enrollees to plans. (The last item is on an estimated basis; see footnote 2.) Includes amounts for the transitional assistance benefits in 2004-2006.

<sup>9</sup> The financial status of the program depends on both the total net assets and the liabilities of the program.

<sup>10</sup> Administrative expenses shown include those paid in fiscal years 1966 and 1967.

<sup>11</sup> Includes the impact of the Medicare Catastrophic Coverage Act of 1988 (P.L. 100-360).

<sup>12</sup> General fund transfers of \$6.7 million could not be made in FY 1995 due to the absence of funding. Subsequently, a transfer was made in March 1996. Consequently, SMI government contributions are abnormally low for FY 1995 and abnormally high for FY 1996.

<sup>13</sup> Benefit payments less monies transferred from the HI trust fund for home health agency costs, as provided for by the Balanced Budget Act of 1997.

<sup>14</sup> Includes estimated premiums paid directly to Part D plans (these amounts for FY 2006-2009, respectively, were \$1,804 million, \$2,269 million, \$2,930 million, and \$3,654 million). See also footnotes 2 and 8.

<sup>15</sup> Benefits are reduced by monies (\$8.5 billion) transferred from the general fund of the Treasury to reimburse Part B for Part A hospice costs that were previously misallocated to the Part B trust fund account.

NOTE: Totals do not necessarily equal the sum of rounded components.

SOURCE: CMS/OACT

December 2010