

CMS Office of the Actuary
2015 Payment Notice
Key Components of USPCC Trends: 2010–2015

Fee-for-Service USPCC Trends—Part A

Highlights of Trends: 2010–2015

- The change in per capita Part A expenditures from 2010 to 2015 is –3.7 percent.
- Averaged across all Part A services, changes in demographics from 2010 to 2015 are estimated to have an impact of –2.9 percent on the demographic trend. Utilization and case mix trends implicitly include effects of the demographic shift.
- Inpatient
 - The trend in per capita expenditures from 2010 to 2015 is –4.4 percent.
 - The change in per capita utilization is –11.0 percent. This decline is primarily attributed to a reduction in cardiovascular admissions and shifting demographics.
 - Case mix increased 3.1 percent during the period.
- Skilled Nursing Facility
 - Per capita expenditures are projected to increase 7.9 percent from 2010 to 2015.
 - The change in the case mix index is 19.6 percent during the period. The majority of this increase in case mix—13 percent—is due to a 2010–2011 trend stemming from the introduction of new Resource Utilization Groupings (RUGs).
- Home Health Agency
 - The USPCC trend from 2010 to 2015 is –8.5 percent.
 - The primary drivers of this trend are statutory limits placed on outlier payments and the prosecution of fraud cases, which resulted in the closing of a number of purported home health agencies.
- Cost Plans
 - Beginning in 2011, fee-for-service (FFS) claims paid on behalf of cost plan enrollees were excluded from the FFS USPCC tabulation, resulting in an impact of –1.3 percent on the 2010–2015 Part A FFS trend.

Payment Notice 2014 versus Advance Notice 2015

- An update in historical experience, along with corresponding utilization assumptions, resulted in a change of –2.7 percent in calendar year (CY) 2012 USPCC and a change of –4.7 percent for CY 2014. This impact is primarily due to lower inpatient hospital utilization than previously forecasted.

Advance Notice 2015 versus Payment Notice 2015

- CY 2015 USPCC changed by –3.3 percent, due primarily to a revision in inpatient utilization trend for the period 2013–2015.

Fee-for-Service USPPC Trends—Part B

Highlights of Trends 2010–2015

- The change in per capita Part B expenditures from 2010 to 2015 is 9.6 percent.
- Averaged across all Part A services, changes in demographics from 2010 to 2015 are estimated to have an impact of –1.0 percent on the demographic trend. Utilization and case mix trends implicitly include effects of the demographic shift.
- Physician Fee Schedule
 - Per capita expenditures are projected to increase 3.6 percent from 2010 to 2015, due primarily to higher volume and intensity.
- Part B Hospital
 - The trend from 2010 to 2015 is 53.0 percent.
 - The primary drivers of this trend are utilization, which is projected to increase 17.5 percent during the period, and market baskets, with a trend of 14.6 percent. The balance of the increase is attributed to positive trends in case mix, outlier payments, and pass-through payments.
- HHA
 - The USPPC trend from 2010 to 2015 is –7.0 percent.
 - The primary drivers of this trend are statutory limits placed on outlier payments and the prosecution of fraud cases, which resulted in the closing of a number of purported home health agencies.
- DME
 - The USPPC trend from 2010 to 2015 is –22.2 percent.
 - This trend is dominated by the introduction and expansion of the DME competitive bidding program, which covers 100 metropolitan statistical areas (MSAs). The estimated savings from the competitive bidding program amount to 20 percent.
- Other Carrier
 - Services in the “other carrier” category include ambulatory surgical centers (ASCs), ambulance, chemotherapy drugs, other physician-administered drugs, and medical supplies.
 - The 5-year trend for this category is 15.6 percent in total.
 - For the period 2010–2015, per capita spending for physician-administered drugs increased 19.7 percent.
 - For services other than physician-administered drugs, the 2010–2015 trend is 5.4 percent for price and 11.1 percent for volume and intensity.
- Cost Plans
 - Beginning in 2011, fee-for-service claims paid on behalf of cost plan enrollees were excluded from the FFS USPPC tabulation, resulting in an impact of –0.70 percent on the 2010–2015 Part B FFS trend.

Payment Notice 2014 versus Advance Notice 2015

- Across most Part B categories, the 2012 and 2013 expenditures were lower than previously projected.

Advance Notice 2015 versus Payment Notice 2015

- There was little change in the aggregate Part B projection for CY 2015. The USPPC was reduced by approximately 0.5 percent due to the correct classification of some non-dialysis end-stage renal disease (ESRD) expenditures to ESRD status. Offsetting this reduction was an increase in the CY 2015 trend due to higher growth in economic assumptions.

Total USPCC Trends

Total USPCC Trend—Part A, 2010–2015

- Total Trend (FFS plus Managed Care): -6.4 percent
- FFS Trend: -3.7 percent
- Managed Care Trend: -14.1 percent

Total USPCC Trend—Part B, 2010–2015

- Total Trend (FFS plus Managed Care): 10.7 percent
- FFS Trend: 9.6 percent
- Managed Care Trend: 12.7 percent

Total USPCC Trend—Parts A and B, 2010–2015

- Total Trend (FFS plus Managed Care): 2.0 percent
- FFS Trend: 3.0 percent
- Managed Care Trend: -1.4 percent

Payment Notice 2014 versus Advance Notice 2015—Parts A and B

- Total USPCC prior period adjustment for calendar year (CY) 2014 was -3.5 percent.
- FFS USPCC prior period adjustment for CY 2014 was -3.3 percent.
- Prior period adjustment for 2014 managed care projection was -3.9 percent, which is largely attributed to FFS prior period adjustment for CY 2014.

Advance Notice 2015 versus Payment Notice 2015—Parts A and B

- Adjustment to total USPCC for calendar year (CY) 2015 is -0.9 percent.
- Adjustment to FFS USPCC for CY 2015 is -1.7 percent.
- Adjustment to CY 2015 managed care trend is 0.8 percent. The primary influences on this update are the inclusion of actual 2014 managed care enrollment and risk scores, the impact of the revised CY 2015 FFS USPCC, and incorporation of CY 2015 normalization policy as reflected in the 2015 Advance Notice.

CY 2015 Payment Notice
FFS USPC

Coverage	CY 2010	CY 2011	CY 2012	CY 2013	CY 2014	CY 2015	CY2015 growth rate
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CY 2014 Payment Notice

Part A	\$373.20	\$373.94	\$363.59	\$371.79	\$375.59	\$380.58	n/a
Part B	377.18	387.71	398.83	409.18	419.52	436.60	n/a
Total	\$750.38	\$761.65	\$762.43	\$780.97	\$795.11	\$817.18	n/a

CY 2015 Advance Notice

Part A	\$372.39	\$371.16	\$353.92	\$364.60	\$368.00	\$371.01	-1.22%
Part B	376.95	386.19	394.19	393.64	400.68	410.97	-2.04%
Total	\$749.34	\$757.36	\$748.12	\$758.25	\$768.68	\$781.98	-1.65%

CY 2015 Payment Notice

Part A	\$372.39	\$371.16	\$353.75	\$359.28	\$358.09	\$358.67	-4.51%
Part B	374.18	383.77	391.46	393.53	399.37	410.17	-2.23%
Total	\$746.57	\$754.93	\$745.21	\$752.81	\$757.46	\$768.84	-3.30%

Coverage	CY 2010	CY 2011	CY 2012	CY 2013	CY 2014	CY 2015	2010-15 growth rate
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Annual trend based on current baseline

Part A	n/a	-0.33%	-4.69%	1.56%	-0.33%	0.16%	-3.68%
Part B	n/a	2.56%	2.00%	0.53%	1.48%	2.70%	9.62%
Total	n/a	1.12%	-1.29%	1.02%	0.62%	1.50%	2.98%

Prior period adjustment: CY 2015 Payment Notice vs. CY 2014 Payment Notice

Part A	-0.22%	-0.74%	-2.71%	-3.36%	-4.66%	n/a
Part B	-0.80%	-1.02%	-1.85%	-3.82%	-4.80%	n/a
Total	-0.51%	-0.88%	-2.26%	-3.61%	-4.74%	n/a

Prior period adjustment: CY 2015 Payment Notice vs. CY 2015 Advance Notice

Part A	0.00%	0.00%	-0.05%	-1.46%	-2.69%	-3.33%
Part B	-0.74%	-0.63%	-0.69%	-0.03%	-0.33%	-0.19%
Total	-0.37%	-0.32%	-0.39%	-0.72%	-1.46%	-1.68%

CY 2015 Payment Notice**Total USPPC**

Coverage	CY 2003	CY 2010	CY 2011	CY 2012	CY 2013	CY 2014	CY 2015	CY2015 growth rate
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CY 2014 Payment Notice

Part A	\$295.77	\$385.58	\$390.04	\$382.66	\$386.10	\$382.36	\$383.54	n/a
Part B	249.37	378.57	388.44	398.54	409.27	430.24	442.62	n/a
Total	\$545.14	\$764.15	\$778.47	\$781.20	\$795.38	\$812.60	\$826.16	n/a

CY 2015 Advance Notice

Part A	\$295.77	\$384.96	\$387.88	\$375.37	\$380.17	\$372.80	\$368.93	-3.51%
Part B	249.37	378.40	387.60	394.60	397.10	411.45	414.82	-3.58%
Total	\$545.14	\$763.36	\$775.48	\$769.96	\$777.26	\$784.26	\$783.75	-3.55%

CY 2015 Payment Notice

Part A	\$295.77	\$384.96	\$387.89	\$375.27	\$376.48	\$366.12	\$360.16	-5.81%
Part B	247.41	376.37	385.86	392.69	397.25	411.17	416.59	-2.41%
Total	\$543.18	\$761.33	\$773.75	\$767.96	\$773.73	\$777.29	\$776.75	-4.07%

Coverage	CY 2003	CY 2010	CY 2011	CY 2012	CY 2013	CY 2014	CY 2015	2010-15 growth rate
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Annual trend based on current baseline

Part A	n/a	n/a	0.76%	-3.25%	0.32%	-2.75%	-1.63%	-6.44%
Part B	n/a	n/a	2.52%	1.77%	1.16%	3.50%	1.32%	10.69%
Total	n/a	n/a	1.63%	-0.75%	0.75%	0.46%	-0.07%	2.03%

Prior period adjustment: CY 2015 Payment Notice vs. CY 2014 Payment Notice

Part A	0.00%	-0.16%	-0.55%	-1.93%	-2.49%	-4.25%	n/a
Part B	0.79%	-0.58%	-0.66%	-1.47%	-2.94%	-4.43%	n/a
Total	0.36%	-0.37%	-0.61%	-1.70%	-2.72%	-4.35%	n/a

Prior period adjustment: CY 2015 Payment Notice vs. CY 2015 Advance Notice

Part A	0.00%	0.00%	0.00%	-0.03%	-0.97%	-1.79%	-2.38%
Part B	0.79%	-0.54%	-0.45%	-0.48%	0.04%	-0.07%	0.43%
Total	0.36%	-0.27%	-0.22%	-0.26%	-0.45%	-0.89%	-0.89%