

**CMS Office of the Actuary
Rate Announcement 2023**

Key Components of non-end-stage renal disease (non-ESRD) United States Per Capita Cost (USPCC) Trends for 2019-2023

Fee-for-Service (FFS) non-ESRD USPCC Trends—Part A

Highlights of Trends for 2019–2023

- The projected increase in per capita Part A expenditures during 2019–2023 is 18.6 percent.
- Averaged across all Part A services, changes in demographics during the period are estimated to reduce the cost trend by –1.1 percent. This impact excludes the impact of the COVID-19 pandemic. Also, utilization and case mix trends implicitly include effects of the demographic shift.
- Inpatient
 - The trend in per capita expenditures for the period is 18.5 percent.
 - Per capita utilization decreased by 4.4 percent.
 - Case mix increased 5.7 percent during the period.
- Skilled Nursing Facility
 - Per capita expenditures are projected to increase 15.8 percent during 2019–2023.
 - The projected utilization trend is –4.6 percent during the period.
 - The case mix index increased 9.7 percent.
- Home Health
 - The 5-year USPCC trend is 30.8 percent. The trends for 2019–2020 and 2021–2023 are –9.5 percent and 44.5 percent, respectively.
 - During this period, Part A and Part B utilization is projected to increase by 9.8 percent, and the case mix trend is 7.2 percent.

Rate Announcement 2023 versus Rate Announcement 2022 and Advance Notice 2023 (Part A)

The projections supporting Rate Announcement (RA) 2022 are incurred experience and cash activity through September 30, 2020. Advance Notice (AN) 2023 USPCCs are based on incurred experience and cash activity through September 30, 2021. The projections supporting RA 2023 are based on incurred experience through September 30, 2021 and cash activity through December 31, 2021.

Fee-for-Service (FFS) non-end-stage renal disease (non-ESRD) United States Per Capita Cost (USPCC) Trends—Part B

Highlights of Trends for 2019–2023

- The projected increase in per capita Part B expenditures during 2019–2023 is 33.1 percent.
- Averaged across all Part B services, changes in demographics for the 5 years are estimated to reduce the cost trend by –0.2 percent. This impact excludes the impact of the COVID-19 pandemic. Also, utilization and case mix trends implicitly include effects of the demographic shift.
- Physician Fee Schedule
 - Per capita expenditures are projected to increase 15.4 percent during 2019–2023. The corresponding volume and intensity trend during the period is 9.1 percent.
- Outpatient Hospital
 - The trend for the 5 years is 49.7 percent, which is mainly attributed to the 19.1-percent trend in volume and intensity for non-drug services and to the 94.2-percent per capita trend for drugs.
- Home Health
 - The 5-year trend is 44.0 percent.
 - During this period, Part A and Part B utilization is projected to increase by 9.8 percent, and the case mix trend is 7.2 percent.
- Durable Medical Equipment
 - The trend during 2019–2023 is 22.5 percent with a corresponding trend in volume and intensity during the period of 12.8 percent.
- Other Carrier
 - This category includes carrier laboratory services, ambulatory surgical centers (ASCs), ambulance services, and medical supplies.
 - The 5-year trend for this category is 17.6 percent.
- Physician-Administered Drugs
 - The 5-year trend for this category is 60.6 percent.
- Intermediary, other than outpatient hospital
 - This category includes intermediary laboratory services, therapy services, dialysis facilities, rural health clinics, and federally qualified health centers.
 - The 5-year trend for this category is 28.0 percent.

Rate Announcement 2023 versus Rate Announcement 2022 and Advance Notice 2023 (Part B)

The projections supporting Rate Announcement (RA) 2022 are incurred experience and cash activity through September 30, 2020. Advance Notice (AN) 2023 USPCCs are based on incurred experience and cash activity through September 30, 2021. The projections supporting RA 2023 are based on incurred experience through September 30, 2021 and cash activity through December 31, 2021.

Total non-end-stage renal disease (non-ESRD) United States Per Capita Cost (USPCC) Trends

Total USPCC Trend—Part A, 2019–2023

- Total—fee-for-service (FFS) plus managed care: 21.0 percent
- FFS: 18.6 percent
- Managed care: 21.4 percent

Total USPCC Trend—Part B, 2019–2023

- Total—FFS plus managed care: 36.6 percent
- FFS: 33.1 percent
- Managed care: 37.1 percent

Total USPCC Trend—Parts A and B, 2019–2023

- Total—FFS plus managed care: 29.7 percent
- FFS: 26.7 percent
- Managed care: 30.2 percent

Rate Announcement 2023 versus Rate Announcement 2022, Parts A and B

- The calendar year (CY) 2023 FFS USPCC growth rate of 4.89 percent consists of a prior period adjustment of –0.49 percent and a current 2023/2022 trend of 5.41 percent. The primary driver of this change are revisions to historical experience and projection factors to reflect actual impacts and revised forecast scenarios of the COVID-19 pandemic.
- The CY 2023 total USPCC growth rate is 4.75 percent, which is based on a prior period adjustment of –1.33 percent and a current 2023/2022 trend of 6.16 percent. The prior period adjustment is a combination of the FFS adjustment of –0.49 percent and the managed care adjustment of –2.37 percent.
- The implicit CY 2023 managed care growth rate of 3.88 percent consists of a prior period adjustment of –2.37 percent and a current 2023/2022 trend of 6.40 percent. The prior period adjustment is mainly attributed to lower-than-anticipated risk score settlements for CY 2020.

Rate Announcement 2023 versus Advance Notice 2023, Parts A and B

- The 2023 FFS growth rate of 4.89 percent in Rate Announcement (RA) 2023 is 0.05 percent higher than the rate of 4.84 percent reflected in Advance Notice (AN) 2023.
- The 2023 total growth rate of 4.75 percent in RA 2023 is 0.50 percent higher than the rate of 4.25 percent reflected in AN 2023. This change corresponds to the increase in growth rates for the FFS and managed care cohorts of beneficiaries.
- The 2023 managed care growth rate shown in RA 2023 is 3.88 percent, which is 0.93 percent higher than the rate of 2.95 percent that is implicitly reflected in the total growth rate for AN 2023. This change is mainly due to the projection of higher distribution of SNP enrollment in the 2023 Rate Announcement versus the 2023 Advance Notice.

- Notes about Rate Announcement (RA) 2023 United States Per Capita Cost (USPCC) values and trends:
 - The USPCCs are published in accordance with section 1853(b)(1) of the Social Security Act.
 - The FFS USPCCs reflect actual and projected Medicare Part A and Part B enrollment and program expenditures for non-end-stage renal disease (non-ESRD) beneficiaries enrolled in the Medicare FFS program.
 - The total FFS USPCCs reflect actual and projected Medicare Part A and Part B enrollment and program expenditures for non-ESRD beneficiaries enrolled in all types of coverage, including FFS Medicare, the Medicare Advantage (MA) program, cost plans, and the Programs of All-Inclusive Care for the Elderly (PACE).
 - The USPCC values and trends may not be directly applicable to the preparation of calendar year (CY) 2023 MA bids and supporting assumptions. In particular, MA bids may differ from the USPCCs in enrollee geographic distribution, enrollee demographic/risk profiles, provider contracting arrangements, care management, and other respects.

Rate Announcement 2023
Non-ESRD FFS USPPC

<u>Coverage</u>	<u>CY 2018</u>	<u>CY 2019</u>	<u>CY 2020</u>	<u>CY 2021</u>	<u>CY 2022</u>	<u>CY 2023</u>	<u>CY2023 growth rate</u>
Rate Announcement 2022							
Part A	\$378.69	\$383.40	\$364.08	\$397.12	\$434.65	\$440.27	n/a
Part B	474.12	500.57	468.10	532.57	593.73	616.33	n/a
Total	\$852.81	\$883.97	\$832.18	\$929.69	\$1,028.38	\$1,056.60	n/a
Advance Notice 2023							
Part A	\$378.70	\$384.03	\$374.48	\$389.40	\$423.94	\$447.27	2.90%
Part B	473.81	500.88	474.16	549.83	598.13	630.85	6.25%
Total	\$852.51	\$884.91	\$848.64	\$939.23	\$1,022.07	\$1,078.12	4.84%
Rate Announcement 2023							
Part A	\$377.84	\$383.05	\$372.68	\$388.34	\$424.46	\$448.03	3.08%
Part B	473.79	500.77	473.99	546.76	598.85	630.60	6.21%
Total	\$851.63	\$883.82	\$846.67	\$935.10	\$1,023.31	\$1,078.63	4.89%

Annual trend based on Rate Announcement 2023

							<u>'23/'18</u>
Part A	n/a	1.38%	-2.71%	4.20%	9.30%	5.55%	18.6%
Part B	n/a	5.69%	-5.35%	15.35%	9.53%	5.30%	33.1%
Total	n/a	3.78%	-4.20%	10.44%	9.43%	5.41%	26.7%

Prior period adjustment: Rate Announcement 2023 vs. Rate Announcement 2022

Part A	-0.22%	-0.09%	2.36%	-2.21%	-2.34%	n/a
Part B	-0.07%	0.04%	1.26%	2.66%	0.86%	n/a
Total	-0.14%	-0.02%	1.74%	0.58%	-0.49%	n/a

Prior period adjustment: Rate Announcement 2023 vs. Advance Notice 2023

Part A	-0.23%	-0.26%	-0.48%	-0.27%	0.12%	0.17%
Part B	0.00%	-0.02%	-0.04%	-0.56%	0.12%	-0.04%
Total	-0.10%	-0.12%	-0.23%	-0.44%	0.12%	0.05%

Rate Announcement 2023
Non-ESRD Total USPC

<u>Coverage</u>	<u>CY2003</u>	<u>CY 2018</u>	<u>CY 2019</u>	<u>CY 2020</u>	<u>CY 2021</u>	<u>CY 2022</u>	<u>CY 2023</u>	<u>CY2023 growth rate</u>
Rate Announcement 2022								
Part A	\$296.18	\$388.62	\$400.53	\$400.32	\$426.59	\$458.19	\$464.49	n/a
Part B	247.66	489.65	521.81	523.63	574.69	628.14	652.39	n/a
Total	\$543.84	\$878.27	\$922.34	\$923.95	\$1,001.28	\$1,086.33	\$1,116.88	n/a

Advance Notice 2023

Part A	\$296.18	\$388.61	\$400.83	\$403.27	\$407.69	\$444.44	\$464.54	1.39%
Part B	247.66	489.44	521.84	522.73	579.86	625.37	667.94	6.34%
Total	\$543.84	\$878.05	\$922.67	\$926.00	\$987.55	\$1,069.81	\$1,132.48	4.25%

Rate Announcement 2023

Part A	\$296.18	\$388.06	\$400.21	\$402.19	\$412.79	\$447.39	\$469.56	2.48%
Part B	247.66	489.43	521.77	522.62	573.53	624.52	668.36	6.40%
Total	\$543.84	\$877.49	\$921.98	\$924.81	\$986.32	\$1,071.91	\$1,137.92	4.75%

Annual trend based on Rate Announcement 2023

Part A	n/a	n/a	3.13%	0.49%	2.64%	8.38%	4.96%	'23/'18 21.0%
Part B	n/a	n/a	6.61%	0.16%	9.74%	8.89%	7.02%	36.6%
Total	n/a	n/a	5.07%	0.31%	6.65%	8.68%	6.16%	29.7%

Prior period adjustment: Rate Announcement 2023 vs. Rate Announcement 2022

Part A	0.0%	-0.14%	-0.08%	0.47%	-3.23%	-2.36%	n/a
Part B	0.0%	-0.04%	-0.01%	-0.19%	-0.20%	-0.58%	n/a
Total	0.0%	-0.09%	-0.04%	0.09%	-1.49%	-1.33%	n/a

Prior period adjustment: Rate Announcement 2023 vs. Advance Notice 2023

Part A	0.0%	-0.14%	-0.15%	-0.27%	1.25%	0.66%	1.08%
Part B	0.0%	0.00%	-0.01%	-0.02%	-1.09%	-0.14%	0.06%
Total	0.0%	-0.06%	-0.07%	-0.13%	-0.12%	0.20%	0.48%

Rate Announcement 2023
Managed Care Monthly Non-ESRD Per-Capita Costs

<u>Coverage</u>	<u>CY 2018</u>	<u>CY 2019</u>	<u>CY 2020</u>	<u>CY 2021</u>	<u>CY 2022</u>	<u>CY 2023</u>	<u>CY2023 growth rate</u>
Rate Announcement 2022							
Part A	\$406.50	\$429.13	\$454.37	\$466.31	\$487.93	\$494.29	n/a
Part B	513.77	552.22	594.62	623.09	665.06	690.07	n/a
Total	\$920.27	\$981.35	\$1,048.99	\$1,089.40	\$1,152.99	\$1,184.36	n/a
Advance Notice 2023							
Part A	\$406.46	\$428.95	\$446.39	\$432.01	\$468.48	\$483.55	-0.90%
Part B	513.72	552.00	584.95	614.96	653.67	703.47	5.77%
Total	\$920.18	\$980.95	\$1,031.35	\$1,046.97	\$1,122.16	\$1,187.02	2.95%
Rate Announcement 2023							
Part A	\$406.46	\$428.95	\$446.40	\$445.14	\$474.42	\$493.32	1.11%
Part B	513.72	552.00	584.96	604.98	651.23	704.41	5.92%
Total	\$920.18	\$980.95	\$1,031.36	\$1,050.12	\$1,125.65	\$1,197.73	3.88%

Annual trend based on Rate Announcement 2023

							<u>'23/'18</u>
Part A	n/a	5.53%	4.07%	-0.28%	6.58%	3.98%	21.4%
Part B	n/a	7.45%	5.97%	3.42%	7.64%	8.17%	37.1%
Total	n/a	6.60%	5.14%	1.82%	7.19%	6.40%	30.2%

Prior period adjustment: Rate Announcement 2023 vs. Rate Announcement 2022

Part A	-0.01%	-0.04%	-1.75%	-4.54%	-2.77%	n/a
Part B	-0.01%	-0.04%	-1.62%	-2.91%	-2.08%	n/a
Total	-0.01%	-0.04%	-1.68%	-3.61%	-2.37%	n/a

Prior period adjustment: Rate Announcement 2023 vs. Advance Notice 2023

Part A	0.00%	0.00%	0.00%	3.04%	1.27%	2.02%
Part B	0.00%	0.00%	0.00%	-1.62%	-0.37%	0.13%
Total	0.00%	0.00%	0.00%	0.30%	0.31%	0.90%