

## Actual Regulation Market Basket Updates

*Note: The market basket update reflects the projected market basket increase available at the time of the final rule publication. These updates do not reflect any legislatively-mandated or policy adjustments, such as documentation and coding adjustments.*

<b>Inpatient Hospital PPS<sup>1,2</sup></b>	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12 <sup>3</sup>
<b>Market Basket Update</b>	2.9	3.4	3.3	3.5	3.4	3.3	3.7	3.4	3.3	3.6	2.1	2.6	3.0
<b>Productivity Adjustment</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1.0
<b>Market Basket Update less Productivity Adjustment</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2.0

<sup>1</sup> Inpatient Hospital PPS went into effect October 1, 1983.

<sup>2</sup> Beginning in FY 2007, hospitals that provide the required quality data will receive the full market basket increase.

<sup>3</sup> Section 3401 of the Affordable Care Act requires that the IPPS operating market basket update be adjusted by changes in economy-wide productivity for fiscal year 2012 (and each subsequent fiscal year). The statute defines the productivity adjustment to be equal to the 10-year moving average of changes in annual economy-wide private nonfarm business multi-factor productivity (as projected by the Secretary for the 10-year period ending with the applicable fiscal year, cost reporting period, or other annual period).

<b>Skilled Nursing Facility PPS<sup>1</sup></b>	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12 <sup>2</sup>
<b>Market Basket Update</b>	3.1	3.161	3.3	3.1	3.0	2.8	3.1	3.1	3.3	3.4	2.2	2.3	2.7
<b>Productivity Adjustment</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1.0
<b>Market Basket Update less Productivity Adjustment</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1.7

<sup>1</sup> The Skilled Nursing Facility PPS (SNF) went into effect July 1, 1998.

<sup>2</sup> Section 3401 of the Affordable Care Act requires that the market basket update for SNF's be adjusted by changes in economy-wide productivity for fiscal year 2012 (and each subsequent fiscal year). The statute defines the productivity adjustment to be equal to the 10-year moving average of changes in annual economy-wide private nonfarm business multi-factor productivity (as projected by the Secretary for the 10-year period ending with the applicable fiscal year, cost reporting period, or other annual period).

<b>Home Health Agency PPS<sup>1,4</sup></b>	FY 02	FY 03	FY/CY 04 <sup>2</sup>	CY 05 <sup>3</sup>	CY 06	CY 07	CY 08	CY 09	CY 10	CY 11	CY 12
<b>Market Basket Update</b>	3.6	3.2	3.3	3.1	3.6	3.3	3.0	2.9	2.0	2.1	2.4

<sup>1</sup> Home Health Prospective Payment System (HH PPS) went into effect on October 1, 2000.

<sup>2</sup> MMA legislation changed HH PPS from a fiscal year update cycle to a calendar year update cycle (beginning April 1, 2004).

<sup>3</sup> CY 2005 was the first full year in which HHAs were reimbursed on a calendar year basis.

<sup>4</sup> Section 3401 of the Affordable Care Act requires that the market basket update for Home health agencies be adjusted by changes in economy-wide productivity for year 2015 (and each subsequent year). The statute defines the productivity adjustment to be equal to the 10-year moving average of changes in annual economy-wide private nonfarm business multi-factor productivity (as projected by the Secretary for the 10-year period ending with the applicable fiscal year, cost reporting period, or other annual period).

<b>Inpatient Hospital Capital PPS<sup>1</sup></b>	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12
<b>Market Basket Update</b>	0.6	0.9	0.7	0.7	0.7	0.7	0.8	1.1	1.3	1.4	1.2	1.2	1.5

<sup>1</sup> Inpatient Hospital Capital PPS went into effect October 1, 1991

## Actual Regulation Market Basket Updates

*Note: The market basket update reflects the projected market basket increase available at the time of the final rule publication. These updates do not reflect any legislatively-mandated or policy adjustments, such as documentation and coding adjustments.*

<b>Inpatient Rehabilitation Facility PPS<sup>1</sup></b>	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12 <sup>2</sup>
<b>Market Basket Update</b>	3.0	3.2	3.1	3.6	3.3	3.2	3.5	2.5	2.5	2.9
<b>Productivity Adjustment</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1.0
<b>Market Basket Update less Productivity Adjustment</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1.9

<sup>1</sup> The Inpatient Rehabilitation Facility PPS went into effect January 1, 2002.

<sup>2</sup> Section 3401 of the Affordable Care Act requires that the market basket update for Inpatient rehabilitation facilities be adjusted by changes in economy-wide productivity for fiscal year 2012 (and each subsequent fiscal year). The statute defines the productivity adjustment to be equal to the 10-year moving average of changes in annual economy-wide private nonfarm business multi-factor productivity (as projected by the Secretary for the 10-year period ending with the applicable fiscal year, cost reporting period, or other annual period).

<b>Long Term Care Hospital PPS<sup>1</sup></b>	FY 03	FY 04 <sup>2</sup>	FY 05	RY 06	RY 07	RY 08	RY 09 <sup>3</sup>	FY 10 <sup>3</sup>	FY 11	FY 12 <sup>4</sup>
<b>Market Basket Update</b>	3.0	2.5	3.1	3.4	3.4	3.2	3.6	2.5	2.5	2.9
<b>Productivity Adjustment</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1.0
<b>Market Basket Update less Productivity Adjustment</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1.9

<sup>1</sup> The Long Term Care Hospital PPS went into effect October 1, 2002.

<sup>2</sup> Beginning FY 2004, the LTC fiscal year runs July 1 to June 30th.

<sup>3</sup> RY 2009 reflects a 15-month update for the period July 1, 2008 through September 30, 2009. For the update period that begins in 2009, that is FY 2010, the annual update period for the LTC PPS switched from a RY that begins on July 1 and goes through June 30 to one that coincides with a Federal fiscal year, that is, that begins on October 1 and goes through September 30.

<sup>4</sup> Section 3401 of the Affordable Care Act requires that the market basket update for Long-term care facilities be adjusted by changes in economy-wide productivity for fiscal year 2012 (and each subsequent fiscal year). The statute defines the productivity adjustment to be equal to the 10-year moving average of changes in annual economy-wide private nonfarm business multi-factor productivity (as projected by the Secretary for the 10-year period ending with the applicable fiscal year, cost reporting period, or other annual period).

<b>Outpatient Hospital PPS<sup>1</sup></b>	CY 01	CY 02	CY 03	CY 04	CY 05	CY 06	CY 07	CY 08	CY 09	CY 10	CY 11	CY 12 <sup>2</sup>
<b>Market Basket Update</b>	3.4	3.3	3.5	3.4	3.3	3.7	3.4	3.3	3.6	2.1	2.6	3.0
<b>Productivity Adjustment</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1.0
<b>Market Basket Update less Productivity Adjustment</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2.0

<sup>1</sup> Outpatient Hospital PPS went into effect August 1, 2000.

<sup>2</sup> Section 3401 of the Affordable Care Act requires that the OPPTS operating market basket update be adjusted by changes in economy-wide productivity for fiscal year 2012 (and each subsequent fiscal year). The statute defines the productivity adjustment to be equal to the 10-year moving average of changes in annual economy-wide private nonfarm business multi-factor productivity (as projected by the Secretary for the 10-year period ending with the applicable fiscal year, cost reporting period, or other annual period).

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*Note: The market basket update reflects the projected market basket increase available at the time of the final rule publication. These updates do not reflect any legislatively-mandated or policy adjustments, such as documentation and coding adjustments.*

Medicare Economic Index <sup>1</sup>	CY 00	CY 01	CY 02	CY 03	CY 04	CY 05	CY 06	CY 07	CY 08	CY 09	CY 10	CY 11 <sup>2</sup>	CY 12
<b>Market Basket Update</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1.6	1.8
<b>Productivity Adjustment</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1.2	1.2
<b>Market Basket Update less Productivity Adjustment</b>	2.4	2.1	2.6	3.0	2.9	3.1	2.8	2.1	1.8	1.6	1.2	0.4	0.6

<sup>1</sup> The Medicare Economic Index was developed in 1975; physician payments were updated annually based on the MEI starting in 1992.

<sup>2</sup> Prior to CY 2011, the productivity adjustment as applied to the MEI was not estimated separately.

Inpatient Psychiatric Facility PPS <sup>1,3</sup>	RY 07	RY 08	RY 09	RY 10	RY 11	RY 12 <sup>2</sup>
<b>Market Basket Update</b>	3.4	3.2	3.2	2.1	2.4	3.2

<sup>1</sup> The Inpatient Psychiatric Facility PPS went into effect Jan 1st, 2005.

<sup>2</sup> RY 2012 represents a 15-month update for the period July 1, 2011 through September 30, 2012. For the update period that begins in 2012, that is FY 2013, the annual update period for the IPF PPS will switch from a RY that begins on July 1 and goes through June 30 to one that coincides with a Federal fiscal year, that is, that begins on October 1 and goes through September 30.

<sup>3</sup> Section 3401 of the Affordable Care Act requires that the market basket update for Inpatient psychiatric facilities be adjusted by changes in economy-wide productivity for rate year beginning in 2012 (and each subsequent rate year). The statute defines the productivity adjustment to be equal to the 10-year moving average of changes in annual economy-wide private nonfarm business multi-factor productivity (as projected by the Secretary for the 10-year period ending with the applicable fiscal year, cost reporting period, or other annual period).