

Medicare Unit Cost Increases as of April 2013 2012 to 2014

The FFS trends below are the Office of the Actuary's current estimate of Medicare unit cost increases by service category for 2012, 2013 and 2014.

- These trends are based on current law and reflect legislated adjustments; they do not reflect the impact of proposed regulations.
- Legislated adjustments include multifactor productivity and other adjustments required by the ACA.
- In developing bid assumptions certifying actuaries must consider other influences (such as, legislation, selection, and price proxies) that may affect these trends.
- These trends reflect increases (or decreases) in the applicable market basket or fee schedule; they do not include estimates for case-mix or other residual changes.

Service Category	Medicare Unit Cost Increases			Comments
	CY2012	CY2013	CY2014	
Inpatient hospital	0.9%	2.8%	0.4%	Updated on October 1st
Market basket	3.0%	2.6%	3.3%	Adjustment for Cape Cod court case in 2012
Documentation & coding	-2.0%	1.0%	-2.0%	
Legislated adjustments	-1.1%	-0.8%	-0.8%	
Per CMS regulations	1.1%	—	—	
Skilled nursing facility	-11.1%	1.8%	2.7%	Updated on October 1st
Market basket	2.7%	2.5%	3.2%	Case mix recalibration in 2012
Per CMS regulations	-12.6%	0.0%	0.0%	
Legislated adjustments	-1.0%	-0.7%	-0.5%	
Home health agency	-2.4%	0.0%	-0.6%	Updated on January 1st
Market basket	2.4%	2.3%	3.0%	Rate rebasing in 2014 No productivity until 2015
Case mix adjustment	-3.79%	-1.32%	—	
Per CMS regulations	—	—	-3.5%	
Legislated adjustments	-1.0%	-1.0%	0.0%	
Outpatient hospital	1.9%	1.8%	2.5%	Updated on January 1 st
Market basket	3.0%	2.6%	3.3%	Productivity less 0.1 for 2012 and 2013; less 0.3 for 2014.
Legislated adjustments	-1.1%	-0.8%	-0.8%	
Physician	0.0%	0.0%	-24.7%	Updated on January 1 st
Carrier - lab	0.5%	-3.0%	-0.3%	Updated on January 1 st
Consumer price index (CPI)	3.6%	1.7%	2.1%	Additional 2% cut in 2013 per Middle Class Tax Relief and Job Creation Act of 2012
Legislated adjustments	-2.95%	-4.65%	-2.35%	