



OFFICE OF THE ACTUARY

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DATE: April 1, 2019  
TO: Medicare Advantage & Prescription Drug Plan Sponsors and Certifying Actuaries  
FROM: Jennifer Lazio, Director, Parts C & D Actuarial Group  
SUBJECT: Medicare Advantage (MA) Fee-For-Service Rate Book Calculations CY 2020

We are releasing a Microsoft Excel workbook which provides details of each county's 2020 FFS cost. The Excel workbook along with a companion glossary of terms and formulas are posted on the CMS web site as follows:

<http://www.cms.gov/Medicare/Health-Plans/MedicareAdvgtgSpecRateStats/Downloads/ffs2017.zip>

We rebased the FFS capitation rates for 2020 using historical claims data for 2013 through 2017. For 2020 we repriced the historical claims data to reflect the most current wage and cost indices, repriced the claims to account for the changes made by the ACA to payments to disproportionate share hospitals, and repriced durable medical equipment claims to account for the change in prices associated with the competitive bid program. We made adjustments to the 2013-2017 claims to account for newly developed and ongoing payment and service delivery models that are being tested by the Centers for Medicare and Medicaid Innovation (CMMI). These models include the Medicare Shared Savings Program, Accountable Care Organizations, the Comprehensive Care for Joint Replacement Model, the Oncology Care Model, Comprehensive Primary Care Initiative, Comprehensive Primary Care Plus Model, Bundled Payment for Care Improvement Initiative, Financial Alignment Initiative Managed FFS Model for Medicare-Medicaid Enrollees. Finally, we included the Health Professional Shortage Area Physician Bonus Program payments that are not reflected in the standard claim files.

The data in the worksheet titled 'payment data' in the Excel workbook include five years (2013-2017) of each county's historical claims data along with specific claims adjustments made by type of service. These county claims data can be matched to the county specific 2013-2017 annual claims data in the worksheet titled 'ffs worksheet.' It is this adjusted claims data which is subsequently used to calculate the AGA's as derived in the worksheets 'County Overview.'

We applied (1) an adjustment to the FFS rates for experience of Medicare beneficiaries who are also eligible to receive care through the Veterans Health Administration or the Department of Defense Military Health System, and (2) an adjustment for the FFS experience in Puerto Rico to reflect the propensity of zero dollar beneficiaries nationwide.

For questions on this memo or the Excel workbooks, please contact Clifton Maze at either 410-786-7905 or [Clifton.Maze@cms.hhs.gov](mailto:Clifton.Maze@cms.hhs.gov).