

Analysis of 2007 Part B Premium Rate Increase

	Change in CY 2006 growth estimates from last year ¹	Growth in estimated spending from CY 2006 to CY 2007			Total spending increase: CY 2007 (current est's) vs. CY 2006 (last year's est.)	Share of premium increase
		Price change ²	All other factors ³	Total increase		
Physician fee schedule	2.6%	-5.0%	4.9%	-0.3%	2.3%	0.8%
DME	9.4%	-1.6%	6.4%	4.7%	14.5%	0.6%
Lab	2.9%	0.0%	6.0%	6.0%	9.0%	0.2%
Physician-administered drugs						
ASC, ambulance, & other	0.7%	2.1%	10.1%	12.4%	13.1%	1.3%
Outpatient hospital	4.9%	3.4%	7.9%	11.6%	17.0%	2.0%
Lab	5.8%	0.0%	4.0%	4.0%	10.0%	0.2%
Other hospital	5.8%	3.4%	6.2%	9.8%	16.2%	0.2%
Home health	0.1%	4.0%	3.9%	8.1%	8.2%	0.4%
Dialysis, therapy & other	12.5%	(⁴)	(⁴)	-1.3%	11.1%	0.6%
Total fee-for-service	3.8%	(⁴)	(⁴)	4.2%	8.1%	6.3%
Managed care	-1.4%	(⁴)	(⁴)	0.8%	-0.6%	-0.1%
Total Part B benefit increase	2.6%	(⁴)	(⁴)	3.6%	6.3%	6.3%
Interest on Assets and Administrative Expenses						0.1%
Total Part B increase before margin						6.4%
Change in premium contingency margin						-0.7%
Part B premium increase (\$93.50 from \$88.50 in 2006)						5.6%

¹ Non-price factors only, such as utilization and intensity of services. Except for physician services, actual payment updates for 2006 were known at the time of last year's estimates.

² Represents actual or estimated weighted average Medicare payment update for category of services shown.

³ Estimated impact of all non-price factors, including changes in the utilization and intensity of services.

⁴ Separate price and non-price factors cannot be determined.