

**CMS Office of the Actuary
Rate Announcement 2022**

Key Components of non-end-stage renal disease (non-ESRD) United States Per Capita Cost (USPCC) Trends for 2018-2022

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

Highlights of Trends for 2018–2022

- The projected increase in per capita Part A expenditures during 2018–2022 is 16.0 percent.
- Averaged across all Part A services, changes in demographics during the period are estimated to reduce the cost trend by 2.8 percent. Utilization and case mix trends implicitly include effects of the demographic shift.
- Inpatient
 - The trend in per capita expenditures for the period is 17.8 percent.
 - Per capita utilization decreased by 11.5 percent.
 - Case mix increased 6.2 percent during the period.
- Skilled Nursing Facility
 - Per capita expenditures are projected to increase 10.1 percent during 2018–2022.
 - The projected utilization trend is –3.0 percent during the period, with a decrease of 5.2 percent for 2018–2020 and an increase of 2.3 percent for 2021–2022.
 - The case mix index increased 8.3 percent.
- Home Health
 - The 5-year USPCC trend is 6.2 percent. The trends for 2018–2020 and 2021–2022 are –15.2 percent and 25.2 percent, respectively.
 - During this period, Part A and Part B utilization is projected to increase by 3.1 percent, and the case mix trend is 7.5 percent.

Rate Announcement 2022 versus Rate Announcement 2021 and Advance Notice 2022 (Part A)

The projections supporting Rate Announcement (RA) 2021 are based on incurred experience through September 30, 2019 and cash activity through December 31, 2019. Advance Notice (AN) 2022 USPCCs are based on incurred experience and cash activity through June 30, 2020. The projections supporting RA 2022 are based on incurred experience and cash activity through September 30, 2020.

The additional program experience and assumption changes result in a calendar year (CY) 2021 FFS USPCC decrease from RA 2021 to RA 2022 of –4.4 percent. This decrease is primarily attributed to a projected decline in 2021 spending resulting from an expectation that care will be forgone or deferred to CY 2022 due to the COVID-19 pandemic.

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

Highlights of Trends for 2018–2022

- The projected increase in per capita Part B expenditures during 2018–2022 is 32.5 percent.
- Averaged across all Part B services, changes in demographics for the 5 years are estimated to reduce the cost trend by 0.5 percent. Utilization and case mix trends implicitly include effects of the demographic shift.
- Physician Fee Schedule
 - Per capita expenditures are projected to increase 19.8 percent during 2018–2022. The corresponding volume and intensity trend during the period is 7.6 percent.
- Outpatient Hospital
 - The trend for the 5 years is 51.9 percent, which is mainly attributed to the 41.8-percent trend in volume and intensity for non-drug services and to the 81.9-percent per capita trend for drugs.
- Home Health
 - The 5-year trend is 10.4 percent. The trends for 2018–2020 and 2021–2022 are –12.8 percent and 26.6 percent, respectively.
 - During this period, Part A and Part B utilization is projected to increase by 3.1 percent, and the case mix trend is 7.5 percent.
- Durable Medical Equipment
 - The trend during 2018–2022 is 23.3 percent. The annual trend is 23.8 percent for 2018–2019 and –0.4 percent for 2020–2022.
 - The relatively large trend for 2018–2019 is primarily attributed to a spike in spending for orthotic braces.
- 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 10.8 percent.
- Physician-Administered Drugs
 - The 5-year trend for this category is 75.2 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 24.2 percent.

Rate Announcement 2022 versus Rate Announcement 2021 and Advance Notice 2022 (Part B)

The projections supporting Rate Announcement (RA) 2021 are based on incurred experience through September 30, 2019 and cash activity through December 31, 2019. Advance Notice (AN) 2022 USPCCs are based on incurred experience and cash activity through June 30, 2020. The projections supporting RA 2022 are based on incurred experience and cash activity through September 30, 2020.

The additional program experience and assumption changes result in a calendar year (CY) 2021 FFS USPCC decrease from RA 2021 to RA 2022 of 4.8 percent. This decrease is primarily attributed to a projected decline in 2021 spending resulting from an expectation that care will be forgone or deferred to CY 2022 due to the COVID-19 pandemic.

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

Total USPCC Trend—Part A, 2018–2022

- Total—fee-for-service (FFS) plus managed care: 19.4 percent
- FFS: 16.0 percent
- Managed care: 21.7 percent

Total USPCC Trend—Part B, 2018–2022

- Total—FFS plus managed care: 36.8 percent
- FFS: 32.5 percent
- Managed care: 39.2 percent

Total USPCC Trend—Parts A and B, 2018–2022

- Total—FFS plus managed care: 28.9 percent
- FFS: 25.0 percent
- Managed care: 31.2 percent

Rate Announcement 2022 versus Rate Announcement 2021, Parts A and B

- The calendar year (CY) 2022 FFS USPCC growth rate of 5.47 percent consists of a prior period adjustment of –4.65 percent and a current 2022/2021 trend of 10.62 percent. The primary driver of this change is a projected decrease in 2021 spending resulting from an expectation that care will be forgone or deferred to CY 2022 due to the COVID-19 pandemic.
- The CY 2022 total USPCC growth rate is 6.30 percent, which is based on a prior period adjustment of –2.02 percent and a current 2022/2021 trend of 8.49 percent. The prior period adjustment is a combination of a FFS adjustment of –4.65 percent and a managed care adjustment of 0.54 percent.
- The implicit CY 2022 managed care growth rate of 6.41 percent consists of a prior period adjustment of 0.54 percent and a current 2022/2021 trend of 5.84 percent. The prior period adjustment is mainly attributed to higher-than-anticipated risk score settlements for CY 2019.

Rate Announcement 2022 versus Advance Notice 2022, Parts A and B

- The 2022 FFS growth rate of 5.47 percent in Rate Announcement (RA) 2022 is 0.95 percent higher than the rate of 4.52 percent reflected in Advance Notice (AN) 2022. This growth is primarily attributed to a projected increase in 2022 spending resulting from an expectation that care will be deferred from 2020 and 2021 due to the COVID-19 pandemic, offset by lower base-year 2019 spending and lower non-ESRD per capita spending.
- The 2022 total growth rate of 6.30 percent in RA 2022 is 1.48 percent higher than the rate of 4.82 percent reflected in AN 2022. This change corresponds to the increase in growth rates for the FFS and managed care cohorts of beneficiaries.
- The 2022 managed care growth rate shown in RA 2022 is 6.41 percent, which is 1.29 percent higher than the rate of 5.12 percent that is implicitly reflected in the total growth rate for AN 2022. This change is mainly due to the impact on the MA ratebook of the higher 2022 FFS growth rate.

- Notes about Rate Announcement (RA) 2022 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 USPCCs are based on current law and reflect legislated adjustments. Per the direction of the Secretary of Health and Human Services, the 2022 RA USPCCs and ratebook growth rates exclude the impact of the Most Favored Nation Model Interim Final Rule with Comment Period (CMS-5528-IFC).
 - The fee-for-service (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) 2022 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 2022
FFS USPCC

| <u>Coverage</u> | <u>CY 2017</u> | <u>CY 2018</u> | <u>CY 2019</u> | <u>CY 2020</u> | <u>CY 2021</u> | <u>CY 2022</u> | <u>CY2022 growth rate</u> |
|---|----------------|----------------|----------------|----------------|----------------|----------------|---------------------------|
| <u>CY Rate Announcement 2021</u> | | | | | | | |
| Part A | \$374.27 | \$376.60 | \$385.10 | \$400.59 | \$415.36 | \$429.79 | n/a |
| Part B | 447.62 | 472.01 | 501.41 | 531.75 | 559.70 | 586.05 | n/a |
| Total | \$821.89 | \$848.61 | \$886.51 | \$932.34 | \$975.06 | \$1,015.84 | n/a |
| <u>Advance Notice 2022</u> | | | | | | | |
| Part A | \$374.26 | \$376.62 | \$391.92 | \$355.09 | \$405.66 | \$427.54 | 2.93% |
| Part B | 447.52 | 471.71 | 500.98 | 464.55 | 591.24 | 591.55 | 5.69% |
| Total | \$821.78 | \$848.33 | \$892.90 | \$819.64 | \$996.90 | \$1,019.09 | 4.52% |
| <u>Rate Announcement 2022</u> | | | | | | | |
| Part A | \$374.66 | \$378.69 | \$383.40 | \$364.08 | \$397.12 | \$434.65 | 4.64% |
| Part B | 448.16 | 474.12 | 500.57 | 468.10 | 532.57 | 593.73 | 6.08% |
| Total | \$822.82 | \$852.81 | \$883.97 | \$832.18 | \$929.69 | \$1,028.38 | 5.47% |

Annual trend based on Rate Announcement 2022

| | | | | | | | <u>'22/'17</u> |
|--------|-----|------|------|-------|-------|-------|----------------|
| Part A | n/a | 1.1% | 1.2% | -5.0% | 9.1% | 9.5% | 16.0% |
| Part B | n/a | 5.8% | 5.6% | -6.5% | 13.8% | 11.5% | 32.5% |
| Total | n/a | 3.6% | 3.7% | -5.9% | 11.7% | 10.6% | 25.0% |

Prior period adjustment: Rate Announcement 2022 vs. Rate Announcement 2021

| | | | | | | |
|--------|-------|------|-------|--------|-------|-----|
| Part A | 0.10% | 0.6% | -0.4% | -9.1% | -4.4% | n/a |
| Part B | 0.12% | 0.4% | -0.2% | -12.0% | -4.8% | n/a |
| Total | 0.11% | 0.5% | -0.3% | -10.7% | -4.7% | n/a |

Prior period adjustment: Rate Announcement 2022 vs. Advance Notice 2022

| | | | | | | |
|--------|-------|------|-------|------|-------|------|
| Part A | 0.11% | 0.5% | -2.2% | 2.5% | -2.1% | 1.7% |
| Part B | 0.14% | 0.5% | -0.1% | 0.8% | -9.9% | 0.4% |
| Total | 0.13% | 0.5% | -1.0% | 1.5% | -6.7% | 0.9% |

Rate Announcement 2022
Total USPC

| <u>Coverage</u> | <u>CY2003</u> | <u>CY 2017</u> | <u>CY 2018</u> | <u>CY 2019</u> | <u>CY 2020</u> | <u>CY 2021</u> | <u>CY 2022</u> | <u>CY2022 growth rate</u> |
|-------------------------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------------------------|
| Rate Announcement 2021 | | | | | | | | |
| Part A | \$296.18 | \$383.38 | \$387.29 | \$398.66 | \$419.53 | \$433.78 | \$449.17 | n/a |
| Part B | 247.66 | 458.83 | 488.29 | 521.72 | 558.89 | 588.15 | 616.15 | n/a |
| Total | \$543.84 | \$842.21 | \$875.58 | \$920.38 | \$978.42 | \$1,021.93 | \$1,065.32 | n/a |
| Advance Notice 2022 | | | | | | | | |
| Part A | \$296.18 | \$383.41 | \$387.32 | \$406.07 | \$394.85 | \$430.25 | \$449.42 | 3.61% |
| Part B | 247.66 | 458.81 | 488.13 | 522.46 | 522.12 | 605.02 | 621.81 | 5.72% |
| Total | \$543.84 | \$842.22 | \$875.45 | \$928.53 | \$916.97 | \$1,035.27 | \$1,071.23 | 4.82% |
| Rate Announcement 2022 | | | | | | | | |
| Part A | \$296.18 | \$383.60 | \$388.62 | \$400.53 | \$400.32 | \$426.59 | \$458.19 | 5.63% |
| Part B | 247.66 | 459.15 | 489.65 | 521.81 | 523.63 | 574.69 | 628.14 | 6.80% |
| Total | \$543.84 | \$842.75 | \$878.27 | \$922.34 | \$923.95 | \$1,001.28 | \$1,086.33 | 6.30% |

Annual trend based on Rate Announcement 2022

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|--------|-----|-----|------|------|-------|------|------|------------------|
| Part A | n/a | n/a | 1.3% | 3.1% | -0.1% | 6.6% | 7.4% | '22/'17 19.4% |
| Part B | n/a | n/a | 6.6% | 6.6% | 0.3% | 9.8% | 9.3% | 36.8% |
| Total | n/a | n/a | 4.2% | 5.0% | 0.2% | 8.4% | 8.5% | 28.9% |

Prior period adjustment: Rate Announcement 2022 vs. Rate Announcement 2021

| | | | | | | | |
|--------|------|------|------|------|-------|-------|-----|
| Part A | 0.0% | 0.1% | 0.3% | 0.5% | -4.6% | -1.7% | n/a |
| Part B | 0.0% | 0.1% | 0.3% | 0.0% | -6.3% | -2.3% | n/a |
| Total | 0.0% | 0.1% | 0.3% | 0.2% | -5.6% | -2.0% | n/a |

Prior period adjustment: Rate Announcement 2022 vs. Advance Notice 2022

| | | | | | | | |
|--------|------|------|------|-------|------|-------|------|
| Part A | 0.0% | 0.0% | 0.3% | -1.4% | 1.4% | -0.9% | 2.0% |
| Part B | 0.0% | 0.1% | 0.3% | -0.1% | 0.3% | -5.0% | 1.0% |
| Total | 0.0% | 0.1% | 0.3% | -0.7% | 0.8% | -3.3% | 1.4% |

Rate Announcement 2022
Managed Care Monthly Per-Capita Costs

| <u>Coverage</u> | <u>CY 2017</u> | <u>CY 2018</u> | <u>CY 2019</u> | <u>CY 2020</u> | <u>CY 2021</u> | <u>CY 2022</u> | <u>CY2022 growth rate</u> |
|---|----------------|----------------|----------------|----------------|----------------|----------------|---------------------------|
| <u>CY Rate Announcement 2021</u> | | | | | | | |
| Part A | \$401.12 | \$406.60 | \$421.11 | \$447.81 | \$460.31 | \$476.60 | n/a |
| Part B | 477.74 | 513.68 | 550.79 | 593.62 | 623.27 | 652.65 | n/a |
| Total | \$878.86 | \$920.28 | \$971.90 | \$1,041.43 | \$1,083.58 | \$1,129.25 | n/a |
| <u>Advance Notice 2022</u> | | | | | | | |
| Part A | \$401.21 | \$406.65 | \$429.48 | \$454.09 | \$465.77 | \$480.47 | 4.38% |
| Part B | 477.84 | 513.74 | 553.30 | 596.04 | 622.09 | 658.63 | 5.67% |
| Total | \$879.05 | \$920.39 | \$982.78 | \$1,050.13 | \$1,087.86 | \$1,139.10 | 5.12% |
| <u>Rate Announcement 2022</u> | | | | | | | |
| Part A | \$401.00 | \$406.50 | \$429.13 | \$454.37 | \$466.31 | \$487.93 | 6.00% |
| Part B | 477.70 | 513.77 | 552.22 | 594.62 | 623.09 | 665.06 | 6.70% |
| Total | \$878.70 | \$920.27 | \$981.35 | \$1,048.99 | \$1,089.40 | \$1,152.99 | 6.41% |

Annual trend based on Rate Announcement 2022

| | | | | | | | |
|--------|-----|------|------|------|------|------|-------------------------|
| Part A | n/a | 1.4% | 5.6% | 5.9% | 2.6% | 4.6% | <u>'22/'17</u> 21.7% |
| Part B | n/a | 7.6% | 7.5% | 7.7% | 4.8% | 6.7% | 39.2% |
| Total | n/a | 4.7% | 6.6% | 6.9% | 3.9% | 5.8% | 31.2% |

Prior period adjustment: Rate Announcement 2022 vs. Rate Announcement 2021

| | | | | | | |
|--------|------|------|------|------|------|-----|
| Part A | 0.0% | 0.0% | 1.9% | 1.5% | 1.3% | n/a |
| Part B | 0.0% | 0.0% | 0.3% | 0.2% | 0.0% | n/a |
| Total | 0.0% | 0.0% | 1.0% | 0.7% | 0.5% | n/a |

Prior period adjustment: Rate Announcement 2022 vs. Advance Notice 2022

| | | | | | | |
|--------|-------|------|-------|-------|------|------|
| Part A | -0.1% | 0.0% | -0.1% | 0.1% | 0.1% | 1.6% |
| Part B | 0.0% | 0.0% | -0.2% | -0.2% | 0.2% | 1.0% |
| Total | 0.0% | 0.0% | -0.1% | -0.1% | 0.1% | 1.2% |