

CMS Office of the Actuary

Advance Notice 2027

Medicare Part A Non-ESRD Fee-For-Service PMPM Costs and Trends, 2021-2027

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	
Part A – PMPM (2027 Advance Notice (AN))								
Inpatient	\$314.84	\$325.96	\$338.71	\$350.07	\$370.06	\$377.54	\$393.10	
SNF	61.21	68.34	66.26	69.49	76.14	81.61	86.67	
Home health	13.62	13.82	14.34	14.96	15.59	16.29	18.02	
Claims processing loading	0.40	0.45	0.46	0.46	0.45	0.46	0.49	
Total	\$390.07	\$408.57	\$419.77	\$434.98	\$462.25	\$475.91	\$498.28	'27 Growth 7.04%

Part A – PMPM (2026 Rate Announcement (RA))								
Inpatient	\$314.82	\$326.50	\$340.92	\$356.02	\$366.22	\$367.22	\$382.44	
SNF	61.22	68.36	66.40	70.33	75.24	80.71	85.83	
Home health	13.61	13.83	14.36	15.26	16.02	17.07	18.40	
Claims processing loading	0.41	0.45	0.46	0.47	0.48	0.49	0.52	
Total	\$390.06	\$409.14	\$422.14	\$442.08	\$457.96	\$465.49	\$487.18	

Part A – PMPM: 2027 AN versus 2026 RA (% difference)								
Inpatient	0.01%	-0.17%	-0.65%	-1.67%	1.05%	2.81%	2.79%	
SNF	-0.01%	-0.02%	-0.22%	-1.19%	1.20%	1.11%	0.98%	
Home health	0.04%	-0.07%	-0.16%	-1.94%	-2.66%	-4.54%	-2.03%	
Claims processing loading	-1.35%	-0.78%	0.45%	-2.09%	-6.10%	-5.30%	-5.73%	
Total	0.00%	-0.14%	-0.56%	-1.61%	0.94%	2.24%	2.28%	

Part A – PMPM: 2027 AN versus 2026 RA (\$ difference)								
Inpatient	\$0.02	(\$0.54)	(\$2.21)	(\$5.95)	\$3.84	\$10.32	\$10.66	
SNF	(0.01)	(0.02)	(0.14)	(0.84)	0.90	0.90	0.84	
Home health	0.01	(0.01)	(0.02)	(0.30)	(0.43)	(0.78)	(0.37)	
Claims processing loading	(0.01)	(0.00)	0.00	(0.01)	(0.03)	(0.03)	(0.03)	
Total	\$0.01	(\$0.57)	(\$2.37)	(\$7.10)	\$4.29	\$10.42	\$11.10	

Part A – PMPM Trend (2027 Advance Notice)								
Inpatient	n/a	3.53%	3.91%	3.35%	5.71%	2.02%	4.12%	
SNF	n/a	11.65%	-3.05%	4.88%	9.58%	7.18%	6.20%	
Home health	n/a	1.50%	3.74%	4.37%	4.21%	4.50%	10.61%	
Claims processing loading	n/a	10.39%	3.49%	-0.42%	-2.05%	2.96%	4.70%	
Total	n/a	4.74%	2.74%	3.62%	6.27%	2.96%	4.70%	

Inpatient Trend								
Total	n/a	3.53%	3.91%	3.35%	5.71%	2.02%	4.12%	
Unit cost	n/a	2.96%	4.01%	3.05%	2.83%	2.53%	2.50%	
Utilization	n/a	0.53%	2.68%	3.56%	3.23%	1.43%	0.64%	
Case mix	n/a	-0.48%	-0.75%	0.23%	0.86%	0.69%	0.50%	
COVID-19 morbidity	n/a	-0.85%	0.06%	0.00%	0.26%	0.58%	0.56%	
Phase-out of MA med. ed.	n/a	0.00%	0.00%	-2.62%	-1.65%	-4.27%	0.00%	
Retirement of Denominator	n/a	0.00%	-0.78%	-0.12%	-0.05%	-0.13%	0.00%	
Other	n/a	1.37%	-1.26%	-0.66%	0.19%	1.33%	-0.12%	

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
SNF Trend							
Total	n/a	11.65%	-3.05%	4.88%	9.58%	7.18%	6.20%
Unit cost	n/a	1.57%	3.00%	4.01%	3.95%	2.98%	2.45%
Utilization	n/a	6.35%	-2.90%	0.09%	1.73%	1.30%	1.01%
Case mix	n/a	1.75%	2.25%	1.50%	1.50%	1.50%	1.50%
COVID-19 morbidity	n/a	-0.72%	0.08%	-0.10%	0.43%	1.37%	1.03%
Retirement of Denominator	n/a	0.00%	-0.01%	-0.04%	0.00%	0.00%	0.00%
Other	n/a	2.32%	-5.26%	-0.61%	1.66%	-0.14%	0.08%
Home Health (A) Trend							
Total	n/a	1.50%	3.74%	4.37%	4.21%	4.50%	10.61%
Unit cost	n/a	2.60%	-0.08%	0.32%	0.85%	-1.26%	5.16%
Utilization	n/a	-4.70%	1.40%	3.30%	0.67%	3.31%	2.68%
Case mix	n/a	0.10%	0.60%	-0.40%	1.50%	1.50%	1.50%
COVID-19 morbidity	n/a	-1.10%	-0.35%	0.10%	0.75%	2.03%	1.31%
Retirement of Denominator	n/a	0.00%	0.49%	-0.01%	0.00%	0.00%	0.00%
Other (incl. episodes per visit)	n/a	4.85%	1.64%	1.03%	0.38%	-1.08%	-0.39%

Advance Notice 2027

Medicare Part B Non-ESRD Fee-For-Service PMPM Costs and Trends, 2021-2027

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	
Part B – PMPM (2027 Advance Notice (AN))								
Physician Fee Schedule	\$202.48	\$202.24	\$208.03	\$217.17	\$223.45	\$234.42	\$236.47	
Outpatient Hospital	165.18	170.77	185.02	201.95	224.72	247.52	270.63	
Durable Medical Equipment	18.99	21.20	23.43	25.81	29.15	30.81	32.47	
Carrier Lab	19.32	18.11	18.72	20.38	20.86	22.03	24.41	
Physician Admin Rx	53.59	59.70	74.48	95.89	118.60	85.17	91.39	
Other Carrier	26.07	31.36	38.21	35.74	38.30	40.95	43.69	
Intermediary Lab	8.85	8.73	8.23	8.47	8.77	8.99	9.52	
Other Intermediary	34.40	35.66	38.60	41.79	43.87	46.64	48.86	
Home Health	29.20	28.84	29.38	30.01	31.08	32.30	35.61	
Claims processing loading	1.51	1.62	1.82	1.80	1.77	1.80	1.90	'27 Growth
Total	\$559.59	\$578.22	\$625.92	\$679.03	\$740.58	\$750.63	\$794.95	3.91%

Part B – PMPM (2026 Rate Announcement (RA))								
Physician Fee Schedule	\$202.49	\$202.09	\$207.86	\$215.72	\$216.19	\$223.24	\$229.39	
Outpatient Hospital	165.19	170.79	185.06	203.54	225.11	246.44	270.20	
Durable Medical Equipment	19.01	21.16	23.36	27.26	29.63	31.36	33.08	
Carrier Lab	19.32	18.12	18.75	20.32	21.44	22.52	24.95	
Physician Admin Rx	53.59	59.74	74.71	97.38	104.44	108.73	117.04	
Other Carrier	26.07	31.35	38.21	35.42	38.84	41.66	44.40	
Intermediary Lab	8.85	8.73	8.23	8.50	8.72	8.95	9.49	
Other Intermediary	34.66	35.81	38.84	42.01	43.85	46.22	48.73	
Home Health	28.70	28.82	29.31	30.05	31.83	33.88	36.43	
Claims processing loading	1.51	1.70	1.82	1.81	1.92	2.03	2.17	
Total	\$559.39	\$578.31	\$626.15	\$682.01	\$721.97	\$765.03	\$815.88	

Part B – PMPM: 2027 AN versus 2026 RA (% difference)								
Physician Fee Schedule	-0.01%	0.07%	0.08%	0.67%	3.36%	5.01%	3.09%	
Outpatient Hospital	0.00%	-0.01%	-0.02%	-0.78%	-0.17%	0.44%	0.16%	
Durable Medical Equipment	-0.12%	0.17%	0.28%	-5.31%	-1.62%	-1.77%	-1.83%	
Carrier Lab	0.01%	-0.05%	-0.17%	0.30%	-2.71%	-2.18%	-2.15%	
Physician Admin Rx	0.00%	-0.07%	-0.31%	-1.53%	13.56%	-21.67%	-21.92%	
Other Carrier	-0.01%	0.04%	0.01%	0.91%	-1.38%	-1.71%	-1.60%	
Intermediary Lab	0.04%	-0.01%	0.01%	-0.32%	0.61%	0.44%	0.39%	
Other Intermediary	-0.75%	-0.43%	-0.61%	-0.52%	0.04%	0.92%	0.26%	
Home Health	1.74%	0.07%	0.24%	-0.14%	-2.35%	-4.65%	-2.27%	
Claims processing loading	0.08%	-5.00%	-0.01%	-0.40%	-7.69%	-11.50%	-12.17%	
Total	0.04%	-0.02%	-0.04%	-0.44%	2.58%	-1.88%	-2.57%	

Part B – PMPM: 2027 AN versus 2026 RA (\$ difference)								
Physician Fee Schedule	(\$0.01)	\$0.15	\$0.17	\$1.45	\$7.26	\$11.18	\$7.08	
Outpatient Hospital	(0.01)	(0.02)	(0.04)	(1.59)	(0.39)	1.08	0.42	
Durable Medical Equipment	(0.02)	0.04	0.07	(1.45)	(0.48)	(0.55)	(0.60)	
Carrier Lab	0.00	(0.01)	(0.03)	0.06	(0.58)	(0.49)	(0.54)	
Physician Admin Rx	0.00	(0.04)	(0.23)	(1.49)	14.16	(23.56)	(25.65)	
Other Carrier	(0.00)	0.01	0.00	0.32	(0.54)	(0.71)	(0.71)	
Intermediary Lab	0.00	(0.00)	0.00	(0.03)	0.05	0.04	0.04	
Other Intermediary	(0.26)	(0.15)	(0.24)	(0.22)	0.02	0.42	0.13	
Home Health	0.50	0.02	0.07	(0.04)	(0.75)	(1.58)	(0.83)	

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Claims processing loading	0.00	(0.08)	(0.00)	(0.01)	(0.15)	(0.23)	(0.26)
Total	\$0.20	(\$0.09)	(\$0.23)	(\$2.98)	\$18.61	(\$14.40)	(\$20.93)

Part B – PMPM Trend (2027 Advance Notice)

Physician Fee Schedule	n/a	-0.12%	2.86%	4.39%	2.89%	4.91%	0.88%
Outpatient Hospital	n/a	3.38%	8.34%	9.15%	11.27%	10.14%	9.34%
Durable Medical Equipment	n/a	11.63%	10.51%	10.19%	12.93%	5.68%	5.41%
Carrier Lab	n/a	-6.27%	3.35%	8.88%	2.35%	5.62%	10.82%
Physician Admin Rx	n/a	11.40%	24.75%	28.75%	23.69%	-28.19%	7.30%
Other Carrier	n/a	20.32%	21.84%	-6.47%	7.17%	6.91%	6.68%
Intermediary Lab	n/a	-1.41%	-5.71%	2.94%	3.54%	2.47%	5.92%
Other Intermediary	n/a	3.65%	8.27%	8.27%	4.96%	6.33%	4.75%
Home Health	n/a	-1.23%	1.88%	2.13%	3.58%	3.93%	10.22%
Claims processing loading	n/a	6.87%	12.68%	-0.94%	-1.69%	1.36%	5.91%
Total	n/a	3.33%	8.25%	8.49%	9.06%	1.36%	5.90%

Physician Fee Schedule Trend

Total	n/a	-0.12%	2.86%	4.39%	2.89%	4.91%	0.88%
Unit cost	n/a	-0.72%	-0.49%	0.11%	-2.54%	2.96%	-2.00%
Volume & Intensity	n/a	2.22%	3.58%	2.82%	3.95%	2.72%	2.52%
COVID-19 morbidity	n/a	-0.94%	-0.19%	-0.08%	0.17%	0.70%	0.51%
Retirement of Denominator	n/a	0.00%	-0.49%	-0.07%	-0.05%	-0.07%	0.00%
Other	n/a	-0.65%	0.48%	1.57%	1.45%	-1.43%	-0.10%

Outpatient Hospital Trend

Total	n/a	3.38%	8.34%	9.15%	11.27%	10.14%	9.34%
Unit cost	n/a	2.00%	3.80%	3.10%	2.90%	2.60%	2.30%
Volume & intensity	n/a	6.98%	7.46%	7.58%	8.11%	7.56%	7.43%
COVID-19 morbidity	n/a	-0.89%	0.00%	0.16%	0.38%	0.38%	0.26%
Retirement of Denominator	n/a	0.00%	0.13%	-0.03%	0.01%	-0.01%	0.00%
Other	n/a	-4.42%	-3.00%	-1.72%	-0.37%	-0.57%	-0.77%

Durable Medical Equipment Trend

Total	n/a	11.63%	10.51%	10.19%	12.93%	5.68%	5.41%
Unit cost	n/a	5.08%	8.66%	2.59%	2.38%	1.98%	1.78%
Volume & Intensity	n/a	7.71%	1.48%	8.28%	10.82%	4.28%	3.76%
COVID-19 morbidity	n/a	-0.26%	-0.10%	0.41%	0.74%	1.25%	0.74%
Retirement of Denominator	n/a	0.00%	0.44%	0.00%	0.01%	-0.01%	0.00%
Other	n/a	-1.11%	-0.12%	-1.21%	-1.21%	-1.84%	-0.91%

Home Health (B) Trend

Total	n/a	-1.23%	1.88%	2.13%	3.58%	3.93%	10.22%
Unit cost	n/a	2.60%	-0.08%	0.32%	0.85%	-1.26%	5.16%
Utilization	n/a	-4.70%	1.40%	3.30%	0.67%	3.31%	2.68%
Case mix	n/a	0.10%	0.60%	-0.40%	1.50%	1.50%	1.50%
COVID-19 morbidity	n/a	-1.10%	-0.35%	0.10%	0.75%	2.03%	1.31%
Retirement of Denominator	n/a	0.00%	-0.11%	-0.09%	-0.02%	-0.02%	0.00%
Other (incl. episodes per visit)	n/a	2.03%	0.41%	-1.06%	-0.21%	-1.60%	-0.74%

**Advance Notice 2027
Non-ESRD FFS USPPC**

<u>Baseline</u>	<u>CY 2021</u>	<u>CY 2022</u>	<u>CY 2023</u>	<u>CY 2024</u>	<u>CY 2025</u>	<u>CY 2026</u>	<u>CY 2027</u>	<u>CY2027 Growth Rate</u>	<u>Experience Cut-off</u>	
									<u>Cash</u>	<u>Incurred</u>
Rate Announcement (RA) 2026										
Part A	\$390.06	\$409.14	\$422.14	\$442.08	\$457.96	\$465.49	\$487.18	n/a	4Q 2024	3Q 2024
Part B	559.39	578.31	626.15	682.01	721.97	765.03	815.88	n/a	4Q 2024	3Q 2024
Total	\$949.45	\$987.45	\$1,048.29	\$1,124.09	\$1,179.93	\$1,230.52	\$1,303.06	n/a		

Advance Notice (AN) 2027										
Part A	\$390.07	\$408.57	\$419.77	\$434.98	\$462.25	\$475.91	\$498.28	7.04%	2Q 2025	2Q 2025
Part B	559.59	578.22	625.92	679.03	740.58	750.63	794.95	3.91%	3Q 2025	3Q 2025
Total	\$949.66	\$986.79	\$1,045.69	\$1,114.01	\$1,202.83	\$1,226.54	\$1,293.23	5.10%		

AN 2027 versus RA 2026							
Part A	0.00%	-0.14%	-0.56%	-1.61%	0.94%	2.24%	2.28%
Part B	0.04%	-0.02%	-0.04%	-0.44%	2.58%	-1.88%	-2.57%
Total	0.02%	-0.07%	-0.25%	-0.90%	1.94%	-0.32%	-0.75%

Key drivers of change in PMPM amounts from RA 2026 to AN 2027:

- Part A, 2025: Actual YTD spending through June 2025 for inpatient and SNF exceeded amounts projected in 2026 RA
- Part A, 2026-2027: Higher base 2025 experience plus increase in inpatient utilization trend for 2026
- Part B, 2025: Higher spending for physician administered drugs (+12.1%) due primarily to synthetic skin billing "anomalies"
- Part B, 2026-2027: Reduction in spending due largely to estimated impact of skin substitute provisions in the 2026 physician fee schedule regulation

**Advance Notice 2027
Managed Care Monthly Non-ESRD Per-Capita Costs**

<u>Baseline</u>	<u>CY 2021</u>	<u>CY 2022</u>	<u>CY 2023</u>	<u>CY 2024</u>	<u>CY 2025</u>	<u>CY 2026</u>	<u>CY 2027</u>	<u>CY2027 Growth Rate</u>	<u>Cash Cut-off</u>
Rate Announcement (RA) 2026									
Part A	\$435.41	\$464.88	\$492.91	\$495.54	\$510.56	\$543.77	\$568.76	n/a	4Q 2024
Part B	590.33	636.71	698.10	719.99	754.60	832.53	887.67	n/a	4Q 2024
Total	\$1,025.74	\$1,101.59	\$1,191.01	\$1,215.53	\$1,265.16	\$1,376.30	\$1,456.43	n/a	

Advance Notice (AN) 2027									
Part A	\$435.20	\$464.49	\$492.31	\$492.30	\$500.27	\$542.05	\$585.44	7.66%	3Q 2025
Part B	590.00	636.11	697.11	717.12	741.45	807.77	835.80	0.39%	3Q 2025
Total	\$1,025.20	\$1,100.60	\$1,189.42	\$1,209.42	\$1,241.72	\$1,349.82	\$1,421.24	3.27%	

AN 2027 versus RA 2026								
Part A	-0.05%	-0.08%	-0.12%	-0.65%	-2.02%	-0.32%	2.93%	
Part B	-0.06%	-0.09%	-0.14%	-0.40%	-1.74%	-2.97%	-5.84%	
Total	-0.05%	-0.09%	-0.13%	-0.50%	-1.85%	-1.92%	-2.42%	

Key drivers of change in PMPM amounts from RA 2026 to AN 2027:

- Parts A+B, 2024: Actual risk score reconciliation for CY 2024 resulted in aggregate risk scores about 0.5 percent lower than reflected in RA 2026 baseline
- Parts A+B, 2025: The carryover of impact of actual 2024 risk scores, the update 2025 risk scores to reflect actual payments, and revised distribution of enrollment by plan type
- Parts A+B, 2027: Carryover of CY 2026 update plus lower FFS ratebook update in 2027 AN versus 2026 RA

Advance Notice 2027
Non-ESRD Total USPPC

<u>Baseline</u>	<u>CY2003</u>	<u>CY 2021</u>	<u>CY 2022</u>	<u>CY 2023</u>	<u>CY 2024</u>	<u>CY 2025</u>	<u>CY 2026</u>	<u>CY 2027</u>	<u>CY2027 Growth Rate</u>
<u>Rate Announcement (RA) 2026</u>									
Part A	\$296.18	\$409.54	\$434.61	\$456.39	\$469.10	\$484.86	\$506.51	\$530.86	n/a
Part B	247.66	573.62	607.19	663.87	702.55	739.82	\$803.20	\$857.27	n/a
Total	\$543.84	\$983.16	\$1,041.80	\$1,120.26	\$1,171.65	\$1,224.68	\$1,309.71	\$1,388.13	n/a
<u>Advance Notice (AN) 2027</u>									
Part A	\$296.18	\$409.46	\$434.12	\$454.85	\$463.74	\$481.67	\$510.34	\$544.57	7.51%
Part B	247.66	573.57	606.84	663.23	699.58	740.65	782.63	\$818.07	1.85%
Total	\$543.84	\$983.03	\$1,040.96	\$1,118.08	\$1,163.32	\$1,222.32	\$1,292.97	\$1,362.64	4.04%

AN 2027 versus RA 2026

Part A	0.00%	-0.02%	-0.11%	-0.34%	-1.14%	-0.66%	0.76%	2.58%
Part B	0.00%	-0.01%	-0.06%	-0.10%	-0.42%	0.11%	-2.56%	-4.57%
Total	0.00%	-0.01%	-0.08%	-0.19%	-0.71%	-0.19%	-1.28%	-1.84%

Key drivers of change in PMPM amounts from RA 2026 to AN 2027:

- Combined impact of FFS and Managed Care updates