

**CMS Office of the Actuary
Rate Announcement 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 Rate Announcement (RA))								
Inpatient	\$314.83	\$325.91	\$338.56	\$349.49	\$365.37	\$374.77	\$389.26	
SNF	61.21	68.33	66.26	69.46	75.45	83.71	90.10	
Home health	13.62	13.82	14.34	14.96	15.23	15.92	17.52	
Claims processing loading	0.40	0.45	0.46	0.46	0.45	0.46	0.48	'27 Growth
Total	\$390.06	\$408.51	\$419.62	\$434.37	\$456.50	\$474.86	\$497.37	6.85%
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 RA versus 2026 RA (% difference)								
Inpatient	0.00%	-0.18%	-0.69%	-1.83%	-0.23%	2.06%	1.78%	
SNF	-0.01%	-0.04%	-0.21%	-1.23%	0.28%	3.72%	4.98%	
Home health	0.04%	-0.08%	-0.15%	-1.97%	-4.93%	-6.75%	-4.78%	
Claims processing loading	-1.35%	-0.80%	0.42%	-2.23%	-7.27%	-5.51%	-5.90%	
Total	0.00%	-0.15%	-0.60%	-1.74%	-0.32%	2.01%	2.09%	
Part A - PMPM: 2027 RA versus 2026 RA (\$ difference)								
Inpatient	\$0.01	(\$0.59)	(\$2.36)	(\$6.53)	(\$0.85)	\$7.55	\$6.82	
SNF	(0.01)	(0.03)	(0.14)	(0.87)	0.21	3.00	4.28	
Home health	0.01	(0.01)	(0.02)	(0.30)	(0.79)	(1.15)	(0.88)	
Claims processing loading	(0.01)	(0.00)	0.00	(0.01)	(0.03)	(0.03)	(0.03)	
Total	(\$0.00)	(\$0.63)	(\$2.52)	(\$7.71)	(\$1.46)	\$9.37	\$10.19	
Part A - PMPM trend (2027 Rate Announcement)								
Inpatient	n/a	3.52%	3.88%	3.23%	4.55%	2.57%	3.87%	
SNF	n/a	11.63%	-3.04%	4.84%	8.62%	10.95%	7.63%	
Home health	n/a	1.49%	3.75%	4.34%	1.81%	4.52%	10.05%	
Claims processing loading	n/a	10.37%	3.47%	-0.52%	-3.13%	4.02%	4.74%	
Total	n/a	4.73%	2.72%	3.52%	5.09%	4.02%	4.74%	
Inpatient Trend								
Total	n/a	3.52%	3.88%	3.23%	4.55%	2.57%	3.87%	
Unit cost	n/a	2.96%	4.01%	3.05%	2.83%	2.50%	2.28%	
Utilization	n/a	0.84%	2.03%	1.71%	0.70%	0.50%	0.30%	
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%	-2.65%	-1.66%	-4.31%	0.00%	
Retirement of Denominator	n/a	0.00%	-0.78%	-0.12%	-0.05%	-0.13%	0.00%	
Other (1)	n/a	1.05%	-0.66%	1.06%	1.59%	2.89%	0.19%	

	<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	11.63%	-3.04%	4.84%	8.62%	10.95%	7.63%
Unit cost	n/a	1.57%	3.00%	4.01%	3.95%	2.95%	2.28%
Utilization	n/a	10.46%	-4.08%	2.67%	5.20%	3.40%	1.70%
Case mix	n/a	1.05%	2.38%	2.23%	1.88%	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	-0.83%	-4.21%	-3.84%	-2.92%	1.30%	0.91%
Home Health (A) Trend							
Total	n/a	1.49%	3.75%	4.34%	1.81%	4.52%	10.05%
Unit cost	n/a	2.60%	-0.08%	0.32%	0.85%	-1.26%	5.00%
Utilization	n/a	-3.60%	1.50%	1.70%	-1.20%	1.00%	1.10%
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 (1)	n/a	3.65%	1.55%	2.59%	-0.08%	1.20%	0.82%

Notes:

(1) Spending components implicitly reflected in "Other" category:

- Inpatient: UCP/DSH, FFS medical education, pass through payments, and provider settlements
- Home health: changes in episodes per visit

Rate Announcement 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 Rate Announcement (RA))								
Physician Fee Schedule	\$201.85	\$201.26	\$206.42	\$215.09	\$217.70	\$232.07	\$234.05	
Outpatient Hospital	165.18	170.74	184.96	201.83	225.22	246.96	269.91	
Durable Medical Equipment	18.99	21.19	23.17	25.43	26.90	28.73	30.45	
Carrier Lab	19.93	19.03	20.28	22.30	24.30	26.93	28.20	
Physician Admin Rx	53.59	59.70	74.46	95.70	119.50	89.25	96.47	
Other Carrier	26.08	31.37	38.22	35.76	38.87	41.74	44.41	
Intermediary Lab	8.85	8.73	8.23	8.47	8.80	9.07	9.11	
Other Intermediary	34.40	35.65	38.60	41.77	44.00	47.90	50.98	
Home Health	28.78	28.84	29.38	30.02	30.76	31.89	34.89	
Claims processing loading	1.51	1.61	1.82	1.80	1.77	1.81	1.92	'27 Growth
Total	\$559.16	\$578.12	\$625.54	\$678.17	\$737.81	\$756.36	\$800.37	4.62%

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 RA versus 2026 RA (% difference)								
Physician Fee Schedule (1)	-0.32%	-0.41%	-0.69%	-0.29%	0.70%	3.95%	2.03%	
Outpatient Hospital	-0.01%	-0.03%	-0.06%	-0.84%	0.05%	0.21%	-0.11%	
Durable Medical Equipment	-0.12%	0.13%	-0.81%	-6.73%	-9.21%	-8.37%	-7.95%	
Carrier Lab (1)	3.18%	5.03%	8.15%	9.75%	13.34%	19.58%	13.01%	
Physician Admin Rx	0.00%	-0.07%	-0.34%	-1.73%	14.42%	-17.92%	-17.58%	
Other Carrier	0.03%	0.06%	0.03%	0.97%	0.08%	0.20%	0.02%	
Intermediary Lab	0.04%	-0.01%	0.02%	-0.32%	0.87%	1.35%	-3.97%	
Other Intermediary	-0.75%	-0.44%	-0.62%	-0.56%	0.34%	3.64%	4.61%	
Home Health	0.27%	0.07%	0.24%	-0.11%	-3.35%	-5.89%	-4.24%	
Claims processing loading	0.01%	-5.01%	-0.07%	-0.53%	-8.03%	-10.83%	-11.57%	
Total	-0.04%	-0.03%	-0.10%	-0.56%	2.19%	-1.13%	-1.90%	

Part B – PMPM: 2027 RA versus 2026 RA (\$ difference)								
Physician Fee Schedule (1)	(\$0.64)	(\$0.83)	(\$1.44)	(\$0.63)	\$1.51	\$8.83	\$4.66	
Outpatient Hospital	(0.01)	(0.05)	(0.10)	(1.71)	0.11	0.52	(0.30)	
Durable Medical Equipment	(0.02)	0.03	(0.19)	(1.83)	(2.73)	(2.63)	(2.63)	
Carrier Lab (1)	0.61	0.91	1.53	1.98	2.86	4.41	3.25	
Physician Admin Rx	0.00	(0.04)	(0.25)	(1.68)	15.06	(19.48)	(20.57)	
Other Carrier	0.01	0.02	0.01	0.34	0.03	0.08	0.01	
Intermediary Lab	0.00	(0.00)	0.00	(0.03)	0.08	0.12	(0.38)	
Other Intermediary	(0.26)	(0.16)	(0.24)	(0.24)	0.15	1.68	2.25	
Home Health	0.08	0.02	0.07	(0.03)	(1.07)	(1.99)	(1.55)	

	<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	(0.09)	(0.00)	(0.01)	(0.15)	(0.22)	(0.25)
Total	(\$0.23)	(\$0.19)	(\$0.61)	(\$3.84)	\$15.84	(\$8.67)	(\$15.51)

Part B – PMPM Trend (2027 Rate Announcement)

Physician Fee Schedule	n/a	-0.29%	2.56%	4.20%	1.22%	6.60%	0.85%
Outpatient Hospital	n/a	3.36%	8.33%	9.12%	11.59%	9.66%	9.29%
Durable Medical Equipment	n/a	11.59%	9.36%	9.73%	5.81%	6.81%	5.96%
Carrier Lab	n/a	-4.53%	6.55%	9.98%	8.96%	10.82%	4.71%
Physician Admin Rx	n/a	11.39%	24.73%	28.52%	24.87%	-25.31%	8.09%
Other Carrier	n/a	20.29%	21.85%	-6.43%	8.68%	7.39%	6.38%
Intermediary Lab	n/a	-1.41%	-5.69%	2.93%	3.81%	3.13%	0.42%
Other Intermediary	n/a	3.64%	8.27%	8.22%	5.32%	8.88%	6.43%
Home Health	n/a	0.22%	1.88%	2.17%	2.49%	3.64%	9.42%
Claims processing loading	n/a	6.93%	12.63%	-1.00%	-1.93%	2.51%	5.82%
Total	n/a	3.39%	8.20%	8.41%	8.79%	2.51%	5.82%

Physician Fee Schedule Trend

Total	n/a	-0.29%	2.56%	4.20%	1.22%	6.60%	0.85%
Unit cost	n/a	-0.72%	-0.49%	0.11%	-2.54%	2.96%	-2.00%
Volume & Intensity (2)	n/a	2.45%	4.31%	3.67%	5.63%	3.40%	3.95%
Retirement of Denominator	n/a	0.00%	-0.49%	-0.07%	-0.05%	-0.07%	0.00%
Other	n/a	-1.97%	-0.71%	0.47%	-1.63%	0.20%	-1.00%

Outpatient Hospital Trend

Total	n/a	3.36%	8.33%	9.12%	11.59%	9.66%	9.29%
Unit cost	n/a	2.00%	3.80%	3.10%	2.90%	2.60%	2.20%
Volume & intensity (2)	n/a	6.51%	7.00%	7.22%	8.34%	7.82%	7.71%
Retirement of Denominator	n/a	0.00%	0.13%	-0.03%	0.01%	-0.01%	0.00%
Other	n/a	-4.86%	-2.59%	-1.26%	0.09%	-0.86%	-0.72%

Durable Medical Equipment Trend

Total	n/a	11.59%	9.36%	9.73%	5.81%	6.81%	5.96%
Unit cost	n/a	5.08%	8.66%	2.59%	2.38%	1.98%	1.78%
Volume & Intensity (2)	n/a	6.63%	1.15%	6.92%	3.15%	4.76%	4.25%
Retirement of Denominator	n/a	0.00%	0.44%	0.00%	0.01%	-0.01%	0.00%
Other	n/a	-0.41%	-0.94%	0.04%	0.18%	-0.01%	-0.13%

Home Health (B) Trend

Total	n/a	0.22%	1.88%	2.17%	2.49%	3.64%	9.42%
Unit cost	n/a	2.60%	-0.08%	0.32%	0.85%	-1.26%	5.00%
Utilization	n/a	-3.60%	1.50%	1.70%	-1.20%	1.00%	1.10%
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	n/a	2.35%	0.31%	0.53%	0.61%	0.37%	0.24%

Notes:

- (1) Certain services were reclassified for RA 2027 from physician fee schedule to carrier lab
- (2) Impact of COVID-19 morbidity reflected in volume and intensity assumptions

Rate Announcement 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</u>	<u>Experience Cut-off</u>	
								<u>Growth</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%		
Rate Announcement (RA) 2027										
Part A	\$390.06	\$408.51	\$419.62	\$434.37	\$456.50	\$474.86	\$497.37	6.85%	4Q 2025	4Q 2025
Part B	559.16	578.12	625.54	678.17	737.81	756.36	800.37	4.62%	4Q 2025	4Q 2025
Total	\$949.22	\$986.63	\$1,045.16	\$1,112.54	\$1,194.31	\$1,231.22	\$1,297.74	5.46%		

RA 2027 versus RA 2026

Part A	0.00%	-0.15%	-0.60%	-1.74%	-0.32%	2.01%	2.09%
Part B	-0.04%	-0.03%	-0.10%	-0.56%	2.19%	-1.13%	-1.90%
Total	-0.02%	-0.08%	-0.30%	-1.03%	1.22%	0.06%	-0.41%

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

- Part A, 2026: Inpatient increased due primarily to increased spending for non-DRG payments including uncompensated care payments (UCPs)
- Part A, 2026: The increase in skilled nursing is largely attributable to a rebound effect after reinstating the 3-day stay requirement in May 2023
- Part B, 2025: Spending growth is partially driven by increased physician volume and service intensity
- Part B, 2025: The increase in physician-administered drug spending is primarily driven by higher expenditures on skin substitute products
- Part B, 2026: The decline in physician-administered drug spending is driven by skin substitute provisions in the Medicare Physician Fee Schedule Final Rule for CY 2026, CMS-1832-F
- Part B, 2026: Growth in physician spending is primarily driven by higher 2026 unit cost update

Rate Announcement 2027
Non-ESRD FFS USPCC

<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>RA 2027 versus AN 2027</u>							
Part A	0.00%	-0.01%	-0.04%	-0.14%	-1.24%	-0.22%	-0.18%
Part B	-0.08%	-0.02%	-0.06%	-0.13%	-0.37%	0.76%	0.68%
Total	-0.05%	-0.02%	-0.05%	-0.13%	-0.71%	0.38%	0.35%

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

- Part A, 2025: Inpatient spending decreased primarily due to lower emerging 2025 experience
- Part B, 2026: The increase in physician-administered drug spending is driven by higher assumed volume and intensity for products excluding skin substitutes

Rate Announcement 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%	

Rate Announcement (RA) 2027									
Part A	\$435.21	\$464.51	\$492.32	\$492.45	\$500.72	\$541.70	\$587.16	7.98%	4Q 2025
Part B	590.01	636.13	697.13	717.13	742.81	807.14	842.10	1.15%	4Q 2025
Total	\$1,025.22	\$1,100.64	\$1,189.45	\$1,209.58	\$1,243.53	\$1,348.84	\$1,429.26	3.85%	

RA 2027 versus RA 2026

Part A	-0.05%	-0.08%	-0.12%	-0.62%	-1.93%	-0.38%	3.24%
Part B	-0.05%	-0.09%	-0.14%	-0.40%	-1.56%	-3.05%	-5.13%
Total	-0.05%	-0.09%	-0.13%	-0.49%	-1.71%	-2.00%	-1.87%

Key drivers of change in PMPM amounts from RA 2026 to RA 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: Spending increases are driven by the carryover effects from 2024 risk scores, updates to 2025 risk scores to reflect actual payments, and a revised distribution of enrollment by plan type.

RA 2027 versus AN 2027

Part A	0.00%	0.00%	0.00%	0.03%	0.09%	-0.06%	0.29%
Part B	0.00%	0.00%	0.00%	0.00%	0.18%	-0.08%	0.75%
Total	0.00%	0.00%	0.00%	0.01%	0.15%	-0.07%	0.56%

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

- Parts A+B, 2027: increase due primarily to higher non-ESRD FFS update for 2027 RA

Rate Announcement 2027
Non-ESRD Total USPCC

<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>
Rate Announcement (RA) 2026									
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

Advance Notice (AN) 2027

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%

Rate Announcement (RA) 2027

Part A	\$296.18	\$409.46	\$434.10	\$454.78	\$463.51	\$479.03	\$509.16	\$543.92	7.39%
Part B	247.66	573.35	606.80	663.06	699.20	740.17	784.36	\$823.41	2.52%
Total	\$543.84	\$982.81	\$1,040.90	\$1,117.84	\$1,162.71	\$1,219.20	\$1,293.52	\$1,367.33	4.40%

RA 2027 versus RA 2026

Part A	0.00%	-0.02%	-0.12%	-0.35%	-1.19%	-1.20%	0.52%	2.46%
Part B	0.00%	-0.05%	-0.06%	-0.12%	-0.48%	0.05%	-2.35%	-3.95%
Total	0.00%	-0.04%	-0.09%	-0.22%	-0.76%	-0.45%	-1.24%	-1.50%

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

- Combined impact of updates to FFS and Managed Care

RA 2027 versus AN 2027

Part A	0.00%	0.00%	0.00%	-0.02%	-0.05%	-0.55%	-0.23%	-0.12%
Part B	0.00%	-0.04%	-0.01%	-0.03%	-0.05%	-0.06%	0.22%	0.65%
Total	0.00%	-0.02%	-0.01%	-0.02%	-0.05%	-0.26%	0.04%	0.34%

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

- Combined impact of updates to FFS and Managed Care