



OFFICE OF THE ACTUARY

TO: Medicare Advantage & Prescription Drug Plan Sponsors and Certifying Actuaries

DATE: December 2, 2014

FROM: Richard F. Coyle, Jr., Acting Director, Parts C & D Actuarial Group

SUBJECT: Early Preview – CY2016 Medicare Advantage Ratebook Growth Rates

On October 10, 2014, CMS published in the *Federal Register* the calendar year (CY) 2015 Part A and Part B premiums. Supporting the CY 2015 premium determinations are the underlying estimates of the United States Per Capita Cost (USPCC) for beneficiaries entitled to Part A and/or enrolled in Part B. Based on these estimates, the early preview of the CY 2016 ratebook growth rates for non-ESRD beneficiaries is projected to be 2.45 percent for total USPCC and 2.02 percent for fee-for-service (FFS) USPCC. Table 1 illustrates the calculation of these growth rates, and Tables 2 and 3 illustrate the year-by-year USPCCs relative to the estimate in the Announcement of the CY 2015 Medicare Advantage Capitation Rates.

These estimates are preliminary and could change when the final rates are published on April 6, 2015 in the Announcement of Calendar Year (CY) 2016 Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment Policies. In addition, a preliminary estimate of the growth rates will be published in the Advance Notice of Methodological Changes for Calendar Year (CY) 2016, which will be released on February 20, 2015.

Table 1. Increase in the USPCC Growth Percentage for CY 2016 – Non-ESRD

	Total USPCC	FFS USPCC
Current projected 2016 USPCC	\$795.75	\$784.38
Prior projected 2015 USPCC	\$776.75	\$768.84
Percent increase	2.45%	2.02%

Table 2. Comparison of Current & Previous Estimates of the Total USGCC – Non-ESRD

Calendar Year	Part A		Part B		Part A & Part B		
	Current Estimate	Last Year's Estimate	Current Estimate	Last Year's Estimate	Current Estimate	Last Year's Estimate	Ratio
2003	\$295.77	\$295.77	\$247.41	\$247.41	\$543.18	\$543.18	1.000
2004	\$313.80	\$313.80	\$270.70	\$270.70	\$584.50	\$584.50	1.000
2005	\$334.52	\$334.52	\$292.49	\$292.49	\$627.01	\$627.01	1.000
2006	\$344.97	\$344.97	\$313.33	\$313.33	\$658.30	\$658.30	1.000
2007	\$355.59	\$355.59	\$330.32	\$330.32	\$685.91	\$685.91	1.000
2008	\$371.88	\$371.88	\$350.66	\$350.66	\$722.54	\$722.54	1.000
2009	\$385.42	\$385.42	\$367.56	\$367.56	\$752.98	\$752.98	1.000
2010	\$384.96	\$384.96	\$376.33	\$376.37	\$761.29	\$761.33	1.000
2011	\$387.89	\$387.89	\$386.01	\$385.86	\$773.90	\$773.75	1.000
2012	\$375.27	\$375.27	\$392.90	\$392.69	\$768.17	\$767.96	1.000
2013	\$376.98	\$376.48	\$399.51	\$397.25	\$776.49	\$773.73	1.004
2014	\$368.16	\$366.12	\$413.82	\$411.17	\$781.98	\$777.29	1.006
2015	\$365.18	\$360.16	\$421.31	\$416.59	\$786.49	\$776.75	1.013
2016	\$367.15	\$366.13	\$428.60	\$428.68	\$795.75	\$794.81	1.001
2017	\$377.16	\$377.41	\$445.77	\$447.97	\$822.93	\$825.38	0.997
2018	\$394.25		\$466.63		\$860.88		

Table 3. Comparison of Current & Previous Estimates of the FFS USGCC – Non-ESRD

Calendar Year	Part A		Part B		Part A & Part B		
	Current Estimate	Last Year's Estimate	Current Estimate	Last Year's Estimate	Current Estimate	Last Year's Estimate	Ratio
2010	\$372.39	\$372.39	\$374.12	\$374.18	\$746.51	\$746.57	1.000
2011	\$371.16	\$371.16	\$383.97	\$383.77	\$755.13	\$754.93	1.000
2012	\$353.75	\$353.75	\$391.77	\$391.46	\$745.52	\$745.21	1.000
2013	\$359.99	\$359.28	\$396.81	\$393.53	\$756.80	\$752.81	1.005
2014	\$361.00	\$358.09	\$403.81	\$399.37	\$764.81	\$757.46	1.010
2015	\$360.32	\$358.67	\$413.54	\$410.17	\$773.86	\$768.84	1.007
2016	\$363.28	\$363.95	\$421.10	\$421.63	\$784.38	\$785.58	0.998
2017	\$372.31	\$374.25	\$436.51	\$439.41	\$808.82	\$813.66	0.994
2018	\$388.66		\$456.27		\$844.93		

Part A Notice:

<https://www.federalregister.gov/articles/2014/10/10/2014-24250/medicare-program-cy-2015-part-a-premiums-for-the-uninsured-aged-and-for-certain-disabled-individuals>

Part B Notice:

<https://www.federalregister.gov/articles/2014/10/10/2014-24248/medicare-program-medicare-part-b-monthly-actuarial-rates-premium-rate-and-annual-deductible>