

**Medicare Unit Cost Increases as of April 2015  
2014 to 2016**

The FFS trends below are the Office of the Actuary's current estimate of Medicare unit cost increases by service category for 2014, 2015, and 2016.

- These trends are based on current law and reflect legislated adjustments.
- Legislated adjustments include multifactor productivity and other adjustments required by the Affordable Care Act.
- In developing bid assumptions, certifying actuaries must consider other influences (such as, legislation, selection, and price proxies) that may affect these trends.
- These trends reflect increases (or decreases) in the applicable market basket or fee schedule; they do not include estimates for case-mix or other residual changes.

Service Category	Medicare Unit Cost Increases			Comments
	CY2014	CY2015	CY2016	
<b>Inpatient hospital</b>	0.9%	1.4%	1.9%	Updated on October 1st.
Market basket	2.5%	2.9%	3.6%	—
Documentation & coding	-0.8%	-0.8%	-0.8%	—
Legislated adjustments	-0.8%	-0.7%	-0.9%	Productivity plus 0.3% cut for 2014; plus 0.2% cut for 2015 and 2016.
Per CMS regulations	—	—	—	—
<b>Skilled nursing facility</b>	1.3%	2.0%	2.9%	Updated on October 1st.
Market basket	2.3%	2.5%	3.6%	—
Per CMS regulations	-0.5%	0.0%	0.0%	Forecast error adjustment in 2014.
Legislated adjustments	-0.5%	-0.5%	-0.7%	—
<b>Home health agency</b>	-1.05%	-0.70%	0.1%	Updated on January 1st.
Market basket	2.3%	2.6%	3.7%	—
Case mix adjustment	-0.62%	—	—	Adjustment for grouper refinements for 2014.
Per CMS regulations	-2.73%	-2.8%	-2.9%	Rate rebasing in 2014 through 2016.
Legislated adjustments	—	-0.5%	-0.7%	No productivity until 2015.
<b>Outpatient hospital</b>	1.7%	2.2%	2.7%	Updated on January 1st.
Market basket	2.5%	2.9%	3.6%	—
Legislated adjustments	-0.8%	-0.7%	-0.9%	Productivity plus 0.3% cut for 2014; and plus 0.2% cut for 2015 and 2016.
<b>Physician</b>	0.5%	0.25%	0.5%	Updated on January 1st. The 2015 update is for January through June, per PAMA <sup>1</sup> 2014 and is 0.5% for July through December per H.R. <sup>2</sup> .
<b>Carrier - lab</b>	-0.8%	-0.3%	0.0%	Updated on January 1st.
Consumer price index (CPI)	1.8%	2.1%	-0.3%	—
Legislated adjustments	-2.55%	-2.35%	0.30%	Productivity plus 1.75% cut in 2014-2015; and productivity only in 2016.

<sup>1</sup> Protecting Access to Medicare Act (PAMA)

<sup>2</sup> Medicare Access and CHIP Reauthorization Act of 2015

Service Category	Medicare Unit Cost Increases			Comments
	CY2014	CY2015	CY2016	
<b>Ambulance</b>	1.0%	1.5%	-0.9%	Updated on January 1st.
CPI	1.8%	2.1%	-0.3%	—
Legislated adjustments	-0.8%	-0.6%	-0.6%	Productivity.
<b>DME</b>	1.0%	1.5%	-0.9%	Updated on January 1st. This trend excludes the effects of competitive bidding.
Consumer price index (CPI)	1.8%	2.1%	-0.3%	—
Legislated adjustments	-0.8%	-0.6%	-0.6%	Productivity.