

**Medicare Unit Cost Increases as of April 2016  
2015 to 2017**

The FFS trends below are the Office of the Actuary's current estimate of Medicare unit cost increases by service category for 2015, 2016, and 2017.

- 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
	CY2015	CY2016	CY2017	
<b>Inpatient hospital</b>	1.4%	0.9%	1.3%	Updated on October 1st.
Market basket	2.9%	2.4%	3.6%	—
Documentation & coding	-0.8%	-0.8%	-0.8%	—
Legislated adjustments	-0.7%	-0.7%	-1.5%	Productivity plus 0.2% cut for 2015 and 2016; and plus 0.75% cut for 2017.
<b>Skilled nursing facility</b>	2.0%	1.2%	2.9%	Updated on October 1st.
Market basket	2.5%	2.3%	3.6%	—
Per CMS regulations	0.0%	-0.6%	0.0%	Forecast error adjustment in 2016.
Legislated adjustments	-0.5%	-0.5%	-0.7%	—
<b>Home health agency</b>	-0.70%	-1.38%	0.0%	Updated on January 1st.
Market basket	2.6%	2.3%	3.7%	—
Per CMS regulations	-2.8%	-3.3%	-3.0%	Rebasing cut of 2.8% in 2015, 2.4% in 2016, and 3.0% in 2017; and case mix cut of 0.9% in 2016.
Legislated adjustments	-0.5%	-0.4%	-0.7%	—
<b>Outpatient hospital</b>	2.2%	-0.3%	2.2%	Updated on January 1st.
Market basket	2.9%	2.4%	3.6%	—
Legislated adjustments	-0.7%	-0.7%	-1.45%	Productivity plus 0.2% cut for 2015 and 2016; and plus 0.75% cut for 2017.
Per CMS regulations	—	-2.0%	—	—
<b>Physician</b>	0.25%	0.75%	0.5%	Updated on January 1st. The 2015 update is 0% for January through June, per PAMA <sup>1</sup> 2014, and is 0.5% for July through December per H.R.2. <sup>2</sup>
<b>Carrier - lab</b>	-0.3%	0.0%	0.0%	Updated on January 1st.
Consumer price index (CPI)	2.1%	0.1%	0.0%	—
Legislated adjustments	-2.35%	-0.5%	-0.6%	Productivity plus 1.75% cut in 2015; and productivity only in 2016 and 2017 which cannot be negative.

<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
	CY2015	CY2016	CY2017	
<b>Ambulance</b>	1.5%	-0.4%	-0.2%	Updated on January 1st.
Consumer price index (CPI)	2.1%	0.1%	0.4%	—
Legislated adjustments	-0.6%	-0.5%	-0.6%	Productivity.
<b>DME</b>	1.5%	-0.4%	-0.2%	Updated on January 1st.
Consumer price index (CPI)	2.1%	0.1%	0.4%	—
Legislated adjustments	-0.6%	-0.5%	-0.6%	Productivity.