



OFFICE OF THE ACTUARY

DATE: June 3, 2016

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

FROM: Jennifer Lazio, Director, Parts C & D Actuarial Group

SUBJECT: Medicare Advantage (MA) Fee-For-Service Rate Book Calculations CY 2017

We are releasing a Microsoft Excel workbook which provides details of each county's 2017 FFS cost. The Excel workbook along with a companion glossary of terms and formulas are posted on the CMS web site as follows:

<http://www.cms.gov/Medicare/Health-Plans/MedicareAdvtgSpecRateStats/Downloads/ffs2014.zip>

We rebased the FFS capitation rates for 2017 using historical claims data for 2010 through 2014. For 2017 we repriced the historical claims data to reflect the most current wage and cost indices, repriced the claims to account for the changes made by the ACA to payments to disproportionate share hospitals, and also repriced durable medical equipment claims to account for the change in prices associated with the competitive bid program. We also made an additional adjustment to the 2012, 2013, and 2014 claims to account for shared savings payments and shared losses made to Medicare Shared Savings Program (MSSP) ACOs and Pioneer ACOs.

The data in the worksheet titled 'payment_data' in the Excel workbook include five years (2010-2014) of each county's historical claims data along with specific claims adjustments made by type of service. These county claims data can be matched to the county specific 2010-2014 annual claims data in the worksheet titled 'ffs_worksheet.' It is this adjusted claims data which is subsequently used to calculate the AGA's as derived in the worksheets 'County Overview.'

The calculation of the 2017 FFS cost involved two new adjustments. We applied (1) an adjustment to the FFS rates for experience of Medicare beneficiaries who are also eligible to receive care through the Veterans Health Administration, and (2) an adjustment for the FFS experience in Puerto Rico to reflect the propensity of zero claimants nationwide.

For questions on this memo or the Excel workbooks, please contact Clifton Maze at either 410-786-7905 or Clifton.Maze@cms.hhs.gov.