



OFFICE OF THE ACTUARY

DATE: April 2, 2018

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 2019

We are releasing a Microsoft Excel workbook which provides details of each county's 2019 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/ffs2016.zip>

We rebased the FFS capitation rates for 2019 using historical claims data for 2012 through 2016. For 2019 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 additional adjustments to the 2012-2016 claims to account for newly developed and ongoing payment and service delivery models that are being tested by the Centers for Medicare and Medicaid Innovation (CMMI). These models include Accountable Care Organizations, Comprehensive Primary Care Initiative shared savings/losses, Bundled Payment for Care Improvement savings/losses, and Financial Alignment Initiative Managed FFS Model shared savings/losses.

The data in the worksheet titled 'payment_data' in the Excel workbook include five years (2012-2016) 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 2012-2016 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.'

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 or the Department of Defense Military Health System, and (2) an adjustment for the FFS experience in Puerto Rico to reflect the propensity of zero dollar beneficiaries 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.