

**Medicare Unit Cost Increases as of April 2014
2013 to 2015**

The FFS trends below are the Office of the Actuary's current estimate of Medicare unit cost increases by service category for 2013, 2014, and 2015.

- These trends are based on current law and reflect legislated adjustments. However, the Medicare unit cost increase for physicians for April 2015 through December 2015 is based on an alternate assumption that the increase in current law for January through March 2015 will be in effect for the remainder of 2015.
- 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
	CY2013	CY2014	CY2015	
Inpatient hospital	2.8%	0.9%	1.5%	Updated on October 1st.
Market basket	2.6%	2.5%	3.1%	—
Documentation & coding	1.0%	-0.8%	-0.8%	—
Legislated adjustments	-0.8%	-0.8%	-0.8%	Productivity plus 0.1% cut for 2013; plus 0.3% cut for 2014; and plus 0.2% cut for 2015.
Per CMS regulations	—	—	—	—
Skilled nursing facility	1.8%	1.3%	2.2%	Updated on October 1st.
Market basket	2.5%	2.3%	2.8%	—
Per CMS regulations	0.0%	-0.5%	0.0%	Forecast error adjustment in 2014.
Legislated adjustments	-0.7%	-0.5%	-0.6%	—
Home health agency	0.0%	-1.05%	-0.6%	Updated on January 1st.
Market basket	2.3%	2.3%	2.8%	—
Case mix adjustment	-1.32%	-0.62%	—	Adjustment for case mix in 2013 and grouper refinements for 2014.
Per CMS regulations	—	-2.73%	-2.8%	Rate rebasing in 2014 and 2015.
Legislated adjustments	-1.0%	0.0%	-0.6%	No productivity until 2015.
Outpatient hospital	1.8%	1.7%	2.3%	Updated on January 1st.
Market basket	2.6%	2.5%	3.1%	—
Legislated adjustments	-0.8%	-0.8%	-0.8%	Productivity plus 0.1% cut for 2013; plus 0.3% cut for 2014; and plus 0.2% cut for 2015.
Physician	0.0%	0.5%	0.0%	Updated on January 1st. The 2015 update is for January through March, per PAMA ¹ 2014.
Carrier - lab	-3.0%	-0.8%	-0.4%	Updated on January 1st.
Consumer price index (CPI)	1.7%	1.8%	2.0%	—
Legislated adjustments	-4.65%	-2.55%	-2.35%	Productivity plus 1.75% cut in 2013-2015; an additional 2% cut in 2013 per MCTRJCA2012 ² .

¹ Protecting Access to Medicare Act (PAMA)

² Middle Class Tax Relief and Job Creation Act of 2012 (MCTRJCA2012)