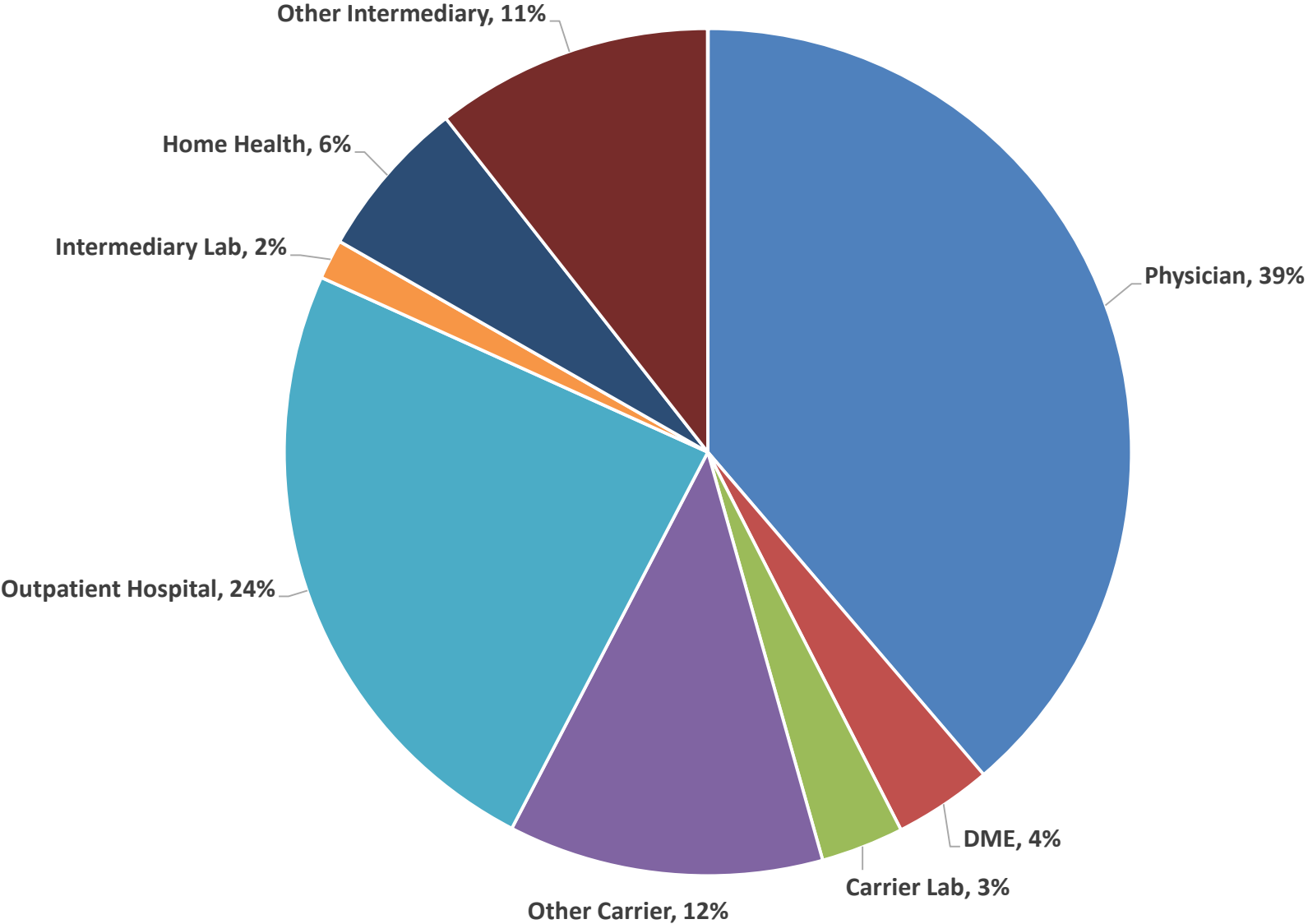


Part B Projections

Part B FFS Benefits

- Physician services
- Outpatient hospital
- Lab services (carrier and intermediary)
- Durable medical equipment
- Other carrier (ASC, ambulance, physician-administered drugs, etc.)
- Other intermediary (therapy, dialysis, etc.)

Part B FFS Benefits



Projections

Historical Information:

- Incurred claims – quarterly, 100% claims data
- Cash outlays – monthly trust fund outlays
- Enrollment – monthly tabulation, 100% data
- Updates – CMS announced and implemented
- Legislative estimates

Projections

- Enrollment
 - Total aged - share of SSA aged projection
 - Total disabled - share of HI disabled
 - Managed Care - Part C team
- Updates
 - Legislated
 - Economic assumptions
- Legislation
- Volume and intensity

Physician Fee Schedule

Sustainable Growth Rate (SGR) system

Compared actual with allowed spending, and adjusted future actual spending for difference

Scheduled updates overridden 2003-2015

MACRA 2015:

Eliminated SGR system

Specifies updates for every future year

Physician Fee Schedule

Alternative Payment Model (APM)

Definition in rulemaking

must bear “more-than-nominal” risk

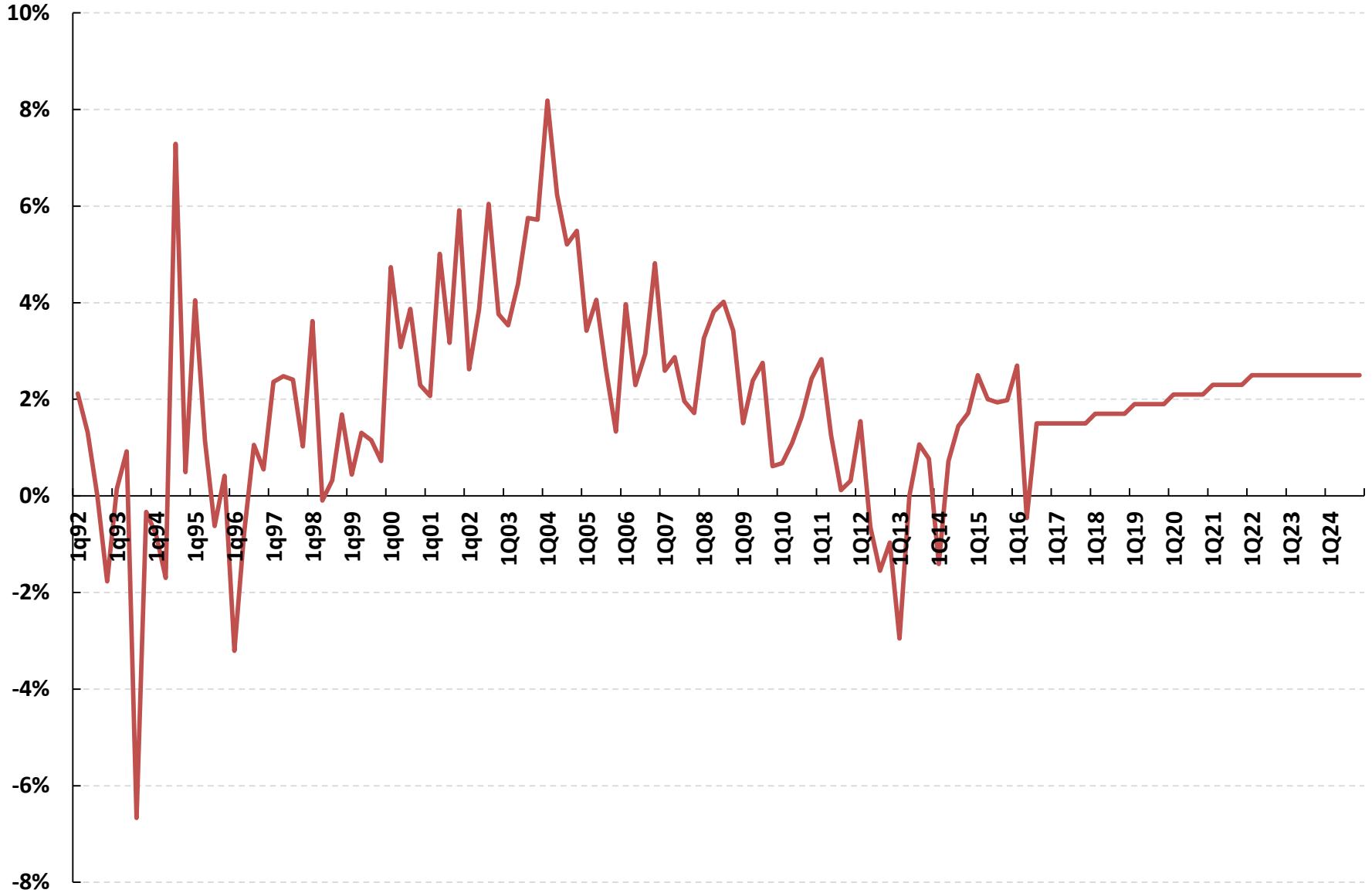
Merit-based Incentive Payment System (MIPS)

Basic incentives are budget neutral

Additional bonuses totaling \$500 million per year

Payment level determined separately for each physician

Physician Volume and Intensity



Outpatient Hospital

Prospective Payment System

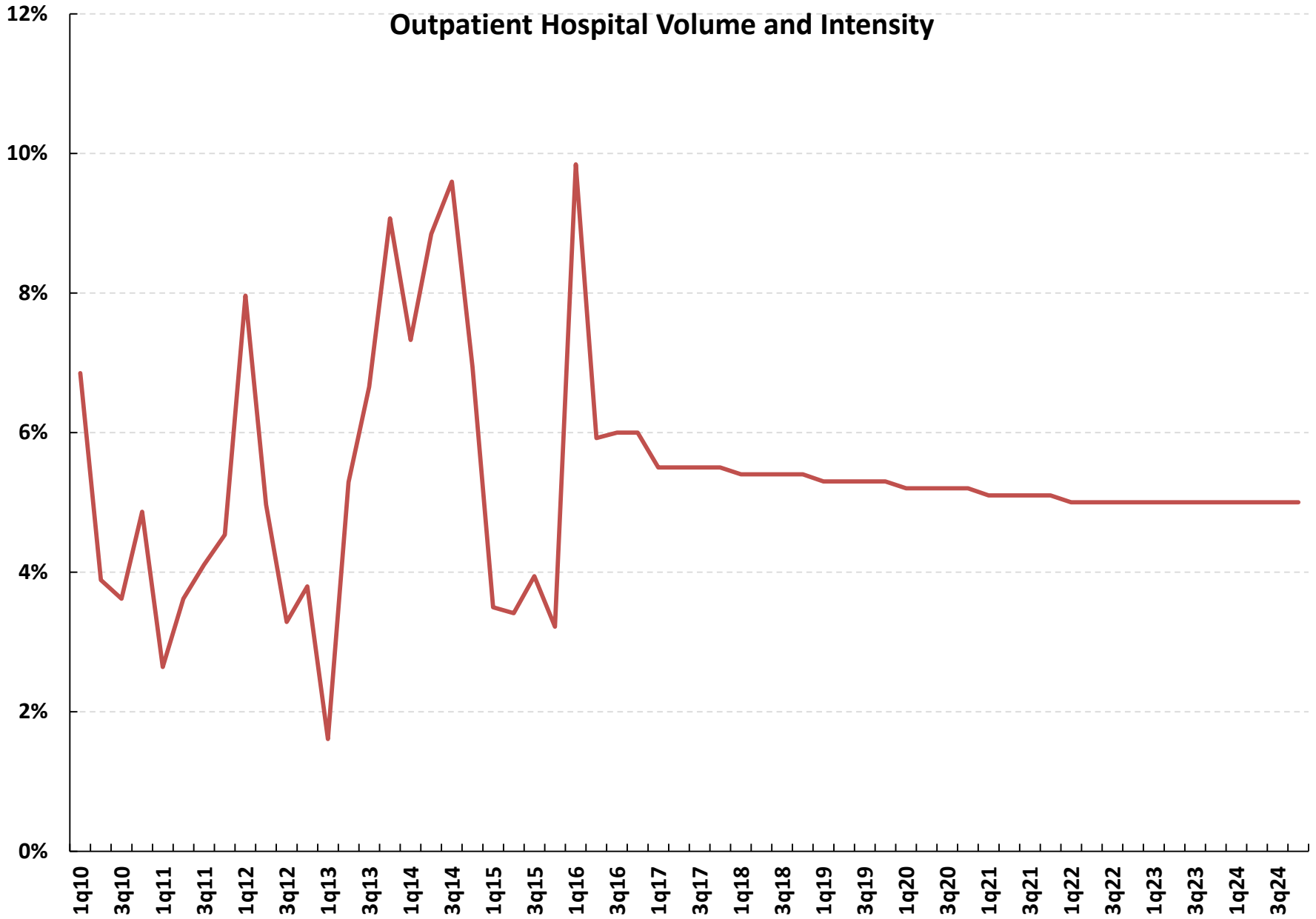
Started August 2000

Coinsurance gradually to 20% (achieved in 2015)

Hospital market basket update

less productivity starting in 2012

Outpatient Hospital Volume and Intensity



Physician-administered Drugs

About half of Other Carrier category

Chemotherapy-related drugs are large portion of spending

Changes payment basis from AWP to ASP+6 in 2004/2005

No specified update

Physician-administered Drugs - per capita spending growth

