

CMS Office of the Actuary

Advance Notice 2026

Medicare Part A Non-ESRD Fee-For-Service PMPM Costs and Trends, 2020-2026

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	
Part A – PMPM (2026 Advance Notice (AN))								
Inpatient	\$300.16	\$315.66	\$324.88	\$335.95	\$345.25	\$352.69	\$350.29	
SNF	62.24	61.26	68.55	66.56	67.27	72.04	77.03	
Home health	13.21	13.59	13.85	14.50	15.50	16.60	18.42	
Claims processing loading	0.23	0.41	0.45	0.46	0.45	0.47	0.47	'26 Growth
Total	\$375.84	\$390.92	\$407.73	\$417.47	\$428.47	\$441.80	\$446.21	1.03%
Part A – PMPM (2025 Rate Announcement (RA))								
Inpatient	\$300.17	\$315.67	\$324.88	\$338.33	\$347.78	\$352.46	\$350.91	
SNF	62.24	61.26	68.54	66.99	67.92	72.62	77.45	
Home health	13.20	13.58	13.86	14.04	15.06	16.12	17.95	
Claims processing loading	0.23	0.41	0.45	0.46	0.47	0.48	0.49	
Total	\$375.84	\$390.92	\$407.73	\$419.82	\$431.23	\$441.68	\$446.80	
Part A – PMPM: 2026 AN versus 2025 RA (% difference)								
Inpatient	0.00%	0.00%	0.00%	-0.70%	-0.73%	0.07%	-0.18%	
SNF	0.00%	0.00%	0.01%	-0.64%	-0.96%	-0.80%	-0.54%	
Home health	0.08%	0.07%	-0.07%	3.28%	2.92%	2.98%	2.62%	
Claims processing loading	0.00%	0.00%	0.00%	0.00%	-4.26%	-2.08%	-4.08%	
Total	0.00%	0.00%	0.00%	-0.56%	-0.64%	0.03%	-0.13%	
Part A – PMPM: 2026 AN versus 2025 RA (\$ difference)								
Inpatient	(\$0.01)	(\$0.01)	\$0.00	(\$2.38)	(\$2.53)	\$0.23	(\$0.62)	
SNF	0.00	0.00	0.01	(0.43)	(0.65)	(0.58)	(0.42)	
Home health	0.01	0.01	(0.01)	0.46	0.44	0.48	0.47	
Claims processing loading	0.00	0.00	0.00	0.00	(0.02)	(0.01)	(0.02)	
Total	\$0.00	\$0.00	(\$0.00)	(\$2.35)	(\$2.76)	\$0.12	(\$0.59)	
Part A – PMPM Trend (2026 Advance Notice)								
Inpatient	n/a	5.16%	2.92%	3.41%	2.77%	2.15%	-0.68%	
SNF	n/a	-1.57%	11.90%	-2.90%	1.07%	7.09%	6.93%	
Home health	n/a	2.88%	1.91%	4.69%	6.90%	7.10%	10.96%	
Claims processing loading	n/a	78.26%	9.76%	2.22%	-2.17%	4.44%	0.00%	
Total	n/a	4.01%	4.30%	2.39%	2.63%	3.11%	1.00%	
Inpatient Trend (2026 AN)								
Total	n/a	5.16%	2.92%	3.41%	2.77%	2.15%	-0.68%	
Unit cost	n/a	2.81%	2.96%	4.01%	3.05%	2.88%	2.83%	
Utilization	n/a	0.29%	-0.03%	-1.10%	-1.74%	1.99%	0.59%	
Case mix	n/a	2.90%	-0.30%	-1.00%	0.50%	0.50%	0.50%	
COVID-19 morbidity	n/a	-0.47%	-0.85%	0.06%	0.00%	0.26%	0.58%	
Phase-out of MA med. ed.	n/a	0.00%	0.00%	0.00%	-2.58%	-1.65%	-4.39%	
Retirement of Denominator	n/a	0.00%	0.00%	-0.81%	-0.10%	-0.11%	-0.12%	
Other	n/a	-0.41%	1.15%	2.30%	3.77%	-1.64%	-0.52%	

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
SNF Trend							
Total	n/a	-1.57%	11.90%	-2.90%	1.07%	7.09%	6.93%
Unit cost	n/a	1.95%	1.57%	3.00%	4.01%	4.00%	3.28%
Utilization	n/a	-0.90%	9.90%	-5.40%	-6.50%	-4.82%	0.59%
Case mix	n/a	1.40%	1.50%	1.50%	1.50%	1.50%	1.50%
COVID-19 morbidity	n/a	-0.96%	-0.72%	0.08%	-0.10%	0.43%	1.37%
Retirement of Denominator	n/a	0.00%	0.00%	0.00%	-0.06%	-0.02%	0.00%
Other	n/a	-2.99%	-0.52%	-1.90%	2.55%	6.15%	0.04%
Home Health (A) Trend							
Total	n/a	2.88%	1.91%	4.69%	6.90%	7.10%	10.96%
Unit cost	n/a	2.00%	2.60%	-0.08%	0.32%	-0.17%	2.70%
Utilization	n/a	-2.10%	-4.60%	0.80%	3.07%	4.38%	5.09%
Case mix	n/a	-0.30%	0.10%	1.50%	1.50%	1.50%	1.50%
COVID-19 morbidity	n/a	-1.07%	-1.10%	-0.35%	0.10%	0.75%	2.03%
Retirement of Denominator	n/a	0.00%	0.00%	0.49%	0.00%	-0.01%	0.01%
Other (incl. episodes per visit)	n/a	4.45%	5.17%	2.26%	1.75%	0.52%	-0.74%

Advance Notice 2026

Medicare Part B Non-ESRD Fee-For-Service PMPM Costs and Trends, 2020-2026

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	
Part B – PMPM (2026 Advance Notice (AN))								
Physician Fee Schedule	\$164.58	\$198.11	\$197.82	\$206.18	\$210.85	\$211.24	\$216.94	
Outpatient Hospital	139.32	166.89	168.91	186.94	204.93	223.04	240.83	
Durable Medical								
Equipment	18.25	19.08	21.26	29.02	25.65	27.20	28.64	
Carrier Lab	16.21	19.39	18.24	18.99	20.35	21.42	23.72	
Physician Admin Rx	48.26	53.60	59.74	74.84	90.26	97.15	104.36	
Other Carrier	24.69	26.09	31.45	38.47	36.22	38.12	39.44	
Intermediary Lab	7.69	8.88	8.67	8.32	8.55	8.85	9.36	
Other Intermediary	30.94	34.45	35.44	39.35	42.15	44.21	46.54	
Home Health	27.70	28.72	28.88	29.47	31.99	33.90	36.97	
Claims processing loading	0.74	1.50	1.61	1.83	1.80	1.88	1.98	
Total	\$478.38	\$556.71	\$572.02	\$633.41	\$672.75	\$707.01	\$748.78	8.65%

Part B – PMPM (2025 Rate Announcement (RA))								
Physician Fee Schedule	\$164.63	\$198.20	\$201.98	\$209.88	\$213.91	\$216.74	\$222.50	
Outpatient Hospital	139.34	166.96	168.97	187.79	204.39	221.05	239.37	
Durable Medical								
Equipment	18.18	19.03	21.69	26.70	26.88	27.86	29.60	
Carrier Lab	16.21	19.40	18.64	18.15	19.13	20.07	22.23	
Physician Admin Rx	48.27	53.64	60.49	70.49	77.84	86.37	93.90	
Other Carrier	24.70	26.09	32.01	36.47	29.25	30.15	31.30	
Intermediary Lab	7.69	8.88	8.67	8.22	8.46	8.68	9.21	
Other Intermediary	30.95	34.69	35.57	39.08	40.98	43.07	45.43	
Home Health	27.79	28.81	28.98	29.91	31.50	33.18	36.22	
Claims processing loading	0.73	1.50	1.70	1.82	1.91	2.00	2.12	
Total	\$478.49	\$557.20	\$578.70	\$628.51	\$654.25	\$689.17	\$731.88	

Part B – PMPM: 2026 AN versus 2025 RA (% difference)								
Physician Fee Schedule	-0.03%	-0.05%	-2.06%	-1.76%	-1.43%	-2.54%	-2.50%	
Outpatient Hospital	-0.01%	-0.04%	-0.04%	-0.45%	0.26%	0.90%	0.61%	
Durable Medical								
Equipment	0.39%	0.26%	-1.98%	8.69%	-4.58%	-2.37%	-3.24%	
Carrier Lab	0.00%	-0.05%	-2.15%	4.63%	6.38%	6.73%	6.70%	
Physician Admin Rx	-0.02%	-0.07%	-1.24%	6.17%	15.96%	12.48%	11.14%	
Other Carrier	-0.04%	0.00%	-1.75%	5.48%	23.83%	26.43%	26.01%	
Intermediary Lab	0.00%	0.00%	0.00%	1.22%	1.06%	1.96%	1.63%	
Other Intermediary	-0.03%	-0.69%	-0.37%	0.69%	2.86%	2.65%	2.44%	
Home Health	-0.32%	-0.31%	-0.35%	-1.47%	1.56%	2.17%	2.07%	
Claims processing loading	1.37%	0.00%	-5.29%	0.55%	-5.76%	-6.00%	-6.60%	
Total	-0.02%	-0.09%	-1.15%	0.78%	2.83%	2.59%	2.31%	

Part B – PMPM: 2026 AN versus 2025 RA (\$ difference)								
Physician Fee Schedule	(\$0.05)	(\$0.09)	(\$4.16)	(\$3.70)	(\$3.06)	(\$5.50)	(\$5.56)	
Outpatient Hospital	(0.02)	(0.07)	(0.06)	(0.85)	0.54	1.99	1.46	
Durable Medical								
Equipment	0.07	0.05	(0.43)	2.32	(1.23)	(0.66)	(0.96)	
Carrier Lab	0.00	(0.01)	(0.40)	0.84	1.22	1.35	1.49	
Physician Admin Rx	(0.01)	(0.04)	(0.75)	4.35	12.42	10.78	10.46	

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Other Carrier	(0.01)	0.00	(0.56)	2.00	6.97	7.97	8.14
Intermediary Lab	0.00	0.00	0.00	0.10	0.09	0.17	0.15
Other Intermediary	(0.01)	(0.24)	(0.13)	0.27	1.17	1.14	1.11
Home Health	(0.09)	(0.09)	(0.10)	(0.44)	0.49	0.72	0.75
Claims processing loading	0.01	0.00	(0.09)	0.01	(0.11)	(0.12)	(0.14)
Total	(\$0.11)	(\$0.49)	(\$6.68)	\$4.90	\$18.50	\$17.84	\$16.90

Part B – PMPM Trend (2026 Advance Notice)

Physician Fee Schedule	n/a	20.37%	-0.15%	4.23%	2.27%	0.18%	2.70%
Outpatient Hospital	n/a	19.79%	1.21%	10.67%	9.62%	8.84%	7.98%
Durable Medical Equipment	n/a	4.55%	11.43%	36.50%	-11.61%	6.04%	5.29%
Carrier Lab	n/a	19.62%	-5.93%	4.11%	7.16%	5.26%	10.74%
Physician Admin Rx	n/a	11.07%	11.46%	25.28%	20.60%	7.63%	7.42%
Other Carrier	n/a	5.67%	20.54%	22.32%	-5.85%	5.25%	3.46%
Intermediary Lab	n/a	15.47%	-2.36%	-4.04%	2.76%	3.51%	5.76%
Other Intermediary	n/a	11.34%	2.87%	11.03%	7.12%	4.89%	5.27%
Home Health	n/a	3.68%	0.56%	2.04%	8.55%	5.97%	9.06%
Claims processing loading	n/a	102.70%	7.33%	13.66%	-1.64%	4.44%	5.32%
Total	n/a	16.37%	2.75%	10.73%	6.21%	5.09%	5.91%

Physician Fee Schedule Trend

Total	n/a	20.37%	-0.15%	4.23%	2.27%	0.18%	2.70%
Unit cost	n/a	3.75%	-0.72%	-0.49%	0.11%	-2.54%	0.37%
Volume & Intensity	n/a	14.75%	1.84%	3.42%	1.78%	2.17%	2.70%
COVID-19 morbidity	n/a	-0.24%	-0.94%	-0.19%	-0.08%	0.17%	0.70%
Retirement of Denominator	n/a	0.00%	0.00%	-0.50%	-0.06%	-0.09%	-0.05%
Other	n/a	1.35%	-0.31%	1.98%	0.50%	0.53%	-1.01%

Outpatient Hospital Trend

Total	n/a	19.79%	1.21%	10.67%	9.62%	8.84%	7.98%
Unit cost	n/a	2.40%	2.00%	3.80%	3.10%	2.90%	2.80%
Volume & intensity	n/a	16.82%	5.34%	7.91%	7.30%	6.06%	6.09%
COVID-19 morbidity	n/a	-0.20%	-0.89%	0.00%	0.16%	0.38%	0.38%
Retirement of Denominator	n/a	0.00%	0.00%	0.12%	-0.01%	-0.02%	0.00%
Other	n/a	0.34%	-4.96%	-1.32%	-1.06%	-0.63%	-1.37%

Durable Medical Equipment Trend

Total	n/a	4.55%	11.43%	36.50%	-11.61%	6.04%	5.29%
Unit cost	n/a	0.20%	5.08%	8.66%	2.59%	3.20%	1.50%
Volume & Intensity	n/a	6.65%	6.52%	43.05%	-11.43%	-4.95%	4.25%
COVID-19 morbidity	n/a	-0.97%	-0.26%	-0.10%	0.41%	0.74%	1.25%
Retirement of Denominator	n/a	0.00%	0.00%	0.49%	-0.05%	-0.01%	-0.01%
Other	n/a	-1.20%	-0.19%	-12.53%	-3.07%	7.32%	-1.71%

Home health (B) Trend

Total	n/a	3.68%	0.56%	2.04%	8.55%	5.97%	9.06%
Unit cost	n/a	2.00%	2.60%	-0.08%	0.32%	-0.17%	2.70%

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Utilization	n/a	-2.10%	-4.60%	0.80%	3.07%	4.38%	5.09%
Case mix	n/a	-0.30%	0.10%	1.50%	1.50%	1.50%	1.50%
COVID-19 morbidity	n/a	0.00%	0.00%	-0.11%	-0.02%	-0.03%	0.00%
Other (incl. episodes per visit)	n/a	4.14%	2.63%	-0.07%	3.45%	0.23%	-0.44%

**Advance Notice 2026
Non-ESRD FFS USPPC**

<u>Baseline</u>	<u>CY 2020</u>	<u>CY 2021</u>	<u>CY 2022</u>	<u>CY 2023</u>	<u>CY 2024</u>	<u>CY 2025</u>	<u>CY 2026</u>	<u>CY2026 Growth Rate</u>
Rate Announcement (RA) 2025								
Part A	\$375.84	\$390.92	\$407.73	\$419.82	\$431.23	\$441.68	\$446.80	n/a
Part B	478.49	557.20	578.70	628.51	654.25	689.17	731.88	n/a
Total	\$854.33	\$948.12	\$986.43	\$1,048.33	\$1,085.48	\$1,130.85	\$1,178.68	n/a

Advance Notice (AN) 2026								
Part A	\$375.84	\$390.92	\$407.73	\$417.47	\$428.47	\$441.80	\$446.21	1.03%
Part B	478.38	556.71	572.02	633.41	672.75	707.01	748.78	8.65%
Total	\$854.22	\$947.63	\$979.75	\$1,050.88	\$1,101.22	\$1,148.81	\$1,194.99	5.67%

AN 2026 versus RA 2025								
Part A	0.00%	0.00%	0.00%	-0.56%	-0.64%	0.03%	-0.13%	
Part B	-0.02%	-0.09%	-1.15%	0.78%	2.83%	2.59%	2.31%	
Total	-0.01%	-0.05%	-0.68%	0.24%	1.45%	1.59%	1.38%	

Key drivers of change in PMPM amounts from RA 2025 to AN 2026:

- Part B, 2024: spending for other carrier is up 23.8 percent since RA 2025 due primarily to actual small increase in spending rather than expected decrease in spending following end of public health emergency (PHE) in May 2023
- Part B, 2025: decrease in physician spending of 2.5 percent since RA 2025 due primarily to lower 2022 spending and legislated decrease in 2025 update to offset the legislated increase in the 2024 update
- Part B, 2025: spending for physician administered drugs is up 12.5 percent since RA 2025 due primarily to synthetic skin billing "anomalies"

**Advance Notice 2026
Managed Care Monthly Non-ESRD Per-Capita Costs**

<u>Baseline</u>	<u>CY 2020</u>	<u>CY 2021</u>	<u>CY 2022</u>	<u>CY 2023</u>	<u>CY 2024</u>	<u>CY 2025</u>	<u>CY 2026</u>	<u>CY2026 Growth Rate</u>
Rate Announcement (RA) 2025								
Part A	\$446.38	\$435.61	\$465.20	\$482.46	\$484.82	\$489.64	\$509.19	n/a
Part B	584.89	591.11	637.87	685.55	708.06	738.72	784.19	n/a
Total	\$1,031.27	\$1,026.72	\$1,103.07	\$1,168.02	\$1,192.89	\$1,228.36	\$1,293.38	n/a
Advance Notice (AN) 2026								
Part A	\$446.34	\$435.36	\$464.78	\$492.49	\$491.87	\$498.84	\$521.23	6.45%
Part B	584.83	590.26	636.59	695.79	716.29	755.13	816.92	10.59%
Total	\$1,031.17	\$1,025.62	\$1,101.37	\$1,188.28	\$1,208.16	\$1,253.97	\$1,338.15	8.94%

AN 2026 versus RA 2025								
Part A	-0.01%	-0.06%	-0.09%	2.08%	1.45%	1.88%	2.36%	
Part B	-0.01%	-0.14%	-0.20%	1.49%	1.16%	2.22%	4.17%	
Total	-0.01%	-0.11%	-0.15%	1.73%	1.28%	2.08%	3.46%	

Key drivers of change in PMPM amounts from RA 2025 to AN 2026:

- Parts A+B, 2023: Actual risk score reconciliation for CY 2023 yielded risk score about 1.3 percent higher than reflected in RA 2025 baseline
- Parts A+B, 2026: carry over of impact of actual 2023 risk scores plus higher FFS trend in 2026 AN versus 2025 RA

**Advance Notice 2026
Non-ESRD Total USPPC**

<u>Baseline</u>	<u>CY2003</u>	<u>CY 2020</u>	<u>CY 2021</u>	<u>CY 2022</u>	<u>CY 2023</u>	<u>CY 2024</u>	<u>CY 2025</u>	<u>CY 2026</u>	<u>CY2026 Growth Rate</u>
<u>Rate Announcement (RA) 2025</u>									
Part A	\$296.18	\$404.09	\$410.03	\$433.89	\$449.85	\$458.16	\$466.52	\$479.63	n/a
Part B	247.66	525.19	572.47	607.46	657.69	683.05	716.36	\$760.94	n/a
Total	\$543.84	\$929.28	\$982.50	\$1,041.35	\$1,107.54	\$1,141.21	\$1,182.88	\$1,240.57	n/a
<u>Advance Notice (AN) 2026</u>									
Part A	\$296.18	\$404.07	\$410.01	\$433.81	\$453.71	\$460.38	\$471.60	\$486.01	4.18%
Part B	247.66	525.10	572.18	604.01	666.11	696.34	734.17	787.91	9.99%
Total	\$543.84	\$929.17	\$982.19	\$1,037.82	\$1,119.82	\$1,156.72	\$1,205.77	\$1,273.92	7.70%

<u>AN 2026 versus RA 2025</u>									
Part A	0.00%	0.00%	0.00%	-0.02%	0.86%	0.48%	1.09%	1.33%	
Part B	0.00%	-0.02%	-0.05%	-0.57%	1.28%	1.95%	2.49%	3.54%	
Total	0.00%	-0.01%	-0.03%	-0.34%	1.11%	1.36%	1.94%	2.69%	

Key drivers of change in PMPM amounts from RA 2025 to AN 2026:

- Combined effects of FFS and Managed Care updates