



OFFICE OF THE ACTUARY

DATE: April 7, 2025
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 2026

We are releasing a Microsoft Excel workbook which provides details of each county's 2026 FFS cost. The Excel workbook along with a companion glossary of terms and formulas are posted on the CMS web site as follows:

<https://www.cms.gov/files/zip/ffs-data-2023.zip>

We rebased the FFS capitation rates for 2026 using historical claims data for 2019 through 2023. For 2026 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 repriced durable medical equipment claims to account for the change in prices associated with the competitive bid program. We made adjustments to the 2019-2023 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 the Medicare Shared Savings Program; Next Generation ACO Model; Global and Professional Direct Contracting ACO Realizing Equity, Access, and Community Health Model; Comprehensive Care for Joint Replacement Model; Oncology Care Model; Comprehensive Primary Care Initiative; Primary Care First Model; Bundled Payment for Care Improvement Advanced Initiative; Vermont Medicare ACO Initiative, Maryland Primary Care Program; Financial Alignment Initiative Managed FFS Model for Medicare-Medicaid enrollees; Advance Alternative Payment Model; Kidney Care Choices Model; and Million Hearts: Cardiovascular Disease Risk Reduction Model. We also included the Health Professional Shortage Area Physician Bonus Program payments that are not reflected in the standard claim files.

The data in the worksheet titled 'payment_data' in the Excel workbook include five years (2019-2023) 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 2019-2023 annual claims data in the worksheet titled 'ffs_worksheet.' It is this adjusted claims data which is subsequently used to calculate the AGAs as derived in the worksheets 'County Overview.'

Please note that the experience for some counties is duplicated. For example, Los Angeles County, CA contains two rows of data with identical experience under county codes 05200 and 05210. The following counties are duplicates of another county:

- 02016: Aleutians West, Alaska
- 02066: Copper River, Alaska

- 02068: Denali, Alaska
- 02105: Hoonah-Angoon, Alaska
- 02165: Lake and Peninsula, Alaska
- 02275: Wrangell, Alaska
- 02282: Yakutat, Alaska
- 05210: Los Angeles, California
- 12030: Kalawao, Hawaii

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 Ann Hoover at Ann.Hoover1@cms.hhs.gov.