

Medicare Physician Fee Schedule Final Rule

4. Final Sustainable Growth Rate for CY 2010
 The SGR for CY 2010 is 8.9 percent. Table 25 shows our preliminary

estimate of the CY 2010 SGR from the CY 2010 PFS final rule with comment period (74 FR 61965), our revised estimate from the CY 2011 PFS final

rule with comment period (75 FR 73278), and the final figures determined using the best available data as of September 1, 2011.

TABLE 25: CY 2010 SGR CALCULATION

Statutory Factors	Estimate from CY 2010 Final Rule	Estimate from CY 2011 Final Rule	Final
Fees	0.9 percent (1.009)	0.9 percent (1.009)	0.9 percent (1.009)
Enrollment	1.2 percent (1.012)	1.6 percent (1.016)	1.1 percent (1.011)
Real Per Capita GDP	0.7 percent (1.007)	0.7 percent (1.007)	0.6 percent (1.006)
Law and Regulation	-11.3 percent (0.887)	4.9 percent (1.049)	6.1 percent (1.061)
Total	-8.8 percent (0.912)	8.3 percent (1.083)	8.9 percent (1.089)

Note: A more detailed explanation of each figure is provided in section IV.A.5.c. of this final rule with comment period.

5. Calculation of CYs 2012, 2011, and 2010 Sustainable Growth Rates

a. Detail on the CY 2012 SGR

All of the figures used to determine the CY 2012 SGR are estimates that will be revised based on subsequent data. Any differences between these estimates and the actual measurement of these figures will be included in future revisions of the SGR and allowed expenditures and incorporated into subsequent PFS updates.

(1) Factor 1—Changes in Fees for Physicians' Services (Before Applying Legislative Adjustments) for CY 2012

This factor is calculated as a weighted average of the CY 2012 changes in fees for the different types of services included in the definition of physicians' services for the SGR. Medical and other health services paid using the PFS are estimated to account for approximately 89.4 percent of total allowed charges

included in the SGR in CY 2012 and are updated using the percent change in the Medicare Economic Index (MEI). As discussed in section IV.C. of this final rule with comment period, the percent change in the MEI for CY 2012 is 0.6 percent. Diagnostic laboratory tests are estimated to represent approximately 10.6 percent of Medicare allowed charges included in the SGR for CY 2012. Medicare payments for these tests are updated by the Consumer Price Index for Urban Areas (CPI-U), which is 3.6 percent for CY 2012. Section 3401(l) of the Affordable Care Act requires the Secretary to reduce the CPI-U update applied to clinical laboratory tests under the clinical laboratory fee schedule be reduced by a multi-factor productivity adjustment (MFP adjustment) and, for each of years 2011 through 2015, by 1.75 percentage points (percentage adjustment). The MFP adjustment will not apply in a year where the CPI-U is zero or a percentage decrease for a year.

Further, the application of the MFP adjustment shall not result in an adjustment to the fee schedule of less than zero for a year. However, the application of the percentage adjustment may result in an adjustment to the fee schedule being less than zero for a year and may result in payment rates for a year being less than such payment rates for the preceding year. The applicable productivity adjustment for CY 2012 is 1.2 percent. Adjusting the CPI-U update by the productivity adjustment results in a 2.4 percent (3.6 percent (CPI-U) - 1.2 percent (MFP adjustment)) update for CY 2012. However, the percentage reduction of 1.75 percent is applied for CYs 2011 through 2015, as discussed previously. Therefore, for CY 2012, diagnostic laboratory tests will receive an update of 0.7 percent (rounded). Table 26 shows the weighted average of the MEI and laboratory price changes for CY 2012.

TABLE 26: WEIGHTED-AVERAGE OF THE MEI AND LABORATORY PRICE CHANGES FOR CY 2012

	Weight	Update
Physician	0.894	0.6
Laboratory	0.106	0.7
Weighted-average	1.000	0.6