

2010, and we made the estimate available to the MedPAC and on our Web site. Table 35 shows the March 2010 estimate and our current estimates

of the factors included in the CY 2011 SGR. The majority of the difference between the March estimate and our current estimate of the CY 2011 SGR is

explained by adjustments to reflect several intervening legislative changes that occurred after our March estimate was prepared.

TABLE 35—CY 2011 SGR CALCULATION

Statutory factors	March estimate	Current estimate
Fees	0.2 percent (1.002)	0.2 percent (1.002)
Enrollment	3.1 percent (1.031)	2.4 percent (1.024)
Real Per Capita GDP	0.8 percent (1.008)	0.7 percent (1.007)
Law and Regulation	– 4.4 percent (0.956)	– 16.2 percent (0.838)
Total	– 0.4 percent (0.996)	– 13.4 percent (0.866)

Note: Consistent with section 1848(f)(2) of the Act, the statutory factors are multiplied, not added, to produce the total (that is, 1.002 × 1.024 × 1.007 × 0.838 = 0.866). A more detailed explanation of each figure is provided in section II.F.6.a. of this final rule with comment period.

4. Revised Sustainable Growth Rate for CY 2010

Our current estimate of the CY 2010 SGR is 8.3 percent. Table 36 shows our preliminary estimate of the CY 2010

SGR that was published in the CY 2010 PFS final rule with comment period (74 FR 61965) and our current estimate. The majority of the difference between the preliminary estimate and our current estimate of the CY 2010 SGR is

explained by adjustments to reflect several intervening legislative changes that have occurred since publication of the CY 2010 final rule with comment period.

TABLE 36—CY 2010 SGR CALCULATION

Statutory factors	Estimate from CY 2010 final rule	Current estimate
Fees	0.9 percent (1.009)	0.9 percent (1.009)
Enrollment	1.2 percent (1.012)	1.6 percent (1.016)
Real Per Capita GDP	0.7 percent (1.007)	0.7 percent (1.007)
Law and Regulation	– 11.3 percent (0.887)	4.9 percent (1.049)
Total	– 8.8 percent (0.912)	8.3 percent (1.083)

Note: A more detailed explanation of each figure is provided in section II.F.6.b. of this final rule with comment period.

5. Final Sustainable Growth Rate for CY 2009

The SGR for CY 2009 is 6.4 percent. Table 37 shows our preliminary

estimate of the CY 2009 SGR from the CY 2009 PFS final rule with comment period (73 FR 69904), our revised estimate from the CY 2010 PFS final

rule with comment period (74 FR 61966), and the final figures determined using the best available data as of September 1, 2010.

TABLE 37—CY 2009 SGR CALCULATION

Statutory factors	Estimate from CY 2009 final rule	Estimate from CY 2010 final rule	Final
Fees	2.1 percent (1.021)	1.8 percent (1.018)	1.8 percent (1.018)
Enrollment	– 0.2 percent (0.998)	– 0.8 percent (0.992)	– 0.6 percent (0.994)
Real Per Capita GDP	1.2 percent (1.012)	0.9 percent (1.009)	1.0 percent (1.010)
Law and Regulation	4.2 percent (1.042)	4.1 percent (1.041)	4.1 percent (1.041)
Total	7.4 percent (1.074)	6.1 percent (1.061)	6.4 percent (1.064)

Note: A more detailed explanation of each figure is provided in section II.F.6.b. of this final rule with comment period.

6. Calculation of CYs 2011, 2010, and 2009 Sustainable Growth Rates

a. Detail on the CY 2011 SGR

All of the figures used to determine the CY 2011 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 2011

This factor is calculated as a weighted-average of the CY 2011 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 2011 and are updated using the MEI.

The MEI for CY 2011 is 0.4 percent. **Diagnostic laboratory tests** are estimated to represent approximately 10.6 percent of Medicare allowed charges included in the SGR for CY 2011. Medicare payments for these tests are updated by the Consumer Price Index for Urban Areas (CPI-U), which is 1.1 percent for CY 2011. However, section 3401 of the ACA reduces the CPI-U update applied to clinical laboratory tests by a productivity adjustment, but does not allow this adjustment to cause the

update to be negative. The applicable productivity adjustment for CY 2011 is 1.2 percent. Adjusting the CPI-U update by the productivity adjustment results in a -0.1 percent (1.1 percent-1.2 percent) update for CY 2011. However, since section 3401 of the ACA does not allow the productivity adjustment to result in a negative CLFS update, the result is that the CLFS update for CY 2011 is 0.0 percent. Additionally,

section 3401 of the ACA reduces the update applied to clinical laboratory tests by 1.75 percent for CYs 2011 through 2015. Therefore, for CY 2011, diagnostic laboratory tests will receive an update of -1.75 percent. Additionally, as discussed in the CY 2010 PFS final rule with comment period (74 FR 61961), we removed physician-administered drugs from the definition of "physicians' services" in

section 1848(f)(4)(A) of the Act for purposes of computing the SGR and the levels of allowed expenditures and actual expenditures beginning with CY 2010, and for all subsequent years. Therefore, drugs represent 0.0 percent of Medicare allowed charges included in the SGR in CY 2011.

Table 38 shows the weighted-average of the MEI and laboratory price changes for CY 2010.

TABLE 38—WEIGHTED-AVERAGE OF THE MEI AND LABORATORY PRICE CHANGES FOR CY 2011

	Weight	Update
Physician	0.894	0.4
Laboratory	0.106	-1.8
Weighted-average	1.000	0.2

We estimate that the weighted-average increase in fees for physicians' services in CY 2011 under the SGR (before applying any legislative adjustments) will be 0.2 percent.

(2) Factor 2—The Percentage Change in the Average Number of Part B Enrollees From CY 2010 to CY 2011

This factor is our estimate of the percent change in the average number of fee-for-service enrollees from CY 2010 to CY 2011. Services provided to Medicare Advantage (MA) plan

enrollees are outside the scope of the SGR and are excluded from this estimate. We estimate that the average number of Medicare Part B fee-for-service enrollees will increase by 2.4 percent from CY 2010 to CY 2011. Table 39 illustrates how this figure was determined.

TABLE 39—AVERAGE NUMBER OF MEDICARE PART B FEE-FOR-SERVICE ENROLLEES FROM CY 2010 TO CY 2011 [Excluding beneficiaries enrolled in MA plans]

	2010	2011
Overall	43.932 million	45.010 million
Medicare Advantage (MA)	11.683 million	11.998 million
Net	32.249 million	33.012 million
Percent Increase		2.4 percent

An important factor affecting fee-for-service enrollment is beneficiary enrollment in MA plans. Because it is difficult to estimate the size of the MA enrollee population before the start of a CY, at this time we do not know how actual enrollment in MA plans will compare to current estimates. For this reason, the estimate may change substantially as actual Medicare fee-for-service enrollment for CY 2011 becomes known.

(3) Factor 3—Estimated Real Gross Domestic Product Per Capita Growth in 2011

We estimate that the growth in real GDP per capita from CY 2010 to CY 2011 will be 0.7 percent (based on the 10-year average GDP over the 10 years of 2002 through 2011). Our past experience indicates that there have also been changes in estimates of real per capita GDP growth made before the year begins and the actual change in GDP computed after the year is complete. Thus, it is possible that this figure will change as actual information on

economic performance becomes available to us in CY 2011.

(4) Factor 4—Percentage Change in Expenditures for Physicians' Services Resulting From Changes in Statute or Regulations in CY 2011 Compared With CY 2010

The statutory and regulatory provisions that will affect expenditures in CY 2011 relative to CY 2010 are estimated to have an impact on expenditures of -16.2 percent. These include the Department of Defense Appropriations Act (DODAA), the Temporary Extension Act (TEA), and the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act (PACMBPRA) which provided for physician updates.

Furthermore, the ACA contained provisions regarding the policy on equipment utilization for imaging services, the multiple procedure payment reduction policy for imaging services, and the annual wellness visit providing personalized prevention plan services.

b. Detail on the CY 2010 SGR

A more detailed discussion of our revised estimates of the four elements of the CY 2010 SGR follows.

(1) Factor 1—Changes in Fees for Physicians' Services (Before Applying Legislative Adjustments) for CY 2010

This factor was calculated as a weighted-average of the CY 2010 changes in fees that apply for the different types of services included in the definition of physicians' services for the SGR in CY 2010.

We estimate that services paid using the PFS account for approximately 91.1 percent of total allowed charges included in the SGR in CY 2010. These services were updated using the CY 2010 MEI of 1.2 percent. We estimate that diagnostic laboratory tests represent approximately 8.9 percent of total allowed charges included in the SGR in CY 2010. Medicare payments for these tests are updated by the CPI-U, which is -1.4 percent for CY 2010. However, section 145 of the MIPPA, as modified