

**Medicare Advantage**

**Total Beneficiary Cost ("TBC") Calculation**

Based on regulatory guidance from CMS

*For Illustrative Purposes Only*

*Numbers are not intended to reflect actual bids by health plans*

*April 2018*

**Assuming improvement in Star bonus rating**

	Prior Year	Current Year
	2018	2019
Plan bid for prior year by health plan	\$ 850.00	
CMS assumes bid for current year = prior year bid x MA growth rate per rate announcement (5.93%)		\$ 900.41
Plan benchmark rate for prior year	\$ 900.00	
Plan benchmark for current year = prior year benchmark adjusted for blended benchmark growth rate (5.5%), ACA cuts (0.0%), county FFS rebasing (assumed to be 0.0%), and incremental Star bonus money (assumed to be 5.0%)		\$ 996.98
Plan bid savings versus benchmark	\$ 50.00	\$ 96.57
Rebate percentage based on Star rating (3.5 Star rating becomes 4.0)	65.0%	65.0%
Rebate dollars = savings x rebate percentage	\$ 32.50	\$ 62.77
Change in rebate dollars		\$ 30.27
Base TBC Limit		\$ 36.00
Effective TBC Limit (Base Limit minus change in rebate)		\$ 5.73

**Assuming no improvement in Star bonus rating**

	Prior Year	Current Year
	2018	2019
Plan bid for prior year by health plan	\$ 850.00	
CMS assumes bid for current year = prior year bid x MA growth rate per rate announcement (5.93%)		\$ 900.41
Plan benchmark rate for prior year	\$ 900.00	
Plan benchmark for current year = prior year benchmark adjusted for blended benchmark growth rate (5.5%), ACA cuts (0.0%), county FFS rebasing (assumed to be 0.0%), and incremental Star bonus money (assumed to be 0.0%)		\$ 949.50
Plan bid savings versus benchmark	\$ 50.00	\$ 49.10
Rebate percentage (4.0 Star rating both years)	65.0%	65.0%
Rebate dollars = savings x rebate percentage	\$ 32.50	\$ 31.91
Change in rebate dollars		\$ (0.59)
Base TBC Limit		\$ 36.00
Effective TBC Limit (Base Limit minus change in rebate)		\$ 36.59

**Assuming decrease in Star bonus money**

	Prior Year	Current Year
	2018	2019
Plan bid for prior year by health plan	\$ 850.00	
CMS assumes bid for current year = prior year bid x MA growth rate per rate announcement (5.93%)		\$ 900.41
Plan benchmark rate for prior year	\$ 900.00	
Plan benchmark for current year = prior year benchmark adjusted for blended benchmark growth rate (5.5%), ACA cuts (0.0%), county FFS rebasing (assumed to be 0.0%), and incremental Star bonus money (assumed to be -5.0%)		\$ 902.03
Plan bid savings versus benchmark	\$ 50.00	\$ 1.62
Rebate percentage based on Star rating (4.0 Star rating becomes 3.5)	65.0%	65.0%
Rebate dollars = savings x rebate percentage	\$ 32.50	\$ 1.05
Change in rebate dollars		\$ (31.45)
Base TBC Limit		\$ 36.00
Effective TBC Limit (Base Limit minus change in rebate)		\$ 67.45