

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
March 2022

Assuming improvement in Star bonus rating

	Prior Year	Current Year
	2022	2023
Plan bid for prior year by health plan	\$ 1,000.00	
CMS assumes bid for current year = prior year bid x MA growth rate per rate announcement (4.25%)		\$ 1,042.50
Plan benchmark rate for prior year	\$ 1,200.00	
Plan benchmark for current year = prior year benchmark adjusted for blended benchmark growth rate (5.3%), county FFS rebasing (rounded to be 0.0%), and incremental Star bonus money (assumed to be 5.0%)		\$ 1,326.78
Plan bid savings versus benchmark	\$ 200.00	\$ 284.28
Rebate percentage based on Star rating (3.5 Star rating becomes 4.0)	65.0%	65.0%
Rebate dollars = savings x rebate percentage	\$ 130.00	\$ 184.78
Change in rebate dollars		\$ 54.78
Base TBC Limit		\$ 41.00
Effective TBC Limit (Base Limit minus change in rebate; minimum of \$0)		\$ -

Assuming no improvement in Star bonus rating

	Prior Year	Current Year
	2022	2023
Plan bid for prior year by health plan	\$ 1,000.00	
CMS assumes bid for current year = prior year bid x MA growth rate per rate announcement (4.25%)		\$ 1,042.50
Plan benchmark rate for prior year	\$ 1,200.00	
Plan benchmark for current year = prior year benchmark adjusted for blended benchmark growth rate (5.3%), county FFS rebasing (rounded to be 0.0%), and incremental Star bonus money (assumed to be 0.0%)		\$ 1,263.60
Plan bid savings versus benchmark	\$ 200.00	\$ 221.10
Rebate percentage (4.0 Star rating both years)	65.0%	65.0%
Rebate dollars = savings x rebate percentage	\$ 130.00	\$ 143.72
Change in rebate dollars		\$ 13.71
Base TBC Limit		\$ 41.00
Effective TBC Limit (Base Limit minus change in rebate)		\$ 27.29

Assuming decrease in Star bonus rating

	Prior Year	Current Year
	2022	2023
Plan bid for prior year by health plan	\$ 1,000.00	
CMS assumes bid for current year = prior year bid x MA growth rate per rate announcement (4.25%)		\$ 1,042.50
Plan benchmark rate for prior year	\$ 1,200.00	
Plan benchmark for current year = prior year benchmark adjusted for blended benchmark growth rate (5.3%), county FFS rebasing (rounded to be 0.0%), and incremental Star bonus money (assumed to be -5.0%)		\$ 1,200.42
Plan bid savings versus benchmark	\$ 200.00	\$ 157.92
Rebate percentage based on Star rating (4.0 Star rating becomes 3.5)	65.0%	65.0%
Rebate dollars = savings x rebate percentage	\$ 130.00	\$ 102.65
Change in rebate dollars		\$ (27.35)
Base TBC Limit		\$ 41.00
Effective TBC Limit (Base Limit minus change in rebate; maximum of 2x Base TBC Limit)		\$ 68.35