

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 2020

Assuming improvement in Star bonus rating

	Prior Year	Current Year
	2020	2021
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 (5.62%)		\$ 897.77
Plan benchmark rate for prior year	\$ 900.00	
Plan benchmark for current year = prior year benchmark adjusted for blended benchmark growth rate (4.0%), ACA cuts (0.0%), county FFS rebasing (rounded to be -0.4%), and incremental Star bonus money (assumed to be 5.0%)		\$ 979.36
Plan bid savings versus benchmark	\$ 50.00	\$ 81.59
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	\$ 53.03
Change in rebate dollars		\$ 20.53
Base TBC Limit		\$ 39.00
Effective TBC Limit (Base Limit minus change in rebate)		\$ 18.47

Assuming no improvement in Star bonus rating

	Prior Year	Current Year
	2020	2021
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 (5.62%)		\$ 897.77
Plan benchmark rate for prior year	\$ 900.00	
Plan benchmark for current year = prior year benchmark adjusted for blended benchmark growth rate (4.0%), ACA cuts (0.0%), county FFS rebasing (rounded to be -0.4%), and incremental Star bonus money (assumed to be 0.0%)		\$ 932.72
Plan bid savings versus benchmark	\$ 50.00	\$ 34.95
Rebate percentage (4.0 Star rating both years)	65.0%	65.0%
Rebate dollars = savings x rebate percentage	\$ 32.50	\$ 22.72
Change in rebate dollars		\$ (9.78)
Base TBC Limit		\$ 39.00
Effective TBC Limit (Base Limit minus change in rebate)		\$ 48.78

Assuming decrease in Star bonus money

	Prior Year	Current Year
	2020	2021
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 (5.62%)		\$ 897.77
Plan benchmark rate for prior year	\$ 900.00	
Plan benchmark for current year = prior year benchmark adjusted for blended benchmark growth rate (4.0%), ACA cuts (0.0%), county FFS rebasing (rounded to be -0.4%), and incremental Star bonus money (assumed to be -5.0%)		\$ 886.09
Plan bid savings versus benchmark	\$ 50.00	\$ (11.68)
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	\$ (7.59)
Change in rebate dollars		\$ (40.09)
Base TBC Limit		\$ 39.00
Effective TBC Limit (Base Limit minus change in rebate; maximum of 2x Base TBC Limit)		\$ 78.00