

**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*  
January 2021

**Assuming improvement in Star bonus rating**

	Prior Year	Current Year
	2021	2022
Plan bid for prior year by health plan	\$ 900.00	
CMS assumes bid for current year = prior year bid x MA growth rate per rate announcement (6.30%)		\$ 956.70
Plan benchmark rate for prior year	\$ 950.00	
Plan benchmark for current year = prior year benchmark adjusted for blended benchmark growth rate (5.5%), ACA cuts (0.0%), county FFS rebasing (rounded to be 0.2%), and incremental Star bonus money (assumed to be 5.0%)		\$ 1,054.05
Plan bid savings versus benchmark	\$ 50.00	\$ 97.35
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	\$ 63.28
Change in rebate dollars		\$ 30.78
Base TBC Limit		\$ 39.00
Effective TBC Limit (Base Limit minus change in rebate)		\$ 8.22

**Assuming no improvement in Star bonus rating**

	Prior Year	Current Year
	2021	2022
Plan bid for prior year by health plan	\$ 900.00	
CMS assumes bid for current year = prior year bid x MA growth rate per rate announcement (6.30%)		\$ 956.70
Plan benchmark rate for prior year	\$ 950.00	
Plan benchmark for current year = prior year benchmark adjusted for blended benchmark growth rate (5.5%), ACA cuts (0.0%), county FFS rebasing (rounded to be 0.2%), and incremental Star bonus money (assumed to be 0.0%)		\$ 1,003.85
Plan bid savings versus benchmark	\$ 50.00	\$ 47.15
Rebate percentage (4.0 Star rating both years)	65.0%	65.0%
Rebate dollars = savings x rebate percentage	\$ 32.50	\$ 30.65
Change in rebate dollars		\$ (1.85)
Base TBC Limit		\$ 39.00
Effective TBC Limit (Base Limit minus change in rebate)		\$ 40.85

**Assuming decrease in Star bonus rating**

	Prior Year	Current Year
	2021	2022
Plan bid for prior year by health plan	\$ 900.00	
CMS assumes bid for current year = prior year bid x MA growth rate per rate announcement (6.30%)		\$ 956.70
Plan benchmark rate for prior year	\$ 950.00	
Plan benchmark for current year = prior year benchmark adjusted for blended benchmark growth rate (5.5%), ACA cuts (0.0%), county FFS rebasing (rounded to be 0.2%), and incremental Star bonus money (assumed to be -5.0%)		\$ 953.66
Plan bid savings versus benchmark	\$ 50.00	\$ (3.04)
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	\$ (1.98)
Change in rebate dollars		\$ (34.48)
Base TBC Limit		\$ 39.00
Effective TBC Limit (Base Limit minus change in rebate; maximum of 2x Base TBC Limit)		\$ 73.48