

## **2017 Total Beneficiary Cost (TBC) Information**

**Posted Date 12/02/16-Based on CY 2017 Approved Bid Submissions run as of 10/5/16**

### **Important Note:**

For stand-alone prescription drug plans (PDPs), the Total Beneficiary Cost (TBC) is the sum of the plan-specific Part D premium and the estimated beneficiary out-of-pocket costs. The change in TBC from one year to the next captures the combined financial impact of premium changes and benefit design changes (i.e., cost-share changes), along with formulary changes plan enrollees potentially face. By identifying changes in the TBC from one year to the next, stakeholders can gauge year-over-year changes between plan offerings specific to a region, across regions, and nationally.

One key component used in the TBC calculation is an estimated out-of-pocket drug cost for each plan based on a statistical sample of approximately 9,000 Medicare beneficiaries and their medications over a two year period from the Medicare Current Beneficiary Survey (MCBS). The PDP TBC should ONLY be used as an indicator of changes in premium and drugs costs at the plan level and MAY NOT reflect actual changes in costs experienced by individual enrollees, largely because utilization of drugs differs based on individual needs. Medicare enrollees interested in determining projected medication cost information, specific to their circumstances, should be directed to the Medicare Plan Finder tool available at: <https://www.medicare.gov>. Additional information on the MCBS can be found at: <https://www.cms.gov/Research-Statistics-Data-and-Systems/Research/MCBS/>.

For data distribution statistics, please reference second tab 'Distribution\_Stats'.

\*Per 42 CFR §423.272(b)(3)(ii), PDP sponsors have a two year transition period, following an acquisition of another Part D sponsor, for which they are exempt from CMS requirements to submit bids that represent substantially different benefit packages or plan costs. The identified plans are currently within a transition period and as such may have out-of-pocket cost estimates that do not align with limits that CMS would normally approve outside of an acquisition transition period. These out-of-pocket cost estimates are a component of the TBC calculation.