

CY 2018 Prescription Drug Plan Total Beneficiary Cost Methodology

As was done for CY 2017, CMS is publishing the CY 2018 Part D Total Beneficiary Cost (TBC), along with a comparison to CY 2017 values. For stand-alone prescription drug plans (PDPs), the 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 on plan enrollees. By identifying changes in the TBC from one year to the next and making this information publicly available, CMS is able to provide another tool to gauge year-over-year changes between plan offerings specific to a region, across regions, and nationally.

One of the key components 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 Part D 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 each enrollee, largely because utilization of drugs differs based on individual needs. Projected medication cost information that are more specific to enrollee medications can be found in the Medicare Plan Finder tool available at: <https://www.medicare.gov> and additional information on the MCBS can be found at: <https://www.cms.gov/Research-Statistics-Data-and-Systems/Research/MCBS/>.

CMS is providing plan-specific TBC values for CY 2018 plans and if available, their associated CY 2017 TBC values. The following table shows the data elements that are captured in the TBC calculation and the technical adjustments that are incorporated to account for changes from one year to the next. The final TBC values are posted on <https://www.cms.gov/Medicare/Prescription-Drug-Coverage/PrescriptionDrugCovGenIn/ProgramReports.html>.

Plan-Specific TBC Calculation

Steps	Item	Item	Description
CY2017 TBC	A	OOPC value from CY 2017 OOPC Model	The CY 2017 OOPC value is based on the December 2016 run of CY 2017 formulary and bid data through the CY 2017 Medicare Plan Finder (MPF) OOPC model; the CY 2018 OOPC value is based on an October 2, 2017 run of CY 2018 formulary and bid data through the CY 2018 Plan Model OOPC model.
	B	Premium	
	C	Total TBC	
CY2018 TBC	D	OOPC value from CY 2018 OOPC Model	The CY 2018 OOPC value is based on an October 2, 2017 run of CY 2018 formulary and bid data through the CY 2018 Plan Model OOPC model.
	E	Premium	
	F	Total TBC	
Apply TBC Adjustments	G	Unadjusted TBC change	Calculation: F minus C
	H	Impact of changes in OOPC Models Between CY 2017 and CY 2018	Plan-specific value is provided by CMS.
Evaluation	I	Adjusted TBC change	Calculation: G minus H
	J	Year-over-Year % Change	Calculation: I divided by C times 100

As described in the table above, CY 2018 plan-specific TBC calculations include an OOPC value (Item D), Premium (Item E), and Total TBC (Item F) and the associated CY 2017 TBC information if a plan was renewed from 2017. The list does NOT include CY 2017 plans that are NOT renewed for CY 2018 and no adjustments have been made for plans that changed benefit types and/or plans that cross-walked to other plans in CY 2018.

The Unadjusted TBC Change between CY 2017 and CY 2018 (Item G) is the difference between CY 2018 Total TBC (Item F) and CY 2017 Total TBC (Item C) , i.e., $G = F - C$. The impact of changes in OOPC Models (Item H) was derived using 2018 TBC Part D adjustment values which are generated from running CY 2017 bid information through the CY 2018 OOPC Model to calculate the difference or impact of changes in OOPC models*. The Adjusted TBC Change amount (Item I) reflects the TBC change that's been adjusted for changes to the OOPC Model.

PDP TBC Information is posted on: <https://www.cms.gov/Medicare/Prescription-Drug-Coverage/PrescriptionDrugCovGenIn/ProgramReports.html>

The TBC information that CMS is providing in the public posting of TBC values include:

- Plan Information (Region, Plan Marketing Name, Parent Org, Contract, Plan, Plan Type)
- 2018 TBC
- 2017 TBC
- Estimated monthly TBC Change (\$ and % change) from CY 2017 to CY 2018

Please direct any questions or concerns about the Part D TBC methodology to PartDBenefits@cms.hhs.gov.

*Generated from 2018 OOPC Model with **2017 bid information, 2018 benefit parameters** 2011/2012 MCBS survey information, July 2016 FRF data, and 2015 PDE data compared with CY 2017 OOPC Model estimate (i.e. Part D December 2016 Run of 2017 MPF OOPC Model output posted on HPMS uses 2017 bid information, 2017 benefit parameters, 2011/2012 MCBS information, July 2016 FRF data, and 2015 PDE data) for setting the 2018 TBC Part D adjustment values.