50.3 – Total Beneficiary Cost (TBC)

(Rev. 121, Issued: 04-22-16, Effective: 04-22-16, Implementation: 04-22-16)

As provided under *section* 1854(a)(5)(C)(ii) of the Affordable Care Act, and regulations at 42 CFR §422.256(a), CMS may deny bids if CMS determines that a bid proposes too significant an increase in cost-sharing or decrease in benefits from one plan year to the next. CMS uses the Total Beneficiary Cost (TBC) metric as a means of evaluating changes in plan benefits from one year to the next, and evaluating whether such changes impose significant increases in cost-sharing or decreases in benefits. 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-sharing changes) on plan enrollees; an increase in TBC is indicative of a reduction in benefits. By limiting the change in the TBC from one year to the next, CMS is able to ensure that enrollees are not exposed to significant cost increases from one plan year to the next. Annually, CMS provides TBC requirements and operational information to plans through the Call Letter and other guidance documents.