**Methodology**

**Determination of 2020 Premium Rates for**

**TRICARE Reserve Select**

Calendar Year (CY) 2020 TRICARE Reserve Select (TRS) premium rates were calculated from enrollment-weighted average annual costs from CY 2017 and CY 2018 (base period).

1. Identified all TRS enrollees by plan type (member-only coverage or member and family) in each of the 24 months from January 1, 2017, through December 31, 2018.
2. Accounted for family size in TRS family plan (roughly 3.7 per family plan).
3. Constructed monthly government TRS health care costs (including Military Treatment Facilities and purchased care costs) for each plan type in each of the base years and determined the weighted average government health care costs for the two base years separately by plan type.
4. Constructed monthly TRS administrative costs (per eligible per month and claims processing costs (including Retail Pharmacy) in base year and determined the weighted average in each of the two base years separately by plan type.
5. Calculated the total enrollment-weighted average for each of the two base years separately
for the two types of coverage (Table 1).
6. Applied program adjustment (0.1 percent) to account for the new cost sharing provisions that are part of the TRICARE Select benefit structure under Section 1075(d)(1) of Title 10, U.S. Code, as enacted by Section 701 of National Defense Authorization Act for Fiscal Year 2017; Public Law 114 328.
7. Calculated the member shares of the total premium costs for each of the two plan types by multiplying by 28 percent.

The resulting monthly TRS premium rates for calendar year 2020 (Table 1) are:
 **$ 44.17** TRS member-only plan and
 **$ 228.27** TRS member and family plan .

Table 1 – Calendar Year 2020 TRS Premium Buildup

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **CY 2017****Costs** | **CY 2018****Costs** | **Weighted Average** | **28% Share** | **Monthly Rate** |
| **TRS Member Only** |  |  |  |  |  |
|  Healthcare | $ 1,752 | $ 1,872 | $ 1,811 | NA | NA |
|  Admin | $ 82 | $ 80 | $ 81 | NA | NA |
| **Total** | $ 1,834 | $ 1,952 | $ 1,892 | $ 530.06 | **$ 44.17** |
| **TRS Member and Family** |  |  |  |  |  |
|  Healthcare | $ 9,190 | $ 9,738 | $ 9,458 | NA | NA |
|  Admin | $ 326 | $ 305 | $ 315 | NA | NA |
| **Total** | $ 9,516 | $ 10,043 | $ 9,773 | $ 2,739.24 | **$ 228.27** |

**Methodology**

**Determination of 2020 Premium Rates for**

**TRICARE Retired Reserve**

Calendar Year (CY) 2020 TRICARE Retired Reserve (TRR) premium rates were calculated from enrollment-weighted average annual costs from CY 2016 and CY 2017 (base period).

1. Due to TRR data not accurately captured in the Military Health System Data Repository for calendar year 2018 and beyond, all TRR enrollees were identified by plan type (member-only coverage or member and family) in each of the 24 months from January 1, 2016, through December 31, 2017.
2. Applied 1.61 percent trend adjustment for each plan type from base years to 2020.
3. Constructed monthly government TRR health care costs (including Military Treatment Facilities and purchased care costs) for each plan type in each of the base years and determined the weighted average government health care costs for the two base years separately by plan type.
4. Constructed monthly TRR administrative costs (per eligible per month administrative costs and claims processing costs including Retail Pharmacy) in base year and determined the weighted average in each of the two base years separately by plan type.
5. Calculated the total enrollment-weighted average for each of the two base years separately
for the two types of coverage (Table 2).
6. Applied program adjustment (0.1 percent) to account for the new cost sharing provisions that are part of the TRICARE Select benefit structure under Section 1075(d)(1) of Title 10, U.S. Code, as enacted by Section 701 of National Defense Authorization Act for Fiscal Year 2017; Public Law 114 328.
7. Applied adjustment for healthcare costs not reflected in encounter data, including pharmacy rebates, and DRG/capital payments (3.2 percent reduction).
8. Applied a two percent overhead cost to account for internal Department of Defense costs with administering TRR.

The resulting monthly TRR premium rates for calendar year 2020 (Table 2) are:

 **$ 444.37** TRR member-only plan and

 **$ 1,066.26** TRR member and family coverage.

Table 2 –Calendar Year 2020 TRR Premium Buildup

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **CY 2016****Costs** | **CY 2017****Costs** | **Weighted Average** | **Adjust** | **Monthly Rate** |
| **TRR Member Only** |  |  |  |  |  |
|  Healthcare | $ 4,678 | $ 5,010 | $ 4,853 | NA | NA |
|  Admin | $ 226 | $ 232 | $ 229 | NA | NA |
| **Total** | $ 4,904 | $ 5,241 | $ 5,082 | 1.0492 | **$ 444.37** |
| **TRR Member and Family** |  |  |  |  |  |
|  Healthcare | $ 11,123 | $ 12,003 | $ 11,598 | NA | NA |
|  Admin | $ 590 | $ 604 | $ 598 | NA | NA |
| **Total** | $ 11,713 | $ 12,607 | $ 12,196 | 1.0492 | **$ 1,066.26** |

**Methodology**

**Determination of 2020 Premium Rates for**

**TRICARE Young Adult**

Calendar Year (CY) 2020 TRICARE Young Adult (TYA) premium rates were tabulated from the Military Health System Data Repository for TYA enrollees from CY 2017 and CY 2018 (base period).

1. Identified all TYA enrollees by plan type (TYA Select or TYA Prime) over the most recently available 24-month period from January 1, 2017, to December 31, 2018.
2. Applied a 15 percent reduction to the purchased care pharmacy proportion of total claims (29 percent for Select and 18 percent for Prime) for a total reduction of 4.5 percent to the Select costs and 2.8 percent to the Prime costs.
3. Increased costs to account for Diagnosis-Related Group (DRG) capital payments that are not a part of the historical claims data (in FY18, DRG capital costs accounted for an additional 12 percent of inpatient facility and professional costs) and applied this additional load to the purchased care inpatient proportion of total claims (17 percent for Select and 15 percent for Prime) for a total increase of 2.0 percent to the Select costs and 1.8 percent to the Prime costs.
4. Applied an adjustment to Select costs to account for the change in timing of the outpatient deductible from the FY to the CY in 2018, resulting in a reduction of 0.4 percent to Select costs only.
5. Applied a trend rate to project costs from the midpoint of the historical period (January 1, 2018) to the midpoint of the projection period (July 1, 2020); 2.37 percent per year for Select and 2.27 percent fo Prime for 36 months.
6. Applied program adjustment to account for the new cost sharing provisions that are part of the TRICARE Select benefit structure under Section 1075(d)(1) of Title 10, U.S. Code, as enacted by Section 701 of National Defense Authorization Act for Fiscal Year 2017; Public Law 114 328. For the Select benefit, an estimated increase in costs of 1.1 percent and 1.8 reduction for Prime. Made an adjustment to reflect the pharmacy copay change that was implemented on February 1, 2018 (a 0.3 to 0.4 percent reduction) and a second pharmacy copay change scheduled for February 1, 2020 (a similar level reduction).

The resulting monthly TYA premium rates for calendar year 2020 are:

 **$ 228.00** TYA Select and

 **$ 376.00** TYA Prime.

**Methodology**

**Determination of 2020 Premium Rates for**

**Continued Health Care Benefit Program**

Fiscal Year 2020 Continued Health Care Benefit Program (CHCBP) premium rates were tabulated from total premiums under Government Employees Health Association (GEHA) Standard plan within the Federal Employee Health Benefit (FEHB) Program.

1. CHCBP premiums are based on the total premiums (Government plus employee) charged in Calender Year (CY) 2018 for singles and for families in the GEHA Standard plan within the FEHB Program.
2. Applied an increase of $25 per quarter, to account for incremental CHCBP administrative costs (e.g., premium collection and enrollment processing).
3. Beginning in 2016, FEHBP’s two-tier premium structure (single and family) was replaced by a three-tier structure, splitting the family tier into self-plus-one and family. Because CHCBP only has two tiers, we have estimated a two-tier family premium for GEHA by applying the CY15 family to single relativity to the CY19 GEHA single premium.

The resulting monthly CHCBP premium rates for fiscal year 2020 are:

 **$ 1,553.00** CHCBP Single and

 **$ 3,500.00** CHCBP Family.