

## 2020 Tennessee Health Care Innovation Initiative Threshold Methodology — State Employee Health Plan

Below are the threshold levels for BlueCross BlueShield of Tennessee for the 2020 calendar year:

Episode	Acceptable Level	Commendable Level
Perinatal	\$18,476	\$12,016
Total Joint Replacement	\$47,861	\$30,441
Acute PCI	\$43,258	\$18,314
Colonoscopy	\$2,245	\$1,356
Cholecystectomy	\$11,562	\$6,525
Non-acute PCI	\$30,365	\$12,557
Upper GI Endoscopy	\$2,367	\$1,624
Bariatric Surgery	\$34,231	\$14,433
Coronary Artery Bypass Graft (CABG)	\$83,160	\$43,429
Valve Repair and Replacement	\$146,905	\$99,562
Knee Arthroscopy	\$7,918	\$4,386
Hysterectomy	\$13,422	\$8,130

### METHODOLOGY

**Share Savings Calculation Method:** Actual costs from episodes in the measurement period are risk-adjusted and aggregated by the Quarterback. Quarterbacks with risk-adjusted average costs below the Commendable Level receive a bonus equal to 50% of the difference between their risk-adjusted average cost and the Commendable Level.

The following parameters are used in the baseline calculations:

- Acceptable Levels are set at the 90<sup>th</sup> percentile of Quarterbacks.
- Commendable thresholds are calculated to have projected bonuses equal to the amount of projected penalties.
- Gains per Quarterback are capped based on a Gain Share Limit; however, in the development of Commendable Levels, the Gain Share Limit is ignored as it is not expected to be material in the development of the Commendable Level.