

## 2023 Tennessee Healthcare Innovation Initiative Threshold Methodology - State Employee Health Plan

Below are the threshold levels for BlueCross BlueShield of Tennessee for the 2023 calendar year:

Episode	Acceptable Level	Commendable Level
Perinatal	\$24,685	\$15,228
Total Joint Replacement	\$30,920	\$19,787
PCI-Acute	\$47,773	\$23,937
Colonoscopy	\$2,882	\$1,326
Cholecystectomy	\$13,093	\$6,184
PCI-Non-acute	\$37,647	\$12,225
Upper GI Endoscopy	\$2,984	\$1,033
Bariatric Surgery	\$34,237	\$17,339
Coronary Artery Bypass Graft	\$77,061	\$49,388
Valve Repair and Replacement	\$147,458	\$93,091
Knee Arthroscopy	\$9,179	\$4,495
Hysterectomy	\$17,207	\$7,851

### 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. However, to reduce year-to-year volatility in the thresholds, they are generally limited to a 15% decrease and 10% increase.
- 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.