

2023 Tennessee Healthcare Innovation Initiative Threshold Methodology - Fully Insured

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

Episode	Acceptable Level	Commendable Level
Perinatal	\$31,429	\$11,780
Total Joint Replacement	\$37,274	\$17,199
PCI-Acute	\$53,905	\$19,006
Colonoscopy	\$3,391	\$751
Cholecystectomy	\$15,377	\$5,099
PCI-Non-acute	\$39,481	\$10,389
Upper GI Endoscopy	\$4,046	\$704
Coronary Artery Bypass Graft	\$81,462	\$45,887
Valve Repair and Replacement	\$148,677	\$92,448
Knee Arthroscopy	\$9,982	\$3,547
Hysterectomy	\$21,488	\$6,742

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 second highest-cost Quarterback.
- 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.