

## 2024 Tennessee Healthcare Innovation Initiative Threshold Methodology – State Employee Health Plan

Below are the threshold levels for BlueCross BlueShield of Tennessee for the 2024 calendar year:

Episode	Acceptable Level	Commendable Level
Perinatal	\$23,480	\$16,751
Total Joint Replacement	\$37,659	\$16,819
PCI-Acute	\$57,161	\$24,783
Colonoscopy	\$3,051	\$1,442
Cholecystectomy	\$12,036	\$6,506
PCI-Non-acute	\$34,924	\$11,258
Upper GI Endoscopy	\$2,778	\$1,137
Bariatric Surgery	\$19,467	\$13,121
Coronary Artery Bypass Graft	\$93,815	\$41,980
Valve Repair and Replacement	\$164,126	\$102,401
Knee Arthroscopy	\$7,839	\$4,739
Hysterectomy	\$16,357	\$8,637

### 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.