

2017 Tennessee Healthcare Innovation Initiative State of Tennessee Employee Health Plan Threshold Methodology

Below are the threshold levels for BlueCross BlueShield of Tennessee for the 2017 calendar year:

Bundle	Acceptable Level	Commendable Level
Perinatal	\$17,655	\$9,995
Total Joint Rep	\$45,603	\$29,044
Acute PCI	\$40,697	\$11,288
Colonoscopy	\$2,101	\$1,391
Cholecystectomy	\$9,945	\$5,909
Non Acute PCI	\$22,845	\$14,076

METHODOLOGY

Baseline Method: Actual costs from provider episodes 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:

- a. Acceptable Levels are set at 90th percentile of Quarterbacks.
- b. Commendable thresholds are calculated to have projected bonuses equal to the amount of projected penalties.
- c. 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.

State of Tennessee Employee Health Plan Acceptable Level and Commendable Level:

Established by Waves following the methodology used by the Health Care Finance division in setting thresholds for the Medicaid line of business:

- Perinatal and Total Joint Rep – Revised in 2017 to reflect actual experience
- Acute and non-acute PCI, Colonoscopy, and Cholecystectomy – Originally introduced in 2016; remained constant as experience under the program is just emerging

Updated 11/2017