



EMPLOYER FAQ GUIDE | 2025

# Blue Distinction Specialty Care





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## Exhibit A: Glossary of Commonly Used Terms

# General Questions

## 1. What is BlueCross BlueShield® (BCBS) Plans' commitment to payment reform?

BCBS Plans understand that the industry cannot continue to pay providers based on fee-for-service models that reward volume of services provided rather than value. It's an unsustainable model for both employers and employees. In keeping with our 90+ year heritage of local and national health care leadership, BCBS Plans are working with key stakeholders – from policy makers and leading medical experts to consumer groups and major employers – to design and implement a better health care delivery system for our nation.<sup>1</sup>

As the insurer of 1 in 3 Americans – with 97% of the nation's hospitals and 83% of physicians in the BCBS network – BCBS plays a pivotal role in changing provider incentives to promote high quality, affordable care for all patients.<sup>1</sup>

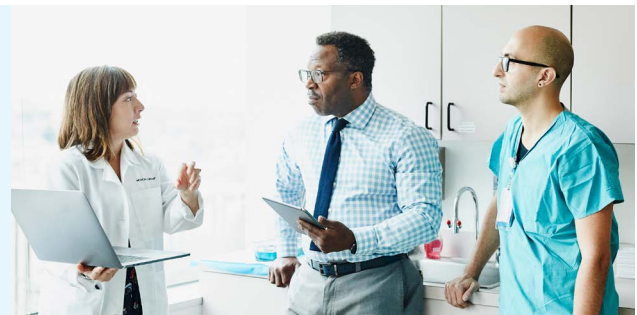
Today, more than **81 million** BCBS members have access to value-based providers, and BCBS Plans' value-based reimbursement accounts for more than **\$256 billion** in claims spend.<sup>2</sup> This far outpaces the impact of other health plans and demonstrates the significant commitment BCBS Plans have made to promoting value-based payment and health care.

This impact will only grow as we continue to measure and monitor what's working and what isn't in this new model.

## 2. What is value-based care?

Value-based care means reimbursing health care providers based in part on better quality and improved efficiency. By emphasizing care coordination and incentivizing providers for achieving better health outcomes, it's designed to lower cost trend over time, ultimately lowering health care costs for all stakeholders including employers and their employees. Value-based care is similar to other industry terms such as "care delivery innovation," "value-based contracting," "payment reform" and "payment innovation." As the industry leaders, BCBS Plans are partnering with providers with the goal of making patient-centered, value-based care the "new standard" in health care.

Today, BCBS Plans' value-based reimbursement accounts for more than **\$256 billion** in claims spend<sup>2</sup>



<sup>1</sup>Consortium Health Plans, Q3 2022 Network Access Compare Data

<sup>2</sup>2023 Value-based Program RFI Topline National Stats, November 2023

### 3. What types of value-based programs do BCBS Plans offer?

BCBS Plans offer a variety of value-based programs depending on the markets and needs of their local communities.

There are four primary value-based care models today:

- **Accountable Care Organization (ACO)** – A group of health care providers who agree to deliver coordinated care and meet performance benchmarks for quality and affordability in order to manage the total cost of care for their patient (member) populations. ACOs are often hospital-based, but may include groups of physicians, hospitals and other health care providers.
- **Episode-Based Payment/Bundled Payment** – The bundling of services related to a procedure or critical event as an episode of care and payment to providers with a single negotiated payment or cost target for all clinically related services of the episode delivered by various providers over a defined period of time.
- **Patient-Centered Medical Home (PCMH)** – A model of care in which each patient has an ongoing relationship with a primary care provider (PCP) who coordinates a team that has collective responsibility for patient care. When appropriate, this PCP arranges for care with other qualified physicians as defined within the program. The PCMH model is intended to offer patients accessible, continuous, coordinated and comprehensive patient-centered care, managed centrally by a primary care team.
- **Pay-for-Performance/Quality-Based Incentive Program** – A payment model that rewards physicians, hospitals and other health care providers for achieving improvements in multiple areas including process, efficiency, clinical quality outcomes, infrastructure and patient safety performance measures.

### 4. How much experience do BCBS Plans have in value-based programs?

With insights gained from collaborating with providers in each community for more than eight decades and serving more than 115 million members, BCBS Plans are uniquely positioned to lead the transformation of health care from one based on volume to one based on value. Today, over 650,000 providers participate in BCBS value-based care arrangements – more than three times the number of providers in our closest competitors' programs. That means the benefits of value-based care are available to nearly 70% of our members.<sup>2</sup>

BCBS members represent a significant share of physicians' and hospitals' patient populations, making BCBS Plans ideal partners to bring valuable data on more patients, so that providers can better manage care. This equates to more informed decisions and deeper collaboration between BCBS Plans and providers to control costs and improve care delivery. Local presence has enabled BCBS Plans and provider communities to develop and implement advances in health care payment models for well over 20 years.

<sup>2</sup>2023 Value-based program RFI Topline National Stats, November 2023

# Blue Distinction Specialty Care Overview

## 5. What is the Blue Distinction Specialty Care Program?

Blue Distinction is **our national centers of excellence program** that focuses on doctors, hospitals and other health care facilities that excel in delivering safe, effective treatment for specialty procedures. The goal of the program is to help employees find both quality and value for their specialty care needs, while providing a credible foundation for employers to design benefits tailored to meet their quality and cost objectives.

Blue Distinction includes two levels of designation developed with input from medical experts:

- **Blue Distinction Centers (BDC)** demonstrate quality care, treatment expertise and better overall patient results.
- **Blue Distinction Centers+ (BDC+)** meet BDC quality criteria, **plus** demonstrate more affordable care per episode on average.

**Quality is key:** only those providers who first meet Blue Distinction Centers’ nationally established, objective quality criteria will be considered for designation as a BDC+.



**Blue Distinction has a proven history of delivering high-quality care and better results across 11 high-impact specialty areas:**

- Bariatric Surgery
- Cancer Care \*
- Cardiac Care
- Cellular Immunotherapy–CAR-T \*
- Fertility Care
- Gene Therapy \*
- Knee and Hip Replacement
- Maternity Care
- Spine Surgery
- Substance Use Treatment and Recovery \*
- Transplants

\*BDC designation level only

These specialty areas were chosen because they involve procedures or episodes of care in areas of high or increasing demand with variation in quality and cost across providers.

## 6. What are the requirements for a provider to be designated as Blue Distinction?

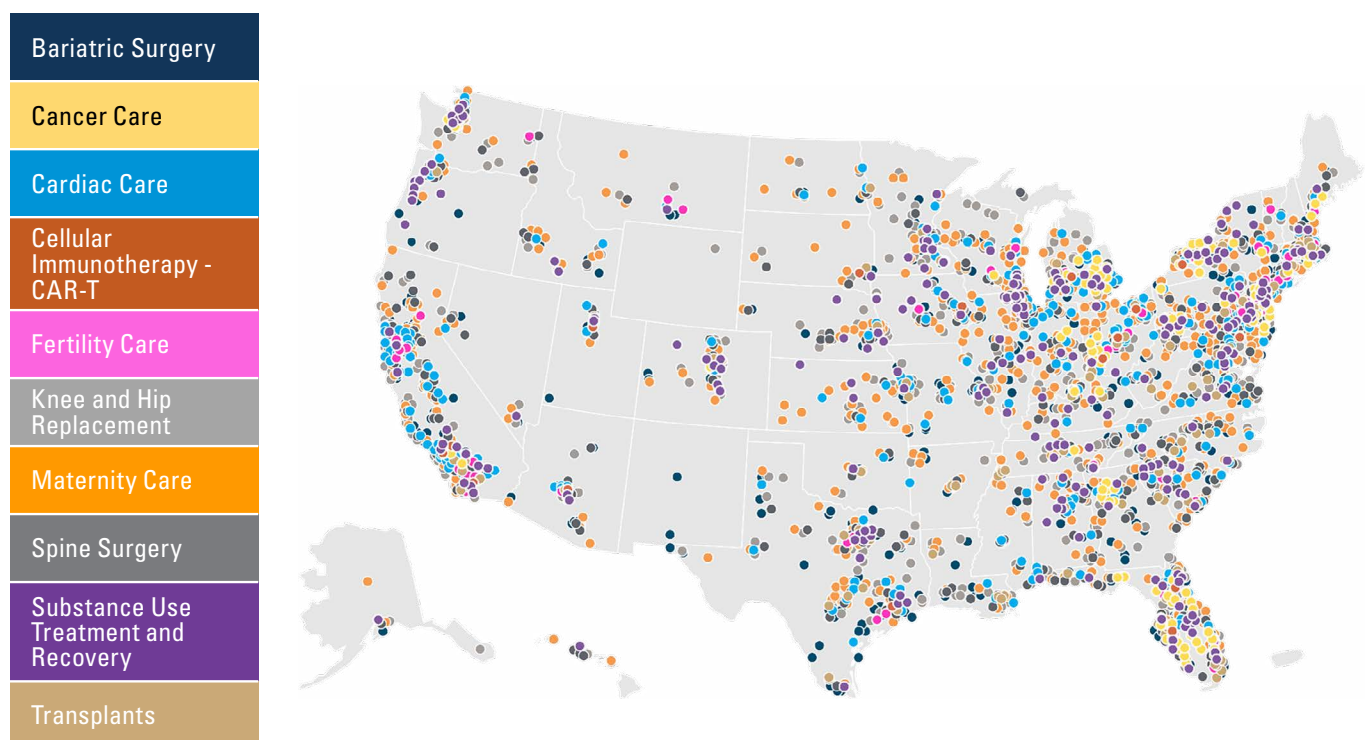
To be considered, a provider must apply for a Blue Distinction designation. Quality measures for each specialty area within Blue Distinction are based on nationally established, objective selection criteria developed with input from the medical community. These criteria take into account important clinical factors, such as the health care provider's overall patient results in a specialty area, the provider's history performing a specialty procedure, and patient safety. The criteria used to evaluate providers for designation is available at [bcbs.com/bluedistinction](https://www.bcbs.com/bluedistinction). Certain programs, such as Cancer Care, also require a value-based payment arrangement with their local BCBS Plan in place.

Selection criteria for designation in each category of Blue Distinction are periodically refreshed every two years to provide meaningful quality and cost differentiation to employers and employees. As part of these evaluation cycles, quality measures are reassessed, with input from the medical community, to be consistent with medical advances and current clinical practices, guidelines and measurement.

**Providers must reapply for Blue Distinction designations during each re-evaluation cycle.**

## 7. Where are Blue Distinction providers available?

Today, more than 6,000 Blue Distinction designations have been awarded to more than 2,600 facilities and providers across the nation. Currently, Blue Distinction providers stretch across 50 states and are in the top 100 metropolitan statistical areas.<sup>3</sup>



<sup>3</sup>BCBSA data, March 2023

## 8. Are employers required to participate in Blue Distinction? Is there a cost associated with program participation?

Participation in the program isn't required. Blue Distinction Centers are embedded in our broad PPO network, so **all members have access to the BDC/BDC+ in their network.**

Self-funded employers can use our Blue Distinction program to drive members to these high-quality providers using unique benefit differentials. Self-funded employers that choose to participate may do so at no additional administrative cost.

## 9. What information is available to help employers evaluate participation in Blue Distinction?

Ad hoc reports are available upon request to illustrate member utilization patterns within the available specialty areas. Reports show claims experience broken out by provider, including BDC/BDC+, allowing an employer to see total claims spend across these specialty areas to evaluate savings opportunities. Please contact your account executive for additional information.

Blue Distinction Centers are embedded in our broad PPO network.



# Blue Distinction Specialty Care Benefits

## 10. Can employers choose specific specialty areas within Blue Distinction in which to participate?

Yes. Self-funded employers may choose to participate in all of the available specialty areas or they may select certain specialty areas that are aligned with the cost trends of their employee population.

For example, if an employee population is primarily female, an employer may choose to participate only in the Maternity Care program, which is focused on lowering the percentage of early elective delivery and cesarean section rates.



## 11. Do we steer members to Blue Distinction providers?

Yes. We use benefit differentials, including a travel benefit, to encourage members to use Blue Distinction transplant providers. Self-funded employers can also use benefit differentials for any or all Blue Distinction specialties. Examples may include:

- Decreased employee cost-sharing (waived or reduced deductibles, coinsurance or copays) for employees who receive services from a Blue Distinction provider for their specialty care needs.
- Benefit coverage only when employees receive services from a Blue Distinction provider for their specialty care needs (typically for elective procedures, such as bariatric surgery).
- Travel benefits to help employees access Blue Distinction providers (e.g., transplants).

Sample Tier	Blue Distinction Designation	Sample Benefit Design	Sample Travel Benefit
Tier 1	BDC/BDC+	Highest benefit level (lowest cost-share and/or deductible)	Travel benefit included
Tier 2	In-network (Non-BDC)	Standard in-network benefit level	N/A
Tier 3	Out-of-network	Standard out-of-network benefit level	N/A

## 12. How will employees locate Blue Distinction providers?

To look for available Blue Distinction Centers:

- Visit the Blue Distinction Center Finder<sup>SM</sup> at **bcbs.com/blue-distinction-center/facility**.
- Use the Find Care tool at **cbst.com** and use the **Blue Quality Programs** drop-down filter to see available Blue Distinction providers within Tennessee.
- Visit the National Directory and Hospital Finder<sup>SM</sup> at **provider.bcbs.com** to search for providers outside of Tennessee.
- Call the Member Service number on the back of your Member ID card.

### 13. How does Blue Distinction drive value to employers?

Results confirm that Blue Distinction offers meaningful quality differences for specialty procedures, such as lower complication and readmission rates, when compared to non-designated providers. Overall, BDC+ providers are also more efficient than non-BDC+ providers, delivering more than 20% average savings per episode.<sup>4</sup>

Bariatric Surgery	Cardiac Care	Fertility Care	Knee & Hip Replacement	Maternity Care	Spine Surgery	Substance Use Treatment & Recovery	Transplants
<b>Better Quality</b>							
<b>10% lower</b> ER visits	<b>19% lower</b> in-hospital mortality rate	<b>38% higher</b> single, live birth success rate	<b>7% lower</b> 30-day readmissions	<b>75% lower</b> early elective deliveries	<b>48% lower</b> reoperation rate (90-day lumbar)	<b>27% lower</b> readmission rate (90 days post-treatment)	<b>14%+ better</b> 1-year graft survival rate on avg adult solid organ transplants
<b>21% lower</b> readmissions	<b>28% lower</b> adverse events	—	<b>9% fewer</b> complications	<b>49% lower</b> episiotomy rate	<b>26% lower</b> readmission rate (30-day lumbar unplanned)	<b>14% better</b> prescribing patterns of MAT	<b>12%+ better</b> 1-year patient survival rate for adult and pediatric bone marrow/stem cell transplants
<b>29% lower</b> surgical site infections	<b>35% lower</b> in-hospital bleeding complication rate	—	—	<b>24% lower</b> cesarean delivery rate	<b>55% lower</b> reoperation rate (90-day cervical)	<b>9% better</b> continuation of care (90 days post-treatment using MAT)	—
<b>Greater Savings with Blue Distinction Centers+</b>							
<b>23%</b> average savings across procedure types	<b>21%</b> average savings across procedure types	<b>22%</b> average savings across procedure types	<b>21%</b> average savings across procedure types	<b>20%</b> average savings across procedure types	<b>27%</b> average savings across procedure types	<b>67%</b> average savings compared to non-BDC*	<b>34%</b> average savings across adult procedure types

\* BDC designation only

### 14. Are there plans to expand the program?

Yes. BCBS continues to evaluate the Blue Distinction program for future opportunities to add additional high-cost complex care areas that can generate better care and increased savings.

### 15. Does it matter what network a member is in if they use a Blue Distinction provider?

Yes. Blue Distinction providers are embedded in our broad PPO network, but members should still verify that the Blue Distinction provider is participating in their specific network.

For example, a Blue Distinction provider may be participating in Blue Network P<sup>SM</sup> but not Blue Network S<sup>SM</sup>.

## Exhibit A:

# Glossary of Commonly Used Terms

## Accountable Care Organization (ACO)

A group of health care providers who agree to deliver coordinated care and meet performance benchmarks for quality and affordability in order to manage the total cost of care for their member populations.

## Attribution

Assignment of members to a provider, or group of providers, either through analysis of claims or specific identification for purposes of measuring accountability for costs, efficiency achievement and/or quality metrics attainment.

## BlueCard® Program

The program that enables members obtaining health care services while traveling or living in another Plan's service area to receive the benefits of their Home Plan contract and to access the local Plan's designated provider networks and savings.

## Blue Distinction Specialty Care

A national designation recognizing health care facilities who demonstrate expertise in delivering quality specialty care safely, effectively and efficiently. It's comprised of multiple areas of specialty care including bariatric surgery, cancer care, cardiac care, knee and hip replacement, maternity care, spine surgery and transplants.

## Care Coordination Fees

Providers may be eligible to charge a care coordination fee for each member that is attributed to them as part of the care coordination activities for which the PCMH or ACO provider will be responsible.

## Centers of Excellence

A Center of Excellence is an area of health care specialization in a medical center that is recognized by the medical community as providing the most expert and highest level of care.

## Episode-Based Payment/Bundled Payment

The bundling of services and payment to providers with a single negotiated payment or cost target for all clinically related services of the episode delivered by various providers over a defined period of time.

## Exclusive Provider Organization (EPO)

A health benefits program in which the member receives no benefits for care obtained outside the network except emergency care and does not include a primary care provider selection. Within the BlueCard Program, benefits may be eliminated when the member obtains care from a non-BlueCard PPO provider.

## High Performance Network

A comprehensive, performance-based provider network that serves as a standalone network and includes providers based upon quality and cost metrics.

## Patient-Centered Medical Home (PCMH)

A model of care in which each patient has an ongoing relationship with a primary care provider who coordinates a team to take collective responsibility for patient care and, when appropriate, arranges for care with other qualified physicians.

## Pay-for-Performance/Quality-Based Incentive Program

A payment model that rewards physicians, hospitals and/or other health care providers for achieving improvements in multiple areas, including process, efficiency, clinical quality outcome, infrastructure and patient safety performance measures.

## Preferred Provider Organization (PPO)

A health benefit program that offers the highest level of benefits to members (for example, a total out-of-pocket differential of 10%) when they obtain services from any physician or hospital designated as a PPO provider.

## Shared Savings/Gain Sharing

A payment mechanism in which the providers and payer share cost savings achieved against a target cost budget based upon agreed upon terms and which may include downside risk.

## Total Care

A program that identifies providers delivering patient-centered, value-based care and enables multi-state employers to leverage locally-tailored BCBS programs (ACOs, PCMHs and similar programs) designed to demonstrate results in improving patients' health while managing costs.

## Total Cost of Care

A payment methodology that is defined at the patient level and accounts for either all patient care or for a specific group of services delivered to the patient such as outpatient physician, ancillary, hospital services and prescription drugs.

## Value-Based Program

An outcomes-based payment arrangement and/or a coordinated care model facilitated with one or more local providers that is evaluated against cost and quality metrics/factors and is reflected in provider payment.





Blue Distinction Centers (BDC) met overall quality measures for patient safety and outcomes, developed with input from the medical community. A Local Blue Plan may require additional criteria for providers located in its own service area; for details, contact your Local Blue Plan. Blue Distinction Centers+ (BDC+) also met cost measures that address consumers' need for affordable healthcare. Each provider's cost of care is evaluated using data from its Local Blue Plan. Providers in CA, ID, NY, PA, and WA may lie in two Local Blue Plans' areas, resulting in two evaluations for cost of care; and their own Local Blue Plans decide whether one or both cost of care evaluation(s) must meet BDC+ national criteria. National criteria for BDC and BDC+ are displayed on [www.bcbs.com](http://www.bcbs.com). Individual outcomes may vary. For details on a provider's in-network status or your own policy's coverage, contact your Local Blue Plan and ask your provider before making an appointment. Neither Blue Cross and Blue Shield Association nor any Blue Plans are responsible for noncovered charges or other losses or damages resulting from Blue Distinction or other provider finder information or care received from Blue Distinction or other providers.



1 Cameron Hill Circle | Chattanooga, TN 37402 | [bcbst.com](http://bcbst.com)