

2025 Tennessee Healthcare Innovation Initiative Threshold Methodology- State Employee Health Plan

Below are the threshold levels for BlueCross BlueShield of Tennessee for the 2025 calendar year:

| Episode | Acceptable Level | Commendable Level |
|------------------------------|------------------|-------------------|
| Perinatal | \$24,165 | \$15,199 |
| Total Joint Replacement | \$37,194 | \$17,687 |
| PCI-Acute | \$46,841 | \$25,883 |
| Colonoscopy | \$3,183 | \$1,356 |
| Cholecystectomy | \$13,609 | \$6,950 |
| PCI-Non-acute | \$30,917 | \$9,570 |
| Upper GI Endoscopy | \$3,331 | \$1,251 |
| Bariatric Surgery | \$30,832 | \$13,448 |
| Coronary Artery Bypass Graft | \$82,688 | \$46,178 |
| Valve Repair and Replacement | \$163,981 | \$93,163 |
| Knee Arthroscopy | \$8,507 | \$4,533 |
| Hysterectomy | \$17,406 | \$8,952 |

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 90th 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.