

2026 Tennessee Health Care Innovation Initiative BlueCareSM Thresholds and Methodology

Episode	Acceptable Level	Commendable Level
Asthma	\$1,265	\$568
Perinatal	\$9,265	\$7,515
Total Joint Replacement	\$14,014	\$8,370
Acute PCI	\$16,521	\$10,991
Colonoscopy	\$1,666	\$1,051
COPD	\$3,308	\$1,171
Cholecystectomy	\$6,325	\$4,770
Upper GI Endoscopy	\$1,731	\$1,170
Gastrointestinal Hemorrhage (GIH)	\$3,916	\$2,192
Urinary Tract Infection — Inpatient	\$9,018	\$5,125
Urinary Tract Infection — Outpatient	\$191	\$118
Pneumonia	\$2,222	\$1,318
Respiratory Infection	\$199	\$129
Congestive Heart Failure Acute Exacerbation	\$10,093	\$4,675
Attention Deficit and Hyperactivity Disorder	\$744	\$297
Bariatric Surgery	\$10,010	\$4,677
Oppositional Defiant Disorder (ODD)	\$1,296	\$205
Breast Biopsy	\$2,211	\$1,303
Otitis Media	\$229	\$121
Tonsillectomy	\$3,821	\$1,875
Diabetes Acute Exacerbation	\$6,811	\$4,379
Pancreatitis	\$8,888	\$5,715
Skin and Soft Tissue Infection	\$416	\$149
Spinal Fusion	\$28,466	\$14,224
Spinal Decompression	\$9,598	\$3,380
Knee Arthroscopy	\$5,525	\$3,016
Non-operative Ankle Injury	\$457	\$218
Non-operative Wrist Injury	\$517	\$234
Non-operative Shoulder Injury	\$552	\$250
Non-operative Knee Injury	\$591	\$285
Back/Neck Pain	\$592	\$337
Acute Seizure	\$2,393	\$1,098

Syncope	\$851	\$306
Bronchiolitis	\$1,030	\$612
Pediatric Pneumonia	\$1,327	\$727
Colposcopy	\$750	\$359
Hysterectomy	\$8,584	\$3,234
GI Obstruction	\$10,507	\$4,836
Appendectomy	\$7,309	\$3,526
Hernia Repair	\$5,572	\$2,200
Acute Gastroenteritis	\$1,073	\$565
Acute Kidney and Ureter Stones	\$1,332	\$693
Cystourethroscopy	\$1,947	\$846

METHODOLOGY

Baseline Method: Actual costs from provider episodes are risk-adjusted and aggregated by the quarterback. Quarterbacks with risk-adjusted average costs above the Acceptable Level are subject to a penalty equal to 50% of the difference between their risk adjusted cost and the Acceptable Level. 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 90th percentile of quarterbacks.
- Commendable thresholds are calculated to have projected bonuses equal to the amount of projected penalties after taking into account the impact of quality metrics.
- Gains per quarterback are capped based on a Gain Share Limit.