



**STATE OF TENNESSEE
DIVISION OF HEALTH CARE FINANCE AND ADMINISTRATION**

MEMORANDUM

Date: May 2015

From: Tennessee Health Care Innovation Initiative

Subject: Perinatal Thresholds for Episodes of Care

The episode of care model is part of the Tennessee Health Care Innovation Initiative which was launched in 2013 as a statewide initiative to transition its health care payment system to better reward patient-centered, high-quality, high-value health care outcomes for all Tennesseans. On January 1, 2015, each TennCare managed care organization (MCO) implemented three retrospective episodes of care including acute asthma exacerbation, perinatal and total joint replacement.

Perinatal Episode Thresholds for 2015 are Now Higher

The perinatal episode thresholds for 2015 are now higher for providers treating members of TennCare MCOs. This is a change that favors providers.

The acceptable threshold is rising to \$7,783, which is \$340 higher than before. This means that at the end of 2015 all providers with an average risk-adjusted episode cost below that threshold in 2015 will not have an episode penalty. In addition, all TennCare MCOs are raising their commendable threshold for perinatal episodes so that more providers can have a higher average episode cost and still be eligible for episode rewards. Unchanged is the projection that most providers will be in acceptable range, not eligible for rewards or penalties.

More Information about the Perinatal Episode Change

Generally, episode thresholds will not change in the middle of a calendar year. However, in the perinatal episode, changes were made because in some cases providers saw unexpected episodes in their perinatal reports which may have caused concern. After a throughout review, the episode definition and programming has been updated in the following ways:

- In a small number of unique cases the claims related to a birth do not include a professional claim (e.g. no one submits that claim). Under the previous definition the episode would be assigned to the provider who submitted the facility claim. These episodes will now be excluded and not count on any provider's episode reports.
- In some cases the universe of claims for an episode excluded costs associated with the mother or included costs associated with the child. These situations have been corrected.

The acute asthma exacerbation and total joint replacement remain unchanged from their initial design.

More Information about the Thresholds

Each TennCare MCO used the same method with updated definitions to set the new thresholds.

For most providers the changes have a non-material impact on the average episode costs. Any providers negatively impacted will be contacted directly by the relevant MCO to explain the circumstances further. If you have questions about the change to the perinatal commendable and acceptable threshold, please contact your MCO at the phone numbers listed below:

- Amerigroup: 615-232-2160
- BCBST: 800-924-7141 (Option 4)
- United: 615-372-3509

If you have other questions about the Tennessee Health Care Innovation Initiative, please contact payment.reform@tn.gov.