

## Protecting Affordability for Our Members

We're here to provide access to quality care at the best possible prices. We realize Tennessee employers and our members are facing an affordability crisis, and we're responding by making changes to provide them with much-needed savings.

### Record Claims Costs

2024 marked the second consecutive year of record claims costs – a trend that can't continue.

2023  
**\$17.8 Billion**  
in claims



2024  
**\$20.1 Billion**  
in claims



We use 90 cents of every premium dollar to pay for the care our members need. And the law caps the amount we can spend on administrative costs, including after-tax profits.

### Drivers of Rising Costs



#### Increasing medical costs and utilization

Pricing for everything from prescriptions and hospital stays to procedures and equipment has gone up, and more people are using certain services than ever before.

*Knee replacement surgeries increased by more than 45% between 2021 and 2024.*



#### Surging drug prices

Drug prices have consistently outpaced general inflation – since 1985, they've risen three times faster. Drug companies spend billions each year on advertising, which drives up the cost of already pricey treatments.

*By 2024, drug costs were more than 127% higher than the cost of all other commodities.*



#### Inaccurate billing

Providers sometimes bill at a higher level than necessary for the services provided, and this is a major driver of inflated health care costs.

*At BlueCross, we've seen a rise in diagnoses of acute post-hemorrhagic anemia in maternity cases without the expected rise in treatment rates, resulting in an additional \$2.6 million in claims payments.*

## How We Support Affordability for Our Members

### Negotiating Discounts

We work with doctors, hospitals and drug companies to get the best possible prices for our members.

### Medical Policy and Prior Authorizations

We use clinical evidence to set guidelines on what we cover, then we apply those guidelines as our members seek care.

### Consumer Tools and Support

We make it possible for members to shop for the care services they need, and we provide active support to guide them for high-cost needs like surgeries.

### Promoting Preventive Care

We encourage our members to use no-cost preventive care services like annual wellness visits and screenings recommended based on their age and health history.

### Claims Reviews

We review health care claims to make sure they are accurate and appropriate, so members don't pay more than they should for the care they receive.

### Policy Changes

In 2025, we made changes to adjust payments for mid-level providers (nurse practitioners, CRNAs, etc.), in line with industry best practices and Medicare policy.

### Managing Operating Costs

We've always believed in good stewardship. This year, we took an even closer look at reducing costs by evaluating vendor relationships, sponsorship and business travel.

## Working with Providers

The providers we work with are partners in caring for our members. We value the work they do, and we've made policy updates to help support them.

These policy changes support affordability and are in line with best practices from the Centers for Medicare and Medicaid Services and other health insurers.

### Collaborating

- Total joint replacement bundle to streamline billing and costs
- Expanding our lowest-cost Network E
- Streamlining prior authorizations

### Communicating

- Advance notice and outreach about policy changes
- BlueAlert monthly newsletter
- Provider Administration Manuals

### Expanding Capacity

- Onboarding additional representatives for provider calls
- Reduced wait times on calls

[Learn more about our efforts to support affordability at BCBSTWorksForYou.com.](https://www.bcbstworksforyou.com)