

Oregon Health Authority

2017 Quality Pool Reference Instructions

The Oregon Health Authority has established a financial pool, or “quality pool” as part of the agreement with the Centers for Medicare & Medicaid Services (CMS) as required by the Special Terms and Conditions (STCs) of Oregon’s Section 1115 demonstration.

The quality pool model rewards CCOs for the quality of care provided to Medicaid members. This model rewards CCOs for outcomes, rather than utilization of services. This stimulus is one of several health system transformation mechanisms for achieving Oregon’s vision for better health, better care, and lower costs.

This document provides further instructions about the methodology for distribution of funds from the quality pool as per Exhibit B – Statement of Work – Part 9 in the 2017 and 2018 CCO contracts.

Quality Pool Funding

The total funding allocated to the 2017 quality pool will be **4.25 percent** of aggregate CCO payments made to all CCOs for calendar year 2017 services paid through March 31, 2018 (“calendar year 2017”).

The following payments are not included in the aggregate payment calculations for 2017:

- 2016 quality pool payments (paid in 2017);
- The federal Health Insurers Fee (HIF) built into the 2017 capitation payments; and
- Hospital Reimbursement Adjustment (HRA) payments.

The entire 2017 quality pool will be disbursed to CCOs by June 30, 2018 according to the methodology outlined below.

OHA will publish any updates to this 2017 quality pool methodology by December 1, 2017.

CCO Eligibility for 2017 Quality Pool Funds

Each CCO will be eligible for a maximum amount of quality pool funds up to 4.25 percent of the actual paid amounts to the CCO for calendar year 2017, minus the exclusions listed above.

In the event that a CCO’s maximum amount of quality pool funds is less than one million dollars, OHA will set a floor so that each CCO shall be eligible to potentially earn at least one million dollars from the quality pool if they achieve the necessary benchmarks and improvement targets according to the methodology outlined below. In addition to the quality

pool funds, CCOs have the opportunity to share in any remaining “challenge pool” funds as described below.

OHA will publish initial estimates of the 2017 quality pool funds each CCO would receive if they earn the full 4.25 percent of calendar year 2017 payments in November 2017. Final 2017 quality pool estimates will be posted online no later than April 30, 2018.

The initial estimates will be available online at:

<http://www.oregon.gov/oha/hpa/analytics/Pages/CCO-Baseline-Data.aspx>.

Actual 2017 quality pool payments disbursed will vary, as they will be based on the actual CCO payments for calendar year 2017, and CCO achievement on the 17 incentive measures.

Quality Pool Timing

Funds from the quality pool will be distributed on an annual basis with the calendar year 2017 payment made by June 30, 2018. For this payment, CCO performance on the 17 incentive measures will be assessed for calendar year 2017 compared to 2016 data.

Quality Pool Distribution

Quality pool award amounts will be determined through a two stage process. In stage one, the maximum amount of dollars that a CCO is eligible for will be allocated based on performance on all 17 CCO incentive measures and 2017 benchmarks identified by the Metrics & Scoring Committee (see <http://www.oregon.gov/oha/hpa/analytics/Pages/CCO-Baseline-Data.aspx>).

In stage two, any remaining quality pool funds that were not disbursed in stage one based on performance on all 17 incentive measures will be distributed to CCOs that meet criteria on three “challenge” measures:

1. Developmental screenings in the first 36 months of life
2. Depression screening and follow-up plan
3. Effective contraceptive use among women at risk of unintended pregnancy

The Metrics & Scoring Committee will examine the quality pool operation over time and will annually reevaluate the incentive measures and benchmarks and challenge pool measures.

Stage One: Distribution Based on Performance on all 17 Incentive Measures

For 16 of the CCO incentive measures (all but the Patient-Centered Primary Care Home enrollment measure), the portion of available quality pool funds that a CCO receives is based on the number of measures on which it achieves either an absolute benchmark or achieves its improvement target. The benchmarks are the same for all CCOs, regardless of geographic region and patient mix.

The 2017 benchmarks are online at:

<http://www.oregon.gov/oha/HPA/ANALYTICS/CCOData/2017%20CCO%20Incentive%20Measure%20Benchmarks.pdf>

CCO performance on these measures is treated on a pass/fail basis and all measures are independent from one another. If the benchmark is met or the improvement target reached for a specific measure, the CCO receives all of the credit available for that measure, regardless of performance on other measures.

For the Patient-Centered Primary Care Home (PCPCH) enrollment measure, performance is measured according to a “tiered formula.” The formula is:

$$\frac{(\# \text{ of members in Tier 1} * 1) + (\# \text{ of members in Tier 2} * 2) + (\# \text{ of members in Tier 3} * 3) + (\# \text{ of members in Tier 4} * 4) + (5 \text{ STAR members} * 5)^1}{(\text{Total \# of members enrolled in the CCO}) * 5}$$

The results of the tiered formula are added to the number of measures on which a CCO meets the benchmark or the improvement target. For example, if a CCO has met 12 of the 16 remaining incentive measures (75 percent of the measures), and achieved a PCPCH enrollment score of 0.6, the CCO’s score for stage one is now 12.60.

As a CCO meets more benchmarks or improvement targets, it receives a higher payment (see Quality Pool Distribution table below).

If a CCO:

- **Scores at least 0.60 on the PCPCH enrollment measure using the tiered formula; and,**
- **Meets or exceeds the benchmark or the improvement target on at least 75 percent of the remaining incentive measures (12 of 16 measures),**

it would then receive 100 percent of the quality pool funds for which it is eligible.

If the PCPCH measure is not met, then the maximum payment that the CCO can receive is equivalent to the second tier (90 percent of the maximum funds), regardless of the total number of measures met.

¹ Given concerns about the length of time it might take for site visits for 5 STAR designation to be completed, OHA is adding a ‘grace period’ for the final CY 2017 reporting. See 2017 PCPCH specifications online for more information (<http://www.oregon.gov/oha/HPA/ANALYTICS/Pages/CCO-Baseline-Data.aspx>)

If a CCO does not meet the improvement target or benchmark on any of the remaining 16 measures and scores below 0.60 on the tiered formula for the PCPCH measure above (a total score less than 0.60), the CCO would not receive any quality pool funds.

If the CCO does not meet the improvement target or benchmark on any of the remaining 16 measures, but scores at least 0.60 on the tiered formula (a total score of 0.60) for PCPCH, the CCO would receive five percent of the quality pool funds for which it is eligible.

| Number of targets met (benchmark or improvement, or measurement and reporting) | Percent of quality pool payment for which the CCO is eligible |
|--|--|
| At least 12 (and at least 60% PCPCH enrollment) | 100% |
| At least 12 (and less than 60% PCPCH enrollment) | 90% |
| At least 11.60 | 80% |
| At least 10.60 | 70% |
| At least 8.60 | 60% |
| At least 6.60 | 50% |
| At least 4.60 | 40% |
| At least 3.60 | 30% |
| At least 2.60 | 20% |
| At least 1.60 | 10% |
| At least 0.60 | 5% |
| Fewer than 0.60 | No quality pool payment |

Stage Two: Challenge Pool Distribution

In the second stage, remaining quality pool funds that have not been allocated to CCOs in stage one will become the “challenge” pool – these funds will be distributed to CCOs that qualify based on a subset of three incentive measures (depression screening, developmental screening, and effective contraceptive use).

Through this stage, all quality pool funds will be distributed; no quality pool funds will roll over into a subsequent year.

OHA will determine the number of instances in which CCOs have met each of the three challenge measures according to the following parameters:

- For developmental screening and effective contraceptive use, CCOs must meet the benchmark or improvement target for that measure.
- For depression screening, CCOs must meet the benchmark or improvement target for

that measure. CCOs must have also met year five data submission requirements for EHR-based measures before their performance on these measures can be calculated.

OHA will then calculate a “base payment” by dividing the challenge pool funds into equal portions equivalent to the total number of challenge measures met. For example, if all 16 CCOs meet the developmental screening target, eight CCOs meet the depression screening target, six meet the effective contraceptive use target, then the challenge pool will be divided into 30 (i.e. 16+8+6) equal portions (the “base payment”).

Assume \$1,000,000 is remaining after the first stage. Using the example above, the challenge pool is divided into 30 equal portions, resulting in a base payment of \$33,333.33. The base payments are then adjusted for average monthly enrollment.

OHA will then calculate the payments for each CCO that achieved the improvement target, benchmark, or measurement target by adjusting the base payment based on the CCO’s average member months in 2017 (see example below). This calculation will be performed separately for each of the three measures.

Example of Challenge Fund Distribution for Effective Contraceptive Use Measure

| CCO Name | Base Payment | Member Months (MM) | CCO’s ratio of MMs to Mean MM | Adjusted challenge pool payment | |
|---|--------------|------------------------|-------------------------------|---------------------------------|-----------------------|
| CCO A | \$ 33,333.33 | 29,588 | 1.459 | 33,333.33 * 1.459 = | \$ 48,633.33 |
| CCO B | \$ 33,333.33 | 23,343 | 1.151 | 33,333.33 * 1.151 = | \$ 38,366.66 |
| CCO C | \$ 33,333.33 | 22,788 | 1.124 | 33,333.33 * 1.124 = | \$ 37,466.66 |
| CCO D | \$ 33,333.33 | 18,014 | 0.889 | 33,333.33 * .889 = | \$ 29,633.33 |
| CCO E | \$ 33,333.33 | 16,394 | 0.808 | 33,333.33 * .808 = | \$ 26,933.33 |
| CCO F | \$ 33,333.33 | 11,521 | 0.568 | 33,333.33 * .568 = | \$ 18,933.33 |
| \$200,000 (total challenge pool for ECU measure) | | 121,648 (Total MM) | | | \$ 200,000 (total) |
| | | 20,274.67 (Mean MM) | | | |

This calculation is repeated for the depression and developmental screening measures.

For More Information

2017 CCO Incentive Measures and Benchmarks

<http://www.oregon.gov/oha/HPA/ANALYTICS/CCODData/2017%20CCO%20Incentive%20Measure%20Benchmarks.pdf>

Improvement target methodology

<http://www.oregon.gov/oha/HPA/ANALYTICS/CCOData/Improvement%20Targets.pdf>

Metrics & Scoring Committee

<http://www.oregon.gov/oha/hpa/analytics/Pages/Metrics-Scoring-Committee.aspx>

Attachment H: Appendix 1C, Quality Pool Structure

<http://www.oregon.gov/oha/HPA/HP-Medicaid-1115-Waiver/Pages/Special-Terms-Conditions.aspx>

CCO Incentive Measure Specifications and Guidance Documents

<http://www.oregon.gov/oha/hpa/analytics/Pages/CCO-Baseline-Data.aspx>

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