

# Oregon Health Authority

## 2018 Quality Pool Methodology (Reference Instructions)

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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 Oregon Health Authority (OHA) has established a Quality Incentive Program to provide financial incentives to reward CCO performance on a set of access, quality and outcome metrics (“incentive metrics”) selected annually by the Metrics & Scoring Committee. Through this program, CCOs achieve financial rewards if they meet specific performance benchmarks or improvement targets. The funding for the program is from the quality pool.

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 distributing the quality pool as per Exhibit B – Statement of Work – Part 9 in the 2017 and 2018 CCO contracts.

### Quality Pool Funding

The 2018 quality pool allotment will include **4.25 percent** of aggregate CCO payments made to all CCOs for calendar year 2018 services paid through March 29, 2019 (“calendar year 2018”) plus a 1.5 percent increase to account for the insurer assessment required by House Bill 2391 (2017).

The following payments are not included in the aggregate payment calculations for 2018:

- 2017 quality pool payments (paid in 2018);
- The federal Health Insurers Fee (HIF) built into the 2018 capitation payments;
- Hospital Reimbursement Adjustment (HRA) payments; and,
- Qualified Directed Payments to type A & B hospitals and public academic health centers.

The entire 2018 quality pool will be disbursed to CCOs by June 30, 2019 according to the methodology outlined below.

### CCO Eligibility for 2018 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 2018, 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 2018 quality pool funds each CCO would receive if they earn the full 4.25 percent of calendar year 2018 payments by October 16, 2018 (note these are estimates and subject to change). Final estimates of 2018 quality pool amounts will be posted online no later than April 30, 2019.

The estimates will be available online at:

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

Actual 2018 quality pool payments disbursed will vary, as they will be based on the actual CCO payments for calendar year 2018, 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 2018 payment made by June 30, 2019. For this payment, CCO performance on the incentive measures will be assessed for calendar year 2018 compared to 2017 data<sup>1</sup>.

## Quality Pool Distribution

Quality pool award amounts will be determined through a two-stage process. In stage one, the maximum amount of dollars for which a CCO is eligible will be allocated based upon performance on the full CCO incentive measure set and 2018 benchmarks identified by the Metrics & Scoring Committee (available online at:

<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 the full incentive measure set will be distributed to CCOs that meet criteria on a subset of four "challenge" measures:

1. Assessments for children in DHS custody
2. Childhood immunization status (combo 2)
3. Developmental screenings in the first 36 months of life
4. Timeliness of prenatal care

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<sup>1</sup> The two exceptions are the Patient Centered Primary Care Home and Weight Assessment and Counseling measures; they do not have improvement targets, so performance in 2018 is not compared to 2017. The full set of measures is available here: <http://www.oregon.gov/oha/hpa/analytics/Pages/CCO-Baseline-Data.aspx>.

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 its improvement target<sup>2</sup>. The benchmarks are the same for all CCOs, regardless of geographic region and patient mix.

The 2018 benchmark are online (see

<https://www.oregon.gov/oha/HPA/ANALYTICS/CCOData/2018-CCO-Incentive-Measure-Benchmarks.pdf>), as are 2018 improvement targets (see

<https://www.oregon.gov/oha/HPA/ANALYTICS/CCOData/2018-Improvement-Targets.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 credit for that measure, regardless of performance on other measures.

#### *Patient-Centered Primary Care Home Measure*

For the Patient-Centered Primary Care Home (PCPCH) enrollment measure, performance is measured according to a tiered formula which provides greater weight for members enrolled in clinics that are recognized at higher tiers of the PCPCH program. The formula for calculating the score is:

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

As a CCO meets more benchmarks or improvement targets and achieves the PCPCH measure threshold score, it receives a higher payment (up to 100% of its quality pool - see Quality Pool Distribution table overleaf).

**To receive 100 percent of the quality pool funds for which it is eligible, a CCO must:**

- **Meet or exceed the 0.60 threshold score on the PCPCH enrollment measure using the tiered formula above, AND,**
- **Meet or exceed the benchmark or the improvement target on at least 75 percent of the remaining incentive measures (12 of 16 measures).**

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<sup>2</sup> For 2018 the Weight assessment and counseling measure is benchmark only; as an improvement target is not calculated, CCOs must meeting the benchmark to qualify on this measure for 2018.

If the PCPCH measure is not met, then the maximum payment that a CCO can receive is 90 percent of the quality pool funds for which it is eligible. CCOs meeting fewer than 75 percent of the remaining 16 measures will earn quality pool funds as outlined in the table below; at each level, CCOs earn a lesser amount if they do not also achieve the PCPCH measure:

<b>Quality Pool Distribution Table</b>		
<b>Number of targets met for non-PCPCH measures (achieving benchmark / improvement target, &amp; reporting requirements for EHR measures)</b>	<b>Quality Pool Amount if <u>MEET</u> or <u>EXCEED</u> PCPCH Measure Threshold Score of 0.60</b>	<b>Quality Pool Amount if PCPCH Measure Score <u>&lt;0.60</u> (i.e., do not meet PCPCH measure threshold)</b>
at least 12	100%	90%
at least 11	80%	70%
at least 10	70%	60%
at least 8	60%	50%
at least 6	50%	40%
at least 4	40%	30%
at least 3	30%	20%
at least 2	20%	10%
at least 1	10%	5%
0	5%	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 four incentive measures (assessments for children in DHS custody; childhood immunization status; developmental screening, and timely prenatal care).

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 four challenge measures (meaning that the CCO met the benchmark or improvement target).

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 12 CCOs meet the developmental screening target, nine CCOs meet the DHS assessments measure target, three meet the timely prenatal care target, and six met the childhood immunizations target, then the challenge pool will be divided into 30 (i.e. 12+9+3+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 challenge pool payments for each CCO that achieved the improvement target or benchmark by adjusting the base payment using the CCO’s average member months in 2018 (see example below). This calculation will be performed separately for each of the four measures.

*Example of Challenge Fund Distribution for Childhood Immunizations 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 childhood immunizations measure)		121,648 (Total MM)			\$ 200,000 (total)
		20,274.67 (Mean MM)			

This calculation is repeated for the three remaining challenge pool measures.

**For More Information**

2018 CCO Incentive Measures and Benchmarks

<https://www.oregon.gov/oha/HPA/ANALYTICS/CCOData/2018-CCO-Incentive-Measure-Benchmarks.pdf>

Improvement target methodology

<https://www.oregon.gov/oha/HPA/ANALYTICS/CCOData/improvement-target-methodology.pdf>

Metrics & Scoring Committee

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

Part III: Measurement Strategy, Appendix C, Quality Pool Structure (p. 238)

<https://www.oregon.gov/oha/HSD/Medicaid->

[Policy/Documents/Oregon%20Health%20Plan%20STCs\\_2017-2022.pdf#Page=238](https://www.oregon.gov/oha/HSD/Medicaid-Policy/Documents/Oregon%20Health%20Plan%20STCs_2017-2022.pdf#Page=238)

CCO Incentive Measure Specifications and Guidance Documents

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

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