
PEBB Medical Contracts

Fees At Risk Overview

05/21/2019

Margaret Smith-Isa

PEBB Program Development



Purpose of Today's Discussion

- Follow up information in response to Board questions about current fees at risk in PEBB medical contracts
- Overview of performance guarantees
 - Reporting with fees-at-risk attached
 - Caps on fees-at-risk
- Next steps for 2020 contract renewals
- Board questions

PEBB Medical Contracts: Fees At Risk

2019 medical contracts include fees-at-risk in two areas of carrier reporting:

Claims/Encounter Data

- Monthly submission of PEBB member claims/encounter data to PEBB's Truven data warehouse

Quality Metrics

- Annual reporting of 15 measures that assess the quality of care provided to members
- Measures selected from the Aligned Measures Menu developed by the Health Plan Quality Metrics Committee (HPQMC)

PEBB Medical Contracts: Fees At Risk

2019 PEBB Quality Metrics	
Adolescent Well Care Visits	Emergency Department Utilization
Childhood Immunization Status	Colorectal Cancer Screening
Depression Screening & Follow Up Plan	Antidepressant Medication Management – Acute Phase
Antidepressant Medication Management – Continuation Phase	Developmental Screening in the First 36 Months of Life
Timeliness of Prenatal Care	Postpartum Care
Diabetes Care: HbA1c Poor Control	Statin Therapy for Patients with Diabetes
Breast Cancer Screening	PCPCH Enrollment
Follow Up After Hospitalization for Mental Illness	

PEBB Medical Contracts: Fees At Risk

Additionally, in response to PEBB's most recent medical RFP Providence offered further guarantees tied to performance on measures in the three areas of the health care Triple Aim - Better Health, Better Care, and Lower Cost.

These guarantees are tied to enrollment thresholds and included in PEBB's contract with Providence since 2015. Plan enrollment in 2019 fell below the threshold and these guarantees are being renegotiated for 2020.

Current Fees At Risk (2019)

	Claims/Encounter Data Penalty for Failure or Late Submission	Quality Metrics Fees At Risk Tied to Achieving Performance Targets
Kaiser Permanente	0.75% of monthly premiums (Approximately \$105,000 or \$10.76 PEPM)	0.25% of PEBB premiums (Approximately \$420,000 or \$43.06 PEPY based on annual premiums of \$168 million for HMO and Deductible plans)
Moda Health	10% of monthly ASO fees (Approximately \$37,000 or \$7.60 PEPM)	3.75% of ASO fees (Approximately \$166,800 or \$34.19 PEPY based on annual ASO fees of \$4.4 million)
Providence Health Plan	10% of monthly ASO fees (Approximately \$137,670 or \$7.16 PEPM for Choice and \$102,600 or \$5.46 PEPM for Statewide)	2.5% of ASO fees (Approximately \$413,000 or \$21.50 PEPY for Choice and \$307,900 or \$16.37 PEPY for Statewide based on annual ASO fees of approximately \$16.5 million (Choice) and \$12.3 million (Statewide))

All dollar, PEPM and PEPY amounts are calculated based on 2019 average monthly premium or ASO fee and average employee enrollment in each plan during Q1 2019

Caps on Fees At Risk (2019)

Carrier	Cap (Dollars)	Cap (as % of total annual administrative fees)
Kaiser Permanente	\$500,000 per plan year	5.1% (based on 2019 monthly retention charge of \$83.42 included in premium and 9,752 subscribers)
Moda Health	\$250,000 per plan year	5.6% (based on 2019 ASO fee of \$75.97 PEPM and 4,881 subscribers)
Providence Health Plan	\$750,000* per plan year (\$375,000 for Providence Choice and \$375,000 for Statewide Plan)	2.3% for Choice (based on 2019 ASO fee of \$71.64 and 19,271 subscribers) 3.0% for Statewide (based on 2019 ASO fee of \$54.55 and 18,814 subscribers)

*Prior to 2019 Providence's contract with PEBB included a cap of \$1.25 million, roughly 4.3% of total ASO fees in 2018.

Providence – Triple Aim Fees At Risk

Since 2015 Providence's contract with PEBB has placed \$15 PEPM* of ASO fees at risk for Choice and Statewide based on Triple Aim objectives:

- \$5 PEPM tied to Lower Cost – based on the increase in PEBB's total claims allowed in comparison to regional benchmark trend; for contractor to retain the full \$5 PEPM the claims allowed increase had to be less than the greater of regional benchmark trend minus 4% or 3.4%
- \$5 PEPM tied to Better Member Experience - \$3 PEPM based on 18 administrative performance measures; \$1 PEPM based on maintaining a high level of care in-network; \$1 PEPM tied to increasing use of telehealth and e-visits
- \$5 PEPM tied to Better Care – performance on five clinical quality measures (breast cancer screening, cervical cancer screening, colorectal cancer screening, body mass index (BMI) assessment, and emergency department visits)

*\$15 PEPM represents about 27% of 2018 ASO fee for the Statewide Plan and about 21% for Choice.

Providence – Triple Aim Fees At Risk

- 2015 and 2016 carrier performance on all measures attained level required to retain all fees at risk
- 2017 carrier performance fell short of targets on two service measures resulting in \$468,000 returned to PEBB
- 2018 plan year settlement will occur in fall of 2019
- Triple Aim guarantees contingent on carrier enrollment of the greater of 90,000 members or 75% of total PEBB membership
- 2019 combined enrollment in Choice and Statewide fell below threshold
- Guarantees are being renegotiated for 2020 contract, currently proposed at \$13.20 PEPM for Choice and \$13.63 PEPM for Statewide, based on enrollment of the greater of 90,000 members or 70% of total PEBB membership

Other Reporting and Tracking

PEBB medical contracts require a variety of further reporting and performance tracking from carriers that does not presently include fees at risk

- Administrative performance: a collection of 15-18 measures that assess plan performance on industry standard metrics of timely and accurate administrative processes
- Utilization and Program reporting: a variety of additional reports that relate to PEBB member participation in various carrier programs, online health assessment completion, and service utilization

2020 Contracts - Next Steps

- Contract negotiations for 2020 are underway and accelerate as soon as final plan designs and rates are approved
- Goals for 2020 contracts include
 - Alignment of proportional total fees at risk and caps across carriers
 - Enhancements to performance guarantees, recognizing these may require multi-year phase in approach
- Board questions