

## APPENDIX D

### State of Indiana Office of Medicaid Policy and Planning Hoosier Healthwise Quality Strategy Pay for Performance Program Summary

#### Pay for Performance Program

OMPP has established a pay for performance program under which MCOs may receive additional compensation if certain conditions are met. MCOs may be eligible to receive a bonus based on performance in an amount not to exceed one-half of one percent (0.5%) of the capitation revenue paid to the MCO during the measurement year.

OMPP has identified the following priority areas for performance improvement, and the items denoted by an asterisk will be measured during calendar year 2007 for purposes of determining any performance bonus:

- a. Appropriate emergency room utilization
- b. Frequency of Ongoing Prenatal Care\*
- c. Well Child Visits\*
- d. Blood lead screening\*
- e. Behavioral health and physical health coordination.

The performance measures for calendar year 2007 and the amount of the bonus allocable to each measure are set out below:

<u>PERFORMANCE MEASURE</u>	<u>ALLOCABLE BONUS</u>
a. Frequency of Ongoing Prenatal Care ( $\geq 81\%$ )	one-third
b. Well Child Visits (3-6 yrs)	one-third
c. Blood lead screening	one-third

The performance targets for calendar year 2007 are the following:

1. Frequency of Ongoing Prenatal Care ( $\geq 81\%$ ):  
If the MCO's 2007 measurement year rate is at or above the base line of 50<sup>th</sup> percentile and below the 75<sup>th</sup> percentile of NCQA Medicaid (2006), twenty percent (20%) of allocable bonus.

If the MCO's 2007 measurement year rate is at or above the 75<sup>th</sup> percentile of NCQA Medicaid (2006) and below the 90<sup>th</sup> percentile of NCQA Medicaid (2006), seventy percent (70%) of allocable bonus.

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If the MCO's 2007 measurement year rate is at or above the 90<sup>th</sup> percentile of NCQA Medicaid (2006), one hundred percent (100%) of allocable bonus.

2. Well Child Visits (3-6 yrs):

If the MCO's 2007 measurement year rate is at or above the base line of 50<sup>th</sup> percentile and below the 75<sup>th</sup> percentile of NCQA Medicaid (2006), twenty percent (20%) of allocable bonus.

If the MCO's 2007 measurement year rate is at or above the 75<sup>th</sup> percentile of NCQA Medicaid (2006) and below the 90<sup>th</sup> percentile of NCQA Medicaid (2006), seventy percent (70%) of allocable bonus.

If the MCO's 2007 measurement year rate is at or above the 90<sup>th</sup> percentile of NCQA Medicaid (2006), one hundred percent (100%) of allocable bonus.

3. Blood Lead Screening:

If the MCO's 2007 measurement year rate is at or above 30% and below 35%, eighty-five percent (85%) of allocable bonus.

If the MCO's 2007 measurement year rate is at or above 35%, one hundred percent (100%) of allocable bonus.

The performance targets and bonus opportunities applicable during subsequent years of the Contract will be established annually by OMPP and reflected in an amendment to the Contract.

#### *Timing of Bonus Payment*

OMPP will distribute a report identifying the MCO's performance during calendar year 2007 and the amount of bonus earned as respects each performance measure for such year by October 1, 2008. Payment will be distributed to the MCO by October 31, 2008.

#### *Conditions to Bonus Payment*

OMPP will not have any obligation to distribute bonus payments to the MCO if OMPP has made a determination that the MCO is not eligible to participate in the pay for performance program, as described above. In addition, OMPP will not have any obligation to distribute bonus payments to the MCO unless the MCO has furnished to the OMPP an acceptable plan for distributing 50 percent of the bonus to the MCO's health care providers and the MCO's Hoosier Healthwise members. The plan for distribution of the bonus must specifically include a performance-based incentive system for high volume PMPs (the top ten percent of PMPs based on member enrollment). All plans for distributing payment to providers and members must be

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consistent with state and federal law and approved by OMPP prior to payment being made hereunder.

#### *Disposition of Undistributed Bonus Funds*

In the event the maximum amount of the bonus available to all MCOs is not earned and distributed, OMPP will retain the difference and will provide quality service award payments to MCOs from the undistributed bonus funds subject to the conditions described above. Any such quality service award payments will be based on performance in other areas, including those priority areas for which performance targets were not established (e.g., appropriate emergency room utilization; behavioral health and physical health coordination); number of provider and member complaints handled; overall HEDIS scores; PMP access; timeliness of claim payment; and clinical initiatives.

#### *Non-financial Incentives*

In addition to the potential to earn bonuses based on performance in the identified areas, OMPP may establish other means to incent performance improvement. OMPP intends to distribute information on key performance indicators to participating MCOs on a regular basis, identifying the MCO's performance and comparing that performance to other participating MCOs and standards set by the OMPP and/or external benchmarks. OMPP will recognize the MCOs that attain superior performance and/or improvement by publicizing their achievements. For example, OMPP may post information concerning exceptional performance on its website, where it will be available to both stakeholders and members of the public. OMPP may also revise its auto-assignment methodology during the Contract period for new members who do not select an MCO to reward MCOs that demonstrate superior performance and/or improvement on one or more performance measures.