

**Managed Care Organizations (MCO),  
Primary Care Case Management (PCCM),  
Behavioral Health Organization (BHO) and  
Fee-For-Service (FFS)**

**Descriptions of Selected**

**PERFORMANCE INCENTIVE PROGRAMS**

**MCO, PCCM, BHO, and FFS  
SELECTED PERFORMANCE INCENTIVE PROGRAMS**

State	Type of Incentive	Measures Areas	Measure Source	Incentive Methodology	State Contact
<b>INCENTIVES TO MCOs</b>					
California (Begins December 1, 2005)	Auto Assignment	<b>HEDIS Measures</b> <ul style="list-style-type: none"> <li>Childhood Immunizations</li> <li>Combination 2, Well-Child Visits</li> <li>Adolescent Well-Visits</li> <li>Timeliness of Prenatal Care</li> <li>Appropriate Medications for People with Asthma</li> </ul> <b>Safety Net Support</b> <ul style="list-style-type: none"> <li>Members Assigned to Safety Net Provider PCPs</li> <li>Discharges at DSH Facilities</li> </ul>	HEDIS and CA-specific	<p>The distribution of auto-assignments will be determined based on an assessment of comparative plan performance on seven measures.</p> <p>For the HEDIS measures, a plan will be awarded two points for a score that is statistically significantly better than that of its competitor (Two-Plan counties) or the county HMO mean (GMC counties). If there is no statistical difference in rates, each plan will get one point.</p> <p>For each of the safety net provider support measures, a plan will be awarded one point if its rate is 5 percent higher than that of its competitor (Two-Plan counties) or the county mean (GMC counties), with an additional 0.25 (1/4) points awarded for each additional 5 percent difference, up to a maximum of two points being awarded for a difference of 25 percent or more.</p> <p>For each of the first two years, the percentage of auto-assignments received by a plan will not change more than 10 percent from the prior year. For example, if auto assignments are currently split 50/50 in a Two-Plan county, the largest possible</p>	Don Fields Program Data and Fiscal Monitoring Section Medi-Cal Managed Care Division (916) 449-5140 DFields@dhs.ca.gov

State	Type of Incentive	Measures Areas	Measure Source	Incentive Methodology	State Contact
California cont'd				<p>split for the first year under the algorithm will be 60/40, and then 70/30 in the second year.</p> <p>Beginning in the second year, plans will also be awarded one point for demonstrating statistically significant improvement for each measure relative to prior year performance, with the possible loss of one point for a statistically significant decline in performance as well. Those plans judged by DHS to have exceptionally strong performance would automatically earn a point and not be required to demonstrate statistically significant improvement. This will be discussed prior to implementation of the second year default algorithm.</p>	
Maryland	Financial incentives and withholds	<p>Nine measures are proposed for calendar year 2006 performance:</p> <ul style="list-style-type: none"> <li>Well-Child Visits for Children (HEDIS)</li> <li>Dental visits for Children (HEDIS)</li> <li>Immunizations for Children (HEDIS)</li> <li>Ambulatory Care Services for SSI Adults: (% of SSI adults (enrolled 320 or more days) receiving at least one ambulatory care service during the year)</li> <li>Ambulatory Care Services for SSI Children (% of SSI children (enrolled 320</li> </ul>	HEDIS, Encounter Data	<p>Proposed 2006 minimum and incentive standards are based on historical performance of MCOs.</p> <p>Proposed 2006 methodology:</p> <ul style="list-style-type: none"> <li>Three levels of performance</li> <li>Performance evaluated separately for each measure</li> <li>Measures have equal weight</li> <li>Total incentives cannot exceed total penalties in a given year</li> <li>No incentive or penalty will be applied for scores in the neutral range</li> </ul> <p><u>Incentives</u></p> <ul style="list-style-type: none"> <li>For any measure where the MCO</li> </ul>	<p>Nadine Smith Maryland Dept. of Health and Mental Hygiene (410) 767-1483 <a href="mailto:smithn@dhmh.state.md.us">smithn@dhmh.state.md.us</a></p>

State	Type of Incentive	Measures Areas	Measure Source	Incentive Methodology	State Contact
Maryland cont'd		<p>or more days) receiving at least one ambulatory care service during the year)</p> <ul style="list-style-type: none"> <li>• Timeliness of Prenatal Care (HEDIS)</li> <li>• Cervical Cancer Screening for Women (HEDIS)</li> <li>• Lead Screenings for Children (HEDIS)</li> <li>• Eye Exams for Diabetics (HEDIS)</li> </ul>		<p>exceeds the incentive target, an incentive of up to 1/9 of ½% of that MCO's total capitation will be paid to the MCO</p> <p><u>Penalties</u></p> <ul style="list-style-type: none"> <li>• For any measure where the MCO does not meet the minimum target, a penalty of 1/9 of ½% of that MCO's total capitation amount will be collected</li> </ul>	
Michigan	Auto Assignment	<p><b>Auto Assignment</b></p> <ul style="list-style-type: none"> <li>• Quality/Administrative/Capacity</li> <li>• Quality of Care—approximately 50% of the score</li> <li>• Administrative—approximately 25% of the score</li> <li>• Capacity—approximately 25% of the score</li> </ul> <p><b>Quality of Care</b> HEDIS 2005 score compared to NCQA 50th and 75th percentiles</p> <ul style="list-style-type: none"> <li>• Childhood immunizations</li> <li>• Well child visits: zero visit rate</li> <li>• Well child visits</li> <li>• Timeliness of prenatal and postpartum care</li> <li>• Diabetes: HbA1c testing</li> <li>• Blood Lead Testing</li> </ul> <p><b>Administrative</b></p> <ul style="list-style-type: none"> <li>• Monthly claims processing report</li> </ul>	HEDIS, CAHPS, Encounter Data, Claims Processing Report, Provider Files, and Approved Capacity	<ul style="list-style-type: none"> <li>• Scores are calculated for each auto assignment criteria.</li> <li>• Plans are assigned a regional score.</li> <li>• The regional scores are divided into thirds. Top third in Group 1, middle third in Group 2 and lower third in Group 3. The assignments are made on a percentage basis with the highest going to Group 1, less to Group 2 and less to Group 3.</li> <li>• Beneficiaries who fail to make a plan choice within 17 days of receiving an enrollment packet are auto assigned</li> <li>• Percent auto assigned averages 35% to 40%.</li> <li>• Enrollment broker administers the auto assignment process.</li> </ul>	Susan Moran Department of Community Health Bureau of Medicaid Program Operations & QA (517) 241-8055 morans@michigan.gov

State	Type of Incentive	Measures Areas	Measure Source	Incentive Methodology	State Contact
Michigan, cont'd	-----  Performance Bonus Award	<ul style="list-style-type: none"> <li>Encounter data submission</li> </ul> <p><b>Capacity</b></p> <ul style="list-style-type: none"> <li>Number of open PCPs</li> <li>Capacity approved by DCH</li> </ul> <p><b>Clinical Scores are based on:</b></p> <ul style="list-style-type: none"> <li>Breast Cancer Screening</li> <li>Cervical Cancer Screening</li> <li>Chlamydia Combined Rate</li> <li>Prenatal Care</li> <li>Postpartum Care</li> <li>Diabetic Care</li> <li>Appropriate Asthma Meds - Combined Rate</li> <li>Medical Assistance with Smoking Cessation-Advising Smokers to Quit</li> <li>Well Child Visits</li> <li>Immunizations</li> <li>Appropriate Treatment for Children with Upper Respiratory Infection</li> </ul> <p><b>Access to Care:</b> scores are based on the health plan's most recently submitted HEDIS data and compared to the most recent national Medicaid HEDIS data as published by NCQA. The 50<sup>th</sup>, 75<sup>th</sup> and 90<sup>th</sup> percentiles are used for scoring purposes. The Access to Care measures include:</p> <ul style="list-style-type: none"> <li>Children: all age groups</li> </ul>	-----  HEDIS and CAHPS	<p>-----</p> <p>The 2006 Performance Bonus award is based on a plan's clinical and access scores as reported in the most current HEDIS data submission tool (DST) scores, member satisfaction utilizing the most recent CAHPS scores, legislative incentive, and accreditation status as of December 31 of the previous year.</p> <p>Contractor Performance Bonus money is awarded based on cumulative points; and proportion of Medicaid managed care population (only for the clinical, access, and legislative areas).</p>	

State	Type of Incentive	Measures Areas	Measure Source	Incentive Methodology	State Contact
Michigan, cont'd		<ul style="list-style-type: none"> <li>Adults: all age groups</li> </ul> <p><b>Member Satisfaction:</b> scores are based on the health plan's most recent Adult and Child CAHPS results. Scoring is based on the plan score (statistically significant difference) as compared with the all plan average. The member satisfaction measures include:</p> <ul style="list-style-type: none"> <li>Getting Needed Care</li> <li>Getting Care Quickly</li> <li>Health Plan Rating</li> </ul> <p><b>Accreditation:</b> based on the health plan's National Committee for Quality Assurance (NCQA), Joint Commission on Accreditation of Healthcare Organizations (JCAHO) or Utilization Review Accreditation Commission (URAC) accreditation or reaccreditation status as of December 31.</p>			
Nevada	Financial Incentives	<p><b>HEDIS Measures</b></p> <ul style="list-style-type: none"> <li>Annual Dental Visit</li> <li>Well-Child Visits in the 3<sup>rd</sup> – 6<sup>th</sup> years of life</li> <li>Asthma – ages 10 - 17</li> </ul>	HEDIS	<p>Proposed 2006 Methodology:</p> <p>Three performance levels based on most current national HEDIS scores.</p> <ul style="list-style-type: none"> <li>Full payment for MCOs reporting at or above the national HEDIS 90<sup>th</sup> percentile.</li> <li>No payment for MCOs below the national median.</li> <li>Prorated payments for MCOs that score between the national mean</li> </ul>	<p>Hilary Jones RNC Business Lines Unit Division of Health Care Financing and Policy (775) 684-3697 <a href="mailto:hjones@dhcfp.state.nv.us">hjones@dhcfp.state.nv.us</a></p>

State	Type of Incentive	Measures Areas	Measure Source	Incentive Methodology	State Contact
Nevada cont'd				<p>and the 90<sup>th</sup> percentile. Calculations based on a PMPM amount multiplied by the average monthly enrollment for the first six months annualized for the calendar year.</p> <p>MCOs may also receive incentives for improvement from calendar year to year.</p> <ul style="list-style-type: none"> <li>• Full payment of the allowable incentive for improvements of 10% or more</li> <li>• No payments for failure to improve.</li> <li>• Prorated payment if improvement is positive but less than 10%.</li> </ul> <p>The improvement will be computed by taking the nominal improvement and dividing by the maximum possible improvement.</p>	
New Mexico	Auto-assignment; Financial incentives, and withholds	<p>A combination of quality measures that focus on adult and children that cover preventative care, prenatal, and chronic conditions.</p> <p><b>HEDIS Measures</b></p> <ul style="list-style-type: none"> <li>• Diabetes Disease Management</li> <li>• Cervical Cancer Screening</li> <li>• Use of Appropriate Medications for People with Asthma</li> <li>• Child Well-Visits</li> <li>• Dental access to care</li> </ul> <p><b>Quality Tracking Measures</b></p> <ul style="list-style-type: none"> <li>• Well-child adolescent visit</li> </ul>	HEDIS and non-HEDIS measures	<p>Withholds:</p> <ul style="list-style-type: none"> <li>• For capitation payments made on or after 6/25/03, Human Services Department (HSD) will withhold one-half of one (.5) percent of the health plans' payments</li> <li>• Withhold funds are kept in a separate account and HSD is to be provided with monthly statements</li> <li>• Funds are released after HSD submits, in writing, that the plan has achieved its performance targets</li> </ul> <p><u>Point Based Scoring System</u></p>	<p>Sandra Chavez Medical Assistance Division Human Services Department (505) 827-3161 Sandra.Chavez@state.nm.us</p>

State	Type of Incentive	Measures Areas	Measure Source	Incentive Methodology	State Contact
		<ul style="list-style-type: none"> <li>Breast Cancer Screening</li> <li>Teen Maternity Care</li> <li>Obesity</li> <li>Residential Treatment Center readmissions</li> </ul> <p><b>Health Plan measures</b></p> <ul style="list-style-type: none"> <li>MCO operations/administration</li> <li>Child access to PCP</li> <li>Consumer/Family based services</li> <li>Provider payment timeliness</li> <li>Customer support services</li> <li>Encounter data reporting</li> <li>Timely submission, accuracy, and analysis of reports</li> </ul>		<ul style="list-style-type: none"> <li>Performance measures (based on HEDIS measures) are used to score plan performance.</li> <li>If HEDIS is not used as a measure, the performance is evaluated based on the standard report for the measure already submitted to HSD by the health plan.</li> <li>Performance measures are evaluated based on specific criteria and HEDIS targets.</li> <li>If a health plan meets the performance target, all points are given to the health plan. If target is not met, the plan does not receive any points (all or nothing)</li> </ul>	
New York	Auto-assignment and financial incentive	<p><b>Quality Measures:</b> Based on 2 years prior to reporting year. Plans will receive ten points for each measure for which they are at or above the two years prior' 75<sup>th</sup> percentile in the measurement year (2001 benchmark for 2003 measurement year).</p> <p><b>Satisfaction Measures:</b> based on performance of health plan on the most recent survey compared to statewide average.</p>	HEDIS, CAHPS, and NYS-specific measures	<p>Quality: Based on 2 years prior to reporting year.</p> <p>Satisfaction: Based on health plan performance on the most recent survey compared to statewide average.</p> <p>Plans will receive ten points for each measure for which they are at or above the two years prior' 75<sup>th</sup> percentile in the measurement year (2001 benchmark for 2003 measurement year).</p>	Patrick Roohan Outcomes Research Unit New York State Department of Health (518) 486-9012 pjr02@health.state.ny.us
Pennsylvania	Financial Incentives	The ten HEDIS measures are weighted equally and are separated into two categories: seven core measures and three sustaining	HEDIS	MCO target goals are set using the plan's most recent HEDIS rates and in determining the increase needed to meet the 50 <sup>th</sup> , 75 <sup>th</sup> , and 90 <sup>th</sup> NCQA HEDIS	Barbara Molnar Bureau of Managed Care Operations, Division of Quality Management



State	Type of Incentive	Measures Areas	Measure Source	Incentive Methodology	State Contact
		<p>measures.</p> <p><b>Core measures</b></p> <ul style="list-style-type: none"> <li>Controlling High Blood Pressure</li> <li>Comprehensive Diabetes Monitoring: HbA1c Poor Control</li> <li>Comprehensive Diabetes Monitoring: LDL Control &lt; 130</li> <li>Cholesterol Management: LDL Control &lt; 130</li> <li>Frequency of Prenatal Care: &gt;= 81 Percent of Expected Visits</li> <li>Breast Cancer Screening</li> <li>Cervical Cancer Screening</li> </ul> <p><b>Sustaining measures</b></p> <ul style="list-style-type: none"> <li>Prenatal Care in the 1<sup>st</sup> Trimester</li> <li>Appropriate Use of Medications for Asthmatics</li> <li>Adolescent Well-Care Visits</li> </ul>		benchmark targets which are linked to the amount of incentive the plan may receive.	<p>Department of Welfare (717) 772-6155 <a href="mailto:bmolnar@state.pa.us">bmolnar@state.pa.us</a></p>
Rhode Island	Financial incentives	<p>Combination of measures that look at:</p> <p><b>Member Services</b></p> <ul style="list-style-type: none"> <li>Identification cards were distributed within 10 days of being notified of enrollment (health plans)</li> <li>Member handbooks were distributed within 10 days of being notified of enrollment (health plans)</li> </ul>	HEDIS, CAHPS, and RI-specific	Relative across health plans based percentage reaching established goal.	<p>Tricia Leddy Rhode Island Department of Human Services Center for Child and Family Health <a href="mailto:TriciaL@dhs.ri.gov">TriciaL@dhs.ri.gov</a></p>

State	Type of Incentive	Measures Areas	Measure Source	Incentive Methodology	State Contact
Rhode Island cont'd		<ul style="list-style-type: none"> <li>New member calls were completed (health plans)</li> <li>Grievances and appeals were resolved within BBA timeframes (health plans)</li> </ul> <p><b>Medical Home/Preventive Care (not complete list)</b></p> <ul style="list-style-type: none"> <li>Members had access to emergency services (CAHPS)</li> <li>Members were satisfied with access to urgent care (CAHPS)</li> <li>Members had access to urgent care appointments during business hours (TBD with health plan input)</li> <li>Members had PCP telephone access after business hours (TBD with health plan input)</li> <li>Adult members had an ambulatory or preventive care visit (HEDIS)</li> <li>Child members had an ambulatory or preventive care visit (HEDIS)</li> <li>Rite Care members had well-child visits in their first 15 months of life (HEDIS)</li> <li>Rite Care members had well-child visits in their 3<sup>rd</sup> through 6<sup>th</sup> years of life (HEDIS)</li> </ul> <p><b>Women's Health</b></p> <ul style="list-style-type: none"> <li>Rite Care-enrolled women 18-64</li> </ul>			

State	Type of Incentive	Measures Areas	Measure Source	Incentive Methodology	State Contact
Rhode Island cont'd		<p>yrs received cervical cancer screening (HEDIS)</p> <ul style="list-style-type: none"> <li>• Rite Care-enrolled women 16-25 yrs identified as sexually active received Chlamydia screening (HEDIS)</li> <li>• First time pregnancies for Rite Care-enrolled females &lt;20 years of age decreased (TBD with health plan input)</li> <li>• Subsequent pregnancies in Rite Care-enrolled females &lt;20 years of age with one or more children in household decreased (TBD with health plan input)</li> </ul> <p><b>Chronic Care</b></p> <ul style="list-style-type: none"> <li>• Child Rite Care members with asthma used appropriate medications (HEDIS)</li> <li>• Adult Rite Care members with diabetes had HBA1c testing (HEDIS)</li> <li>• New chronic care goal (TBD with health plan input)</li> </ul> <p><b>Behavioral Health</b></p> <ul style="list-style-type: none"> <li>• Members 6yrs of age and older received a follow-up visit after hospitalization for mental illness up to 30 days post discharge (HEDIS)</li> </ul> <p><b>Resource Maximization</b></p>			

State	Type of Incentive	Measures Areas	Measure Source	Incentive Methodology	State Contact
Rhode Island cont'd		<ul style="list-style-type: none"> <li>Generic drug substitution rate (encounter data)</li> <li>Health plans notified DHS of any potential source of third party liability within 5 business days of such source becoming known to contractor. (Health plans)</li> </ul>			
<b>PCCM INCENTIVES TO PHYSICIANS</b>					
North Carolina  ( First incentive year to end on June 30th 2006)	Financial incentives and recognition awards	<ul style="list-style-type: none"> <li>Asthma (ED rate)</li> <li>Diabetes (HbA1c test)</li> <li>Prescription Advantage List (PAL) performance in prescribing Over the Counter Medication</li> </ul>	HEDIS and non-HEDIS	<ul style="list-style-type: none"> <li>Define minimum performance = 50<sup>th</sup> percentile of program baseline.</li> <li>Define excellence in performance = best practice stretch goal or top 15<sup>th</sup> percentile of program baseline.</li> </ul> <p><u>Two Reward Levels</u></p> <ul style="list-style-type: none"> <li>Excellent performance = best practice goal</li> <li>Quality improvement = improve from own network baseline by 20% and exceed 50<sup>th</sup> percentile of program baseline.</li> </ul>	Denise Levis Community Care of North Carolina <a href="mailto:Denise.Levis@ncmail.net">Denise.Levis@ncmail.net</a>
<b>INCENTIVES TO BHOs</b>					
Iowa  Program began in 1995	Financial incentives and penalties to behavioral health organizations	<p>The following nine performance measures are linked to a financial incentive:</p> <ul style="list-style-type: none"> <li>Consumer participation in joint treatment planning conferences</li> <li>Average time between hospitalizations</li> <li>Percentage of inpatient admissions that are involuntary</li> <li>Percentage of expenditures for</li> </ul>	Measures developed by the state with assistance/ approval of the Iowa Plan Advisory Committee	The incentive payments made under the "Iowa Plan" are set up such that each contract year, the managed behavioral health contractor can receive up to \$1 million in bonus payments based on its performance. Most measures are worth \$110,000; one is worth \$120,000. Performance penalties increase for each successive failure. As a non-financial incentive, Iowa makes public (to various oversight bodies) the contractor's	Dennis Janssen, Bureau of Managed Care and Clinical Services <a href="mailto:djansse@dhs.state.ia.us">djansse@dhs.state.ia.us</a>

State	Type of Incentive	Measures Areas	Measure Source	Incentive Methodology	State Contact
Iowa cont'd		<p>integrated services and supports, consumer-run programs, and home programs</p> <ul style="list-style-type: none"> <li>• Outpatient follow-up within 7 days post discharge for mental health services</li> <li>• Percentage of discharge plans that are implemented</li> <li>• Outpatient follow-up within 7 days post-discharge for substance abuse services</li> </ul> <p>The Iowa Plan also establishes financial penalties for contractor performance on the following different indicators:</p> <ul style="list-style-type: none"> <li>• Timeliness of new enrollee information being mailed</li> <li>• Discharge plan documented on day of discharge</li> <li>• Percentage of children discharged to a homeless or emergency shelter</li> <li>• Follow up within 72 hours of an emergency room visit</li> <li>• Percent of claims paid or denied within a given time period</li> </ul>		performance on all 60 performance indicators and requires the contractor to submit annual reports on its performance to these oversight bodies.	

State	Type of Incentive	Measures Areas	Measure Source	Incentive Methodology	State Contact
<b>INCENTIVES UNDER FFS</b>					
Pennsylvania  Pilot Program to begin 1/1/06	Financial Incentives to acute care hospitals	<b>Key clinical measures:</b> <ul style="list-style-type: none"> <li>• 7 day re-admission rates for asthma, diabetes, CHF, COPD</li> <li>• LVF assessment</li> <li>• Time to antibiotic dosage for pneumonia</li> </ul> <b>Infrastructure measures:</b> <ul style="list-style-type: none"> <li>• Leapfrog measures</li> <li>• Single Medical Record</li> <li>• Pharmacy Error Reduction <ul style="list-style-type: none"> <li>○ Pharmacy Legibility Improvement Program</li> <li>○ Participation in ECRI, ISMP and DVHC Regional Medication Safety Program</li> <li>○ Completion of ISMP's Medication Safety Assessment</li> <li>○ Participation in PRHI's Medication Safety Program</li> <li>○ Use of medication error reporting tool such as MEDMARX</li> <li>○ Established confidential medication error reporting system</li> <li>○ Implemented point of care bar coding medication administration system or CPOE</li> <li>○ Automated Pharmacy System</li> <li>○ 24 hour Pharmacist available</li> </ul> </li> </ul>	Claims data; Leapfrog	<ul style="list-style-type: none"> <li>• Provide grants up to \$100,000 to DSH hospitals that have made investments in pharmacy error reduction and investments in single medical record.</li> <li>• Hospital's scores based on facility rates on each clinical measure compared to the State average. Facilities also receive a point for implementation of each infrastructure feature—Leapfrog, pharmacy error reduction program, or single medical record.</li> <li>• Use scoring methodology to adjust base rate and DSH increases to acute care hospitals. Assigned points results in rewards: 13-15 points 150% of increase 9-12 points 125% of increase 6-8 points Average increase 2-5 points 75% of increase 0-1 points no increase for inpatient DSH and medical education</li> <li>• \$1 million annual incentive fund set aside</li> </ul>	Jim Hardy Office of Medical Assistance Programs, Department of Public Welfare <a href="mailto:JimHardy@state.pa.us">JimHardy@state.pa.us</a> (717) 787-1870