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Health and Human
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Performance Measures and Incentives for HMO Value-Based Contracts

Presentation to the
Senate Committee on Health and Human Services

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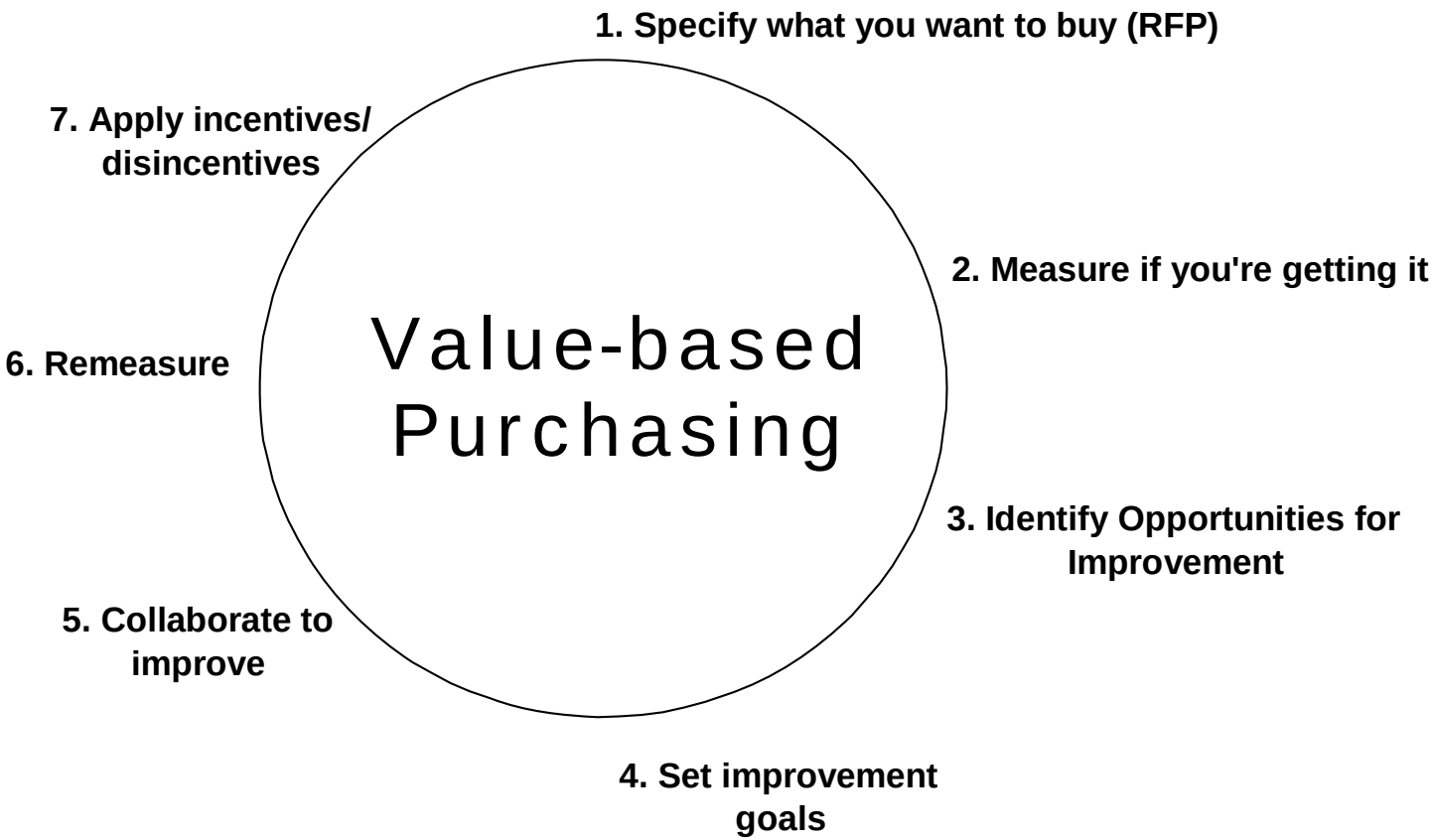
Presentation Overview

- The STAR and CHIP Managed Care Organization (MCO) contracts effective in September 2006 require value-based purchasing principles.
  - HHSC defines value-based purchasing as the State (as "Purchaser") requiring measurable outcomes ("value") from health plans in exchange for payment.
- New MCO contracts provide for performance measures and incentives to improve access to and quality of health care.
- In addition to State-mandated performance improvement, at least two MCOs have implemented a form of pay-for-performance for primary care providers.
- The State's Disease Management contractor also implemented a Provider Incentive Pilot.

Why Value-based Purchasing?

- State and MCOs create a shared objective to improve performance.
- Creates incentives for MCOs and providers to invest in quality improvement.
- Provides incentives for plans to focus on health and illness prevention.

Steps to Value-based Purchasing



Tools for Assessing MCO Contract Performance

- **Performance Indicator Dashboard**
- **Semi-annual Improvement Goal Reporting**
- **On-site monitoring**
- **MCO Deliverables**
- **External Quality Review Organization (EQRO) reports**

HMO Improvement Goals for FY08

- State outlined three overarching priorities for FY 2008 for the MCOs:
  - Improve Access to Primary Care Services for Members.
  - Improve Access to Behavioral Health Services for Members.
  - Increase Utilization of New Member Medical Check Ups within 90-days of Enrollment.
- In future years, HHSC will consult with each MCO on specific goals and measures for improvement.

Performance Indicator Dashboard

- State-wide MCO program-related Performance Measures and Standards for:
  - **Access to Care**
  - **Quality of Care**
  - **Administrative Service**
  - **Efficiency**
  - **Financial Stability**

Financial Incentives

- **MCOs have 1% of their premium at-risk if they do not meet certain benchmark standards.**
- **Funds collected from MCOs who fail to meet the benchmark standards are made available to fund the Quality Challenge Award.**
  - **MCOs that excel on selected quality measures can participate in the Quality Challenge Award.**
  - **HHSC determines the number of MCOs that can participate in a Quality Challenge Award based on the available funds in a given year.**
- **MCOs not in compliance with specific HHSC contract standards are subject to liquidated damages and remedies.**
  - **For certain clearly defined purchasing specifications, such as telephone response times and timely claims payment, MCOs are promptly subject to applicable damages and remedies, regardless of whether the MCO is also implementing a corrective action plan.**

Non-Financial Incentives

- Performance profiling
- Publicizing performance
- Quality improvement goals and contract status meetings
- Potential for performance based auto-assignments

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Pay-for-Performance Projects

Objectives of Pilot Projects

- Understand successes, limitations, and risks associated with pay-for-performance.
- Identify short term and long impact on health outcomes.
- Identify feasibility of new pilot projects.
- Develop new incentive programs.
- Develop long term pay-for-performance strategies.

Pay-for-Performance Projects

- Two Medicaid/CHIP MCOs (Superior and El Paso First) initiated pay-for-performance opportunities for their providers.
- The Medicaid Disease Management contractor (McKesson) implemented a Provider Incentive Pilot.

El Paso First's Medicaid Provider Incentive Pilot Project

Objectives:

- Increase member utilization of THSteps medical check ups.
- Improve the "Medical Home" model by encouraging providers to open panels to current Medicaid members.
- Improve member awareness of benefits and services.
- Reward providers that demonstrate an increase in timely and complete THSteps medical check ups.
- Increase physician satisfaction & member retention.

El Paso First's Medicaid Provider Incentive Pilot Project

Approach:

- Identify and commit funds from capitation payments.
- Identify risks and constraints.
- Obtain input from internal and external stakeholders.
- Obtain provider contract amendments.
- Identify measurement criteria.
- Identify fund distribution criteria.
- Identify reporting requirements.

El Paso First's Pilot Project Provider Incentives

- Quarterly or semi-Annual payments to providers who meet objectives.
- Maintain or increase patient base.
- Understand practice trends and areas for improvement.
- Non-risk incentive for participating providers.

McKesson Disease Management Provider Incentive Program (PIP)

Objectives:

- Increase provider engagement in disease management program.
- Increase patient participation in Texas Medicaid Enhanced Care Program.
- Basis for PIP was approximately 40% of all eligible disease management clients were unreachable.

McKesson Disease Management Pilot Size

- Region 4 (Upper East Texas)
  - 81 providers
  - 3,008 members
- Region 7 (Central Texas)
  - 65 providers
  - 2,594 members
- Region 11 (Lower South Texas)
  - 177 providers
  - 3,918 members

PIP Provider Incentives

One-time enrollment payment of $250 for:

- Communicating the value of the program to their clients.
- Allowing the program to use the provider's name when asking the client to enroll.
- Participating in McKesson's education efforts.
- Completing a brief survey for the program.
- Allowing the program to review the provider's patient roster.

PIP Provider Incentives (cont)

- Payment of $30 per client, per request, for locating and furnishing disease management client contact information if the program has been unable to obtain accurate information from another source.
- Payment of $60 per patient, per completed and signed Chronic Care Assessment Tool form; with a maximum of $120 per patient, per practice.
- On average, assuming a 50% provider participation rate and an average of 30 patients per provider, each participating provider may be eligible to receive approximately $1,800.