



Value Based Pay for Performance

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Pay for Performance Summit | March 2, 2015

Objectives

- IHA & California P4P
- Value Based P4P design and development
- Observations as we go live

IHA & California P4P Program



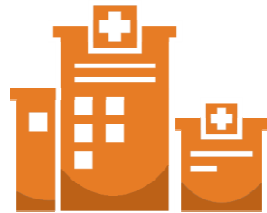
Pay for Performance Program in California



\$500m
paid out



200
Medical Groups
and IPAs
35,000 physicians



10
Plans



Blue Shield of California
An Independent Member of the Blue Shield Association



KAISER PERMANENTE®

Western
Health
Advantage



Chinese
Community
Health
Plan

CCHP

UnitedHealthcare



9 Million Californians



Core Program Elements

The California P4P program aims to create a compelling set of incentives that will drive improvements in clinical quality, resource use, and patient experience through:

A Common Set of Measures

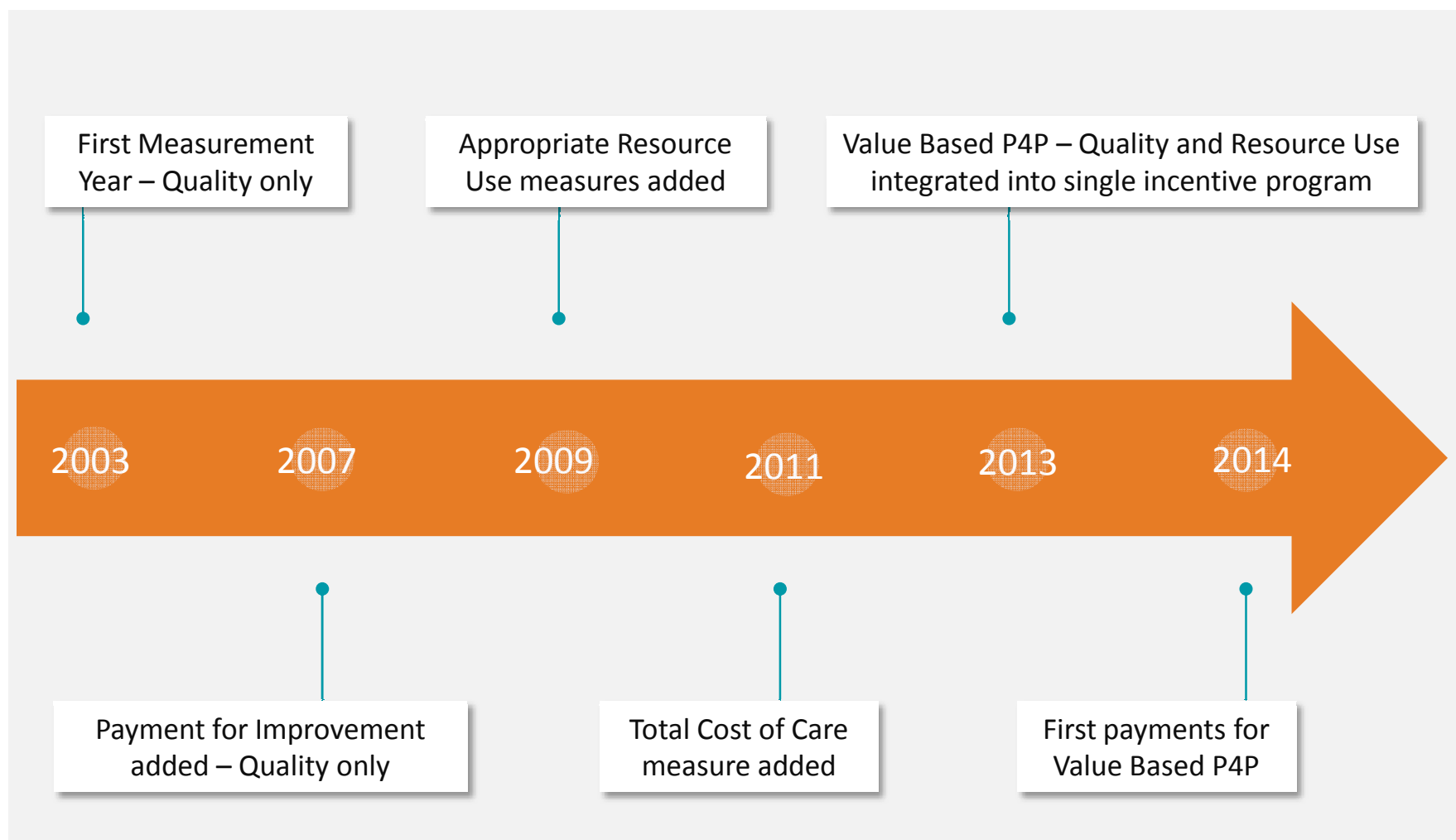
Health Plan Incentive Payments

A Public Report Card

Public Recognition Awards



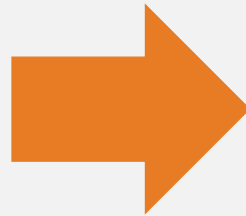
Program Evolution



Transition to Value Based P4P

P4P Classic

- Emphasis on quality improvement
- Separate incentives for quality and resource use
- Standardizes health plan quality measures and payment methodology



Value Based P4P

- Emphasis on affordability and value
- Combined incentive for quality and resource use
- Standardizes health plan resource use measures, as well as quality measures and payment methodology

Value Based P4P design & development



Value Based P4P Overview

**Does the PO
qualify?**

- Quality Gate
- Total Cost of Care Trend Gate

**Did the PO
improve?**

- Resource use compared to prior year
- Selected inpatient, outpatient, ED, and prescribing measures

**How much is
the PO's incentive
payment?**

- Net savings for all ARU measures
- Quality determines share of savings



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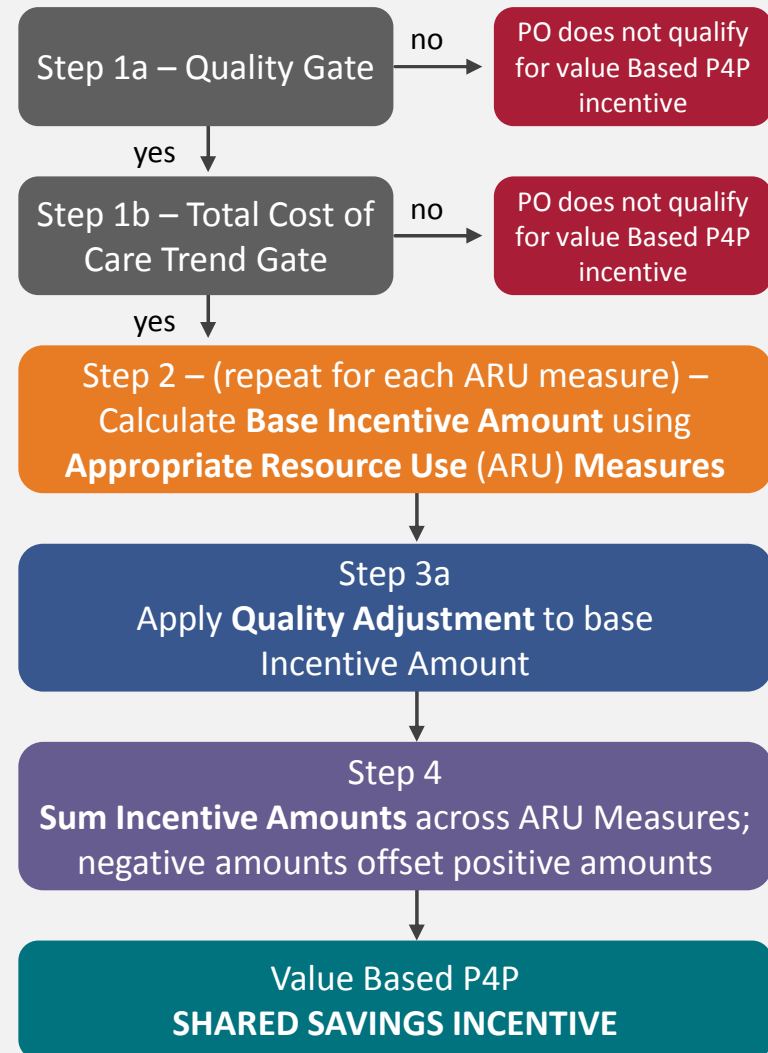
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Value Based P4P Design

- **Performance gates**
 - Quality
 - Total Cost of Care Trend
- **Calculate share of savings based on resource use**
- **Adjust share of savings for Quality**
- **Sum adjusted shared savings**



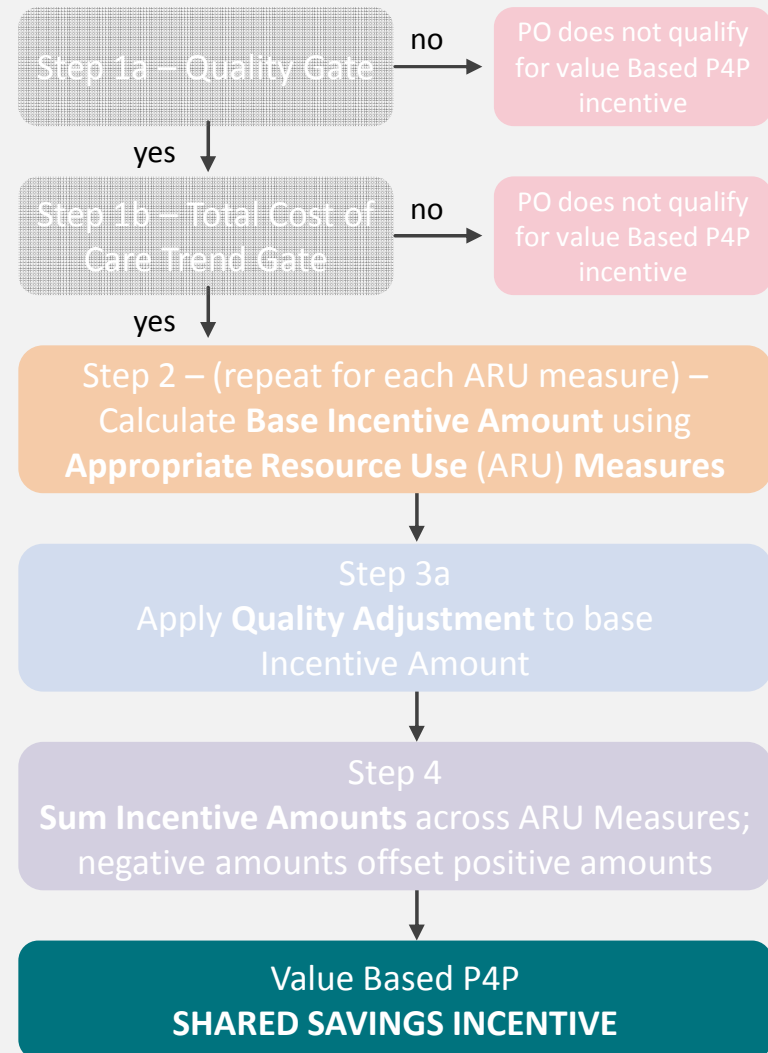
Value Based P4P Drivers

To earn ANY award:

- Meet minimum level of quality
- Below TCC trend gate
- Net improvement on resource use measures

To MAXIMIZE award:

- Greater resource use improvement
 - Complete diagnosis coding and risk capture
- Higher quality



Modeling Shared with Stakeholders

Step 1: Performance Gates

Quality Gate			Total Cost of Care (TCC) Trend Gate		
MY 2013 Clinical Domain Score:	25.0		MY 2012 Risk-Adj TCC PMPY:	\$4,403.00	
MY 2013 Meaningful Use of Health IT Score (MUHIT):	55.0		MY 2013 Risk-Adj TCC PMPY:	\$4,641.00	
MY 2013 Patient Experience Score (PAS):	45.0		MY 2012-13 TCC Trend:	5.4%	
MY 2013 Quality Composite Score (50% Clinical, 50% Health IT, 20% PAS):	32		MY 2012-13 TCC Trend (85% Confidence Int. Lower Limit):	4.1%	
Quality Gate:	10		High-Cost PO (2012 & 2013):	No	
Your Quality Composite Score PASSES Gate:			TCC Trend Gate:	5.2%	
			Your TCC Trend PASSES Gate:		
Quality-Adjusted Share of Savings:		44.3%			

Step 2: Calculation of Base Incentive

Step 3: Adjustments to Base Incentive

"Less Is Better" ARU Measures									
Measures	Denominator	Denominator Units	MY 2012 Result	MY 2013 Result (O/E ratio)	MY 2013 Expected Rate	Units Saved increased(decreased)	Unit Cost	Savings Amount	PO Share of Savings
Acute Care Discharges (IPU):	10,000	1,000 Member Years	1.26	1.05	34.2 PTMY	63.3	\$0.00	\$0.00	50%
Inpatient Bed Days (IPBD):	10,000	1,000 Member Years	1.34	1.22	108.6 PTMY	130.3	\$3,000.00	\$390,960.00	50%
Emergency Department Visits (EDV):	10,000	1,000 Member Years	1.07	1.10	147.1 PTMY	(44.1)	\$750.00	(\$33,097.50)	50%
All-Cause Readmissions (PCR):	365	Admissions	1.12	1.01	8.8%	4.3	\$14,000.00	\$60,412.83	50%
Readmissions within 30 Days (IRN):	500	Admissions	1.05	1.23	3.3%	(11.3)	\$0.00	\$0.00	50%

"More Is Better" ARU Measures									
Measures	Denominator	Denominator Units	MY 2012 Result	MY 2013 Result	MY 2013 Expected Rate	Units Saved increased(decreased)	Unit Cost	Savings Amount	PO Share of Savings
Outpatient Procedures in Pref. Facility (OSU):	1,000	Outpatient Procedures	78.0%	74.3%	--	(31.0)	\$1,500.00	(\$46,500.00)	50%
Generic Prescribing - AntiUlcer:	3,520	# Prescriptions	85.7%	88.1%	--	84.4	\$0.00	\$0.00	50%
Generic Prescribing - AntiMigraine:	895	# Prescriptions	61.8%	61.8%	--	51.6	\$0.00	\$0.00	50%
Generic Prescribing - Anxiety:	2,123	# Prescriptions	89.3%	90.3%	--	34.2	\$0.00	\$0.00	50%
Generic Prescribing - Cardiovascular:	1,567	# Prescriptions	53.2%	77.6%	--	110.7	\$0.00	\$0.00	50%
Generic Prescribing - Diabetes:	2,509	# Prescriptions	79.7%	85.2%	--	70.8	\$0.00	\$0.00	50%
Generic Prescribing - Nasal:	1,046	# Prescriptions	84.1%	86.6%	--	84.5	\$0.00	\$0.00	50%
Generic Prescribing - SSRI/SNRI:	5,957	# Prescriptions	87.5%	90.1%	--	6.0	\$0.00	\$0.00	50%
Generic Prescribing - Statins:	4,161	# Prescriptions	82.1%	91.7%	--	336.6	\$0.00	\$0.00	50%

Step 4: Sum Measure Incentive Amounts

Value Based P4P Shared Savings Incentive

Total PO Shared Savings Amount:	\$212,887.68
MY 2012 Member Years:	10,613
MY 2013 Member Years:	10,000
Total PO Shared Savings PMPM:	\$1.77

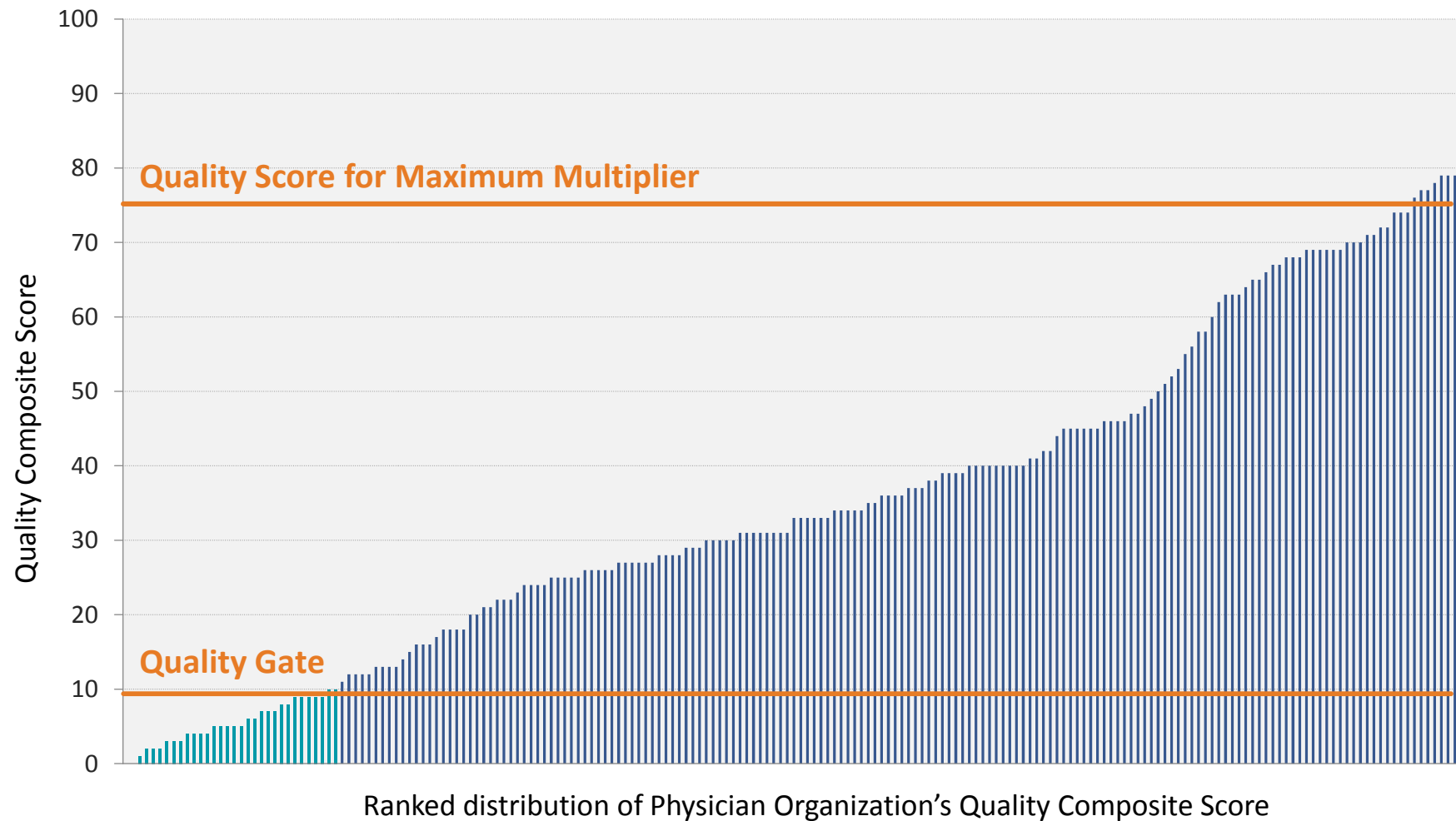
Your Total Incentive Payment:	\$212,887.66
Total Incentive Payment PMPM:	\$1.77



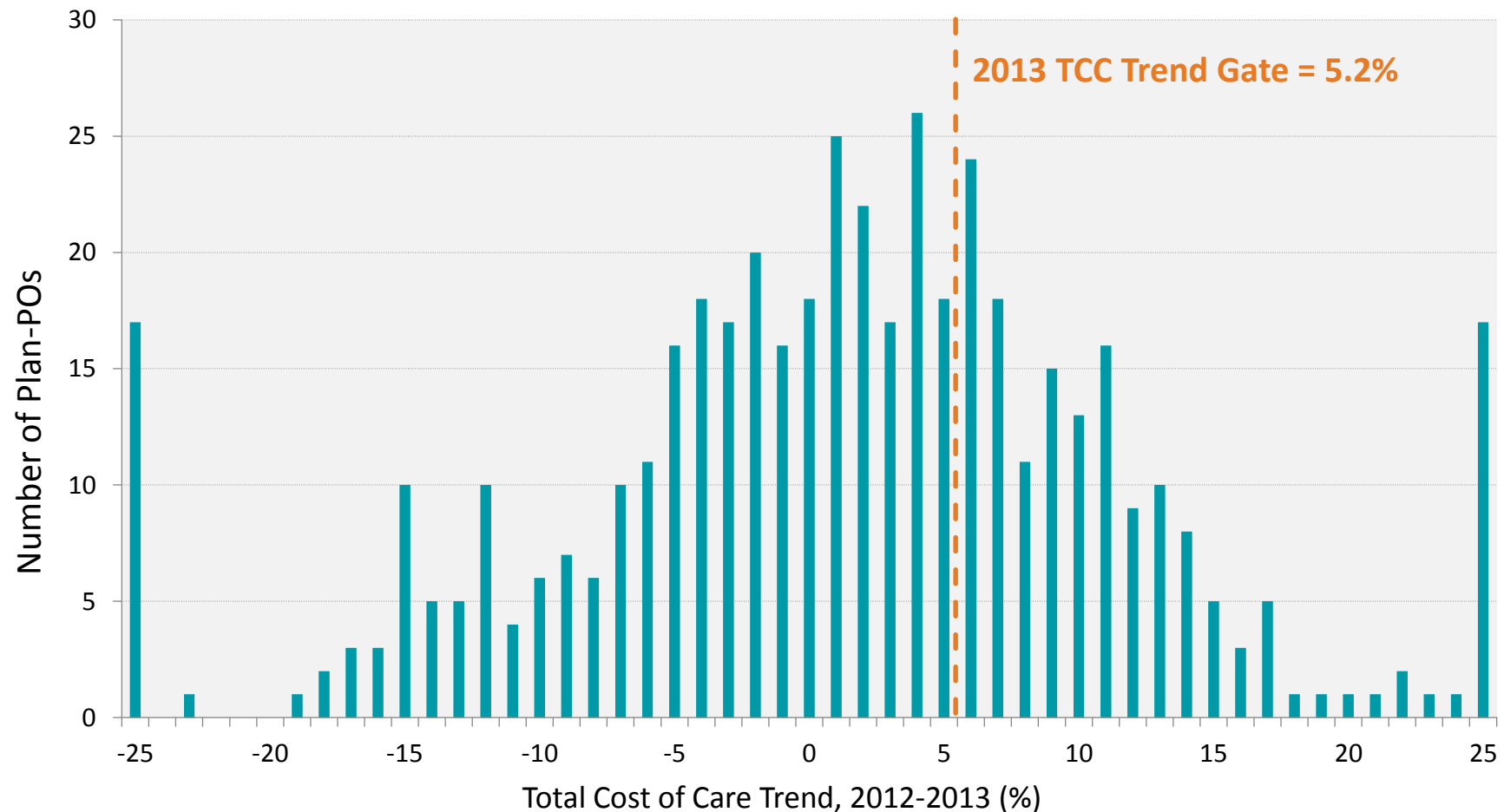
Observations as we go live



Expect Most Will Meet Quality Gate

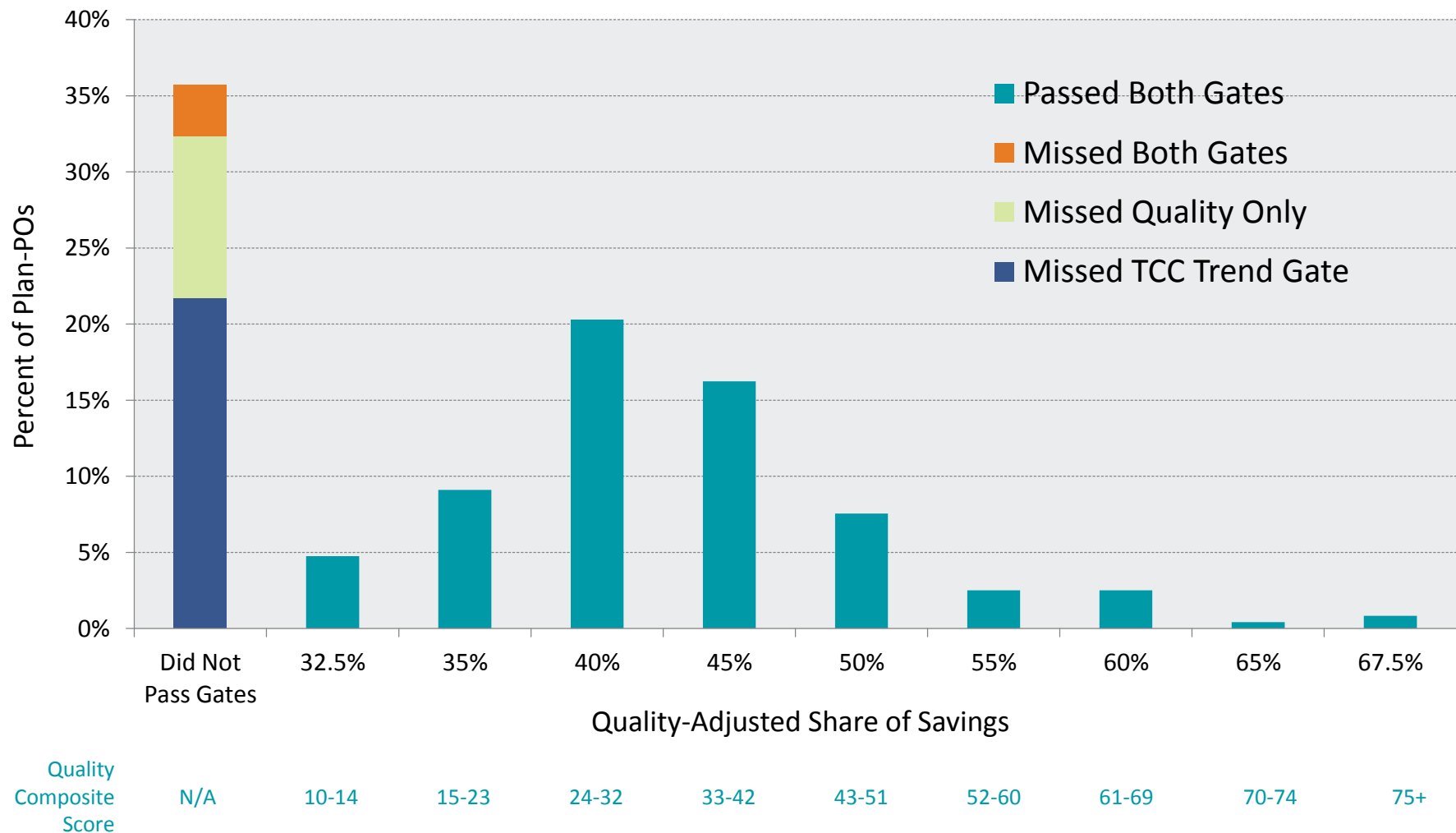


Expect Most Will Pass the Cost Trend Gate

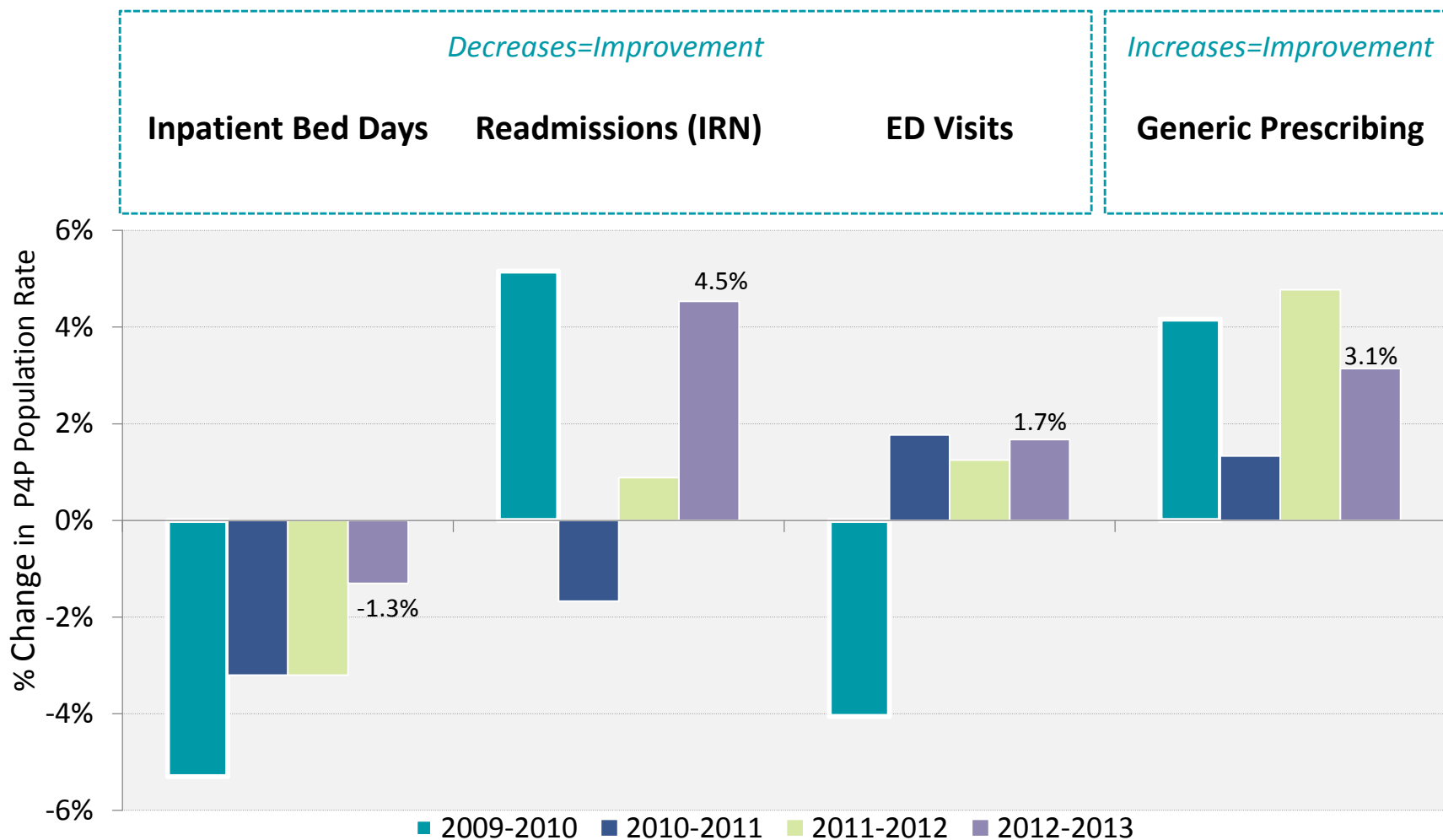


Note: trends shown in the chart are the 2012-2013 cost trend; performance at the TCC Trend Gate is assessed using the lower limit of the 85% confidence interval of the TCC trend. The 26.9 percent of plan-PO dyads (158 of 588 total across five health plans) that missed the 5.3% cost trend gate are based on the confidence interval around trend; 46.1 percent (271 of 588 total) of plan-PO dyads had trends above the 5.3% threshold.

Expect Those That Pass Gates to Earn 40-50% of Any Savings



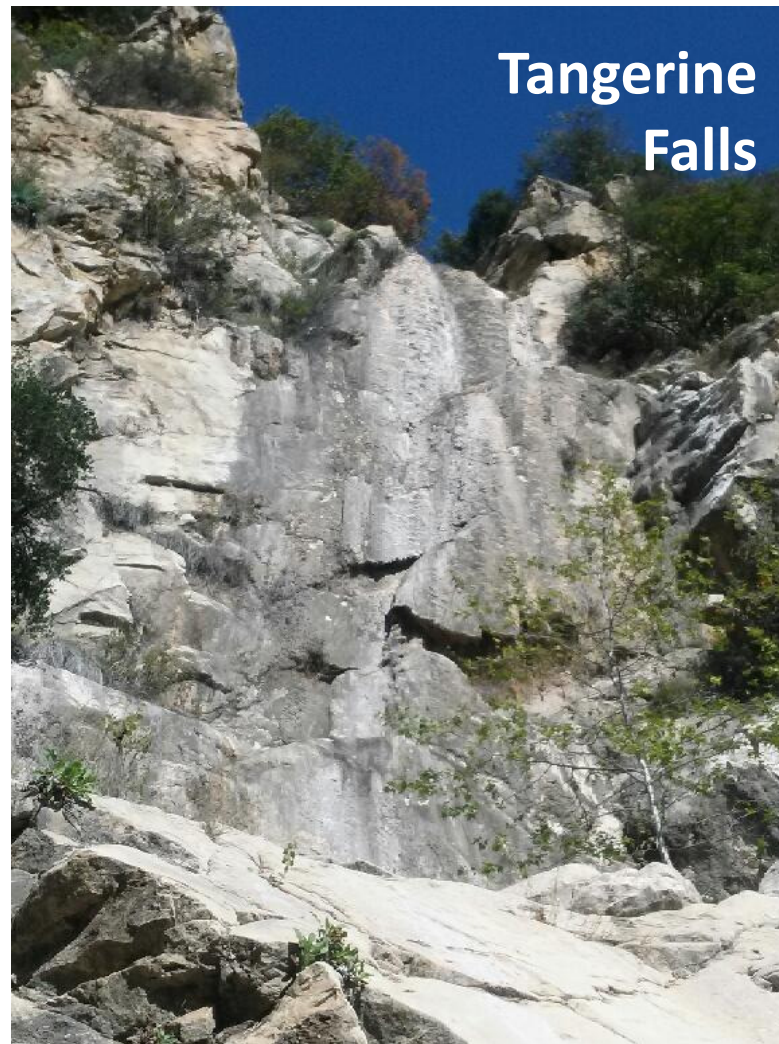
Varied Resource Use Trends



Learnings

- Importance of stakeholder involvement and engagement
- Definition and understanding of value is constantly evolving
- Performance target not as clear with resource use and cost
- Balancing act between simplicity and methodological rigor

“It is good to have an end to journey toward; but it is the journey that matters, in the end.” – Ernest Hemingway



Thank you!

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