Value Based Pay for Performance

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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
Anthem BlueCross
SHARP
Health Net
aetna
Cigna
KAISER PERMANENTE
Western Health Advantage
Chinese Community Health Plan
CCHP
UnitedHealthcare

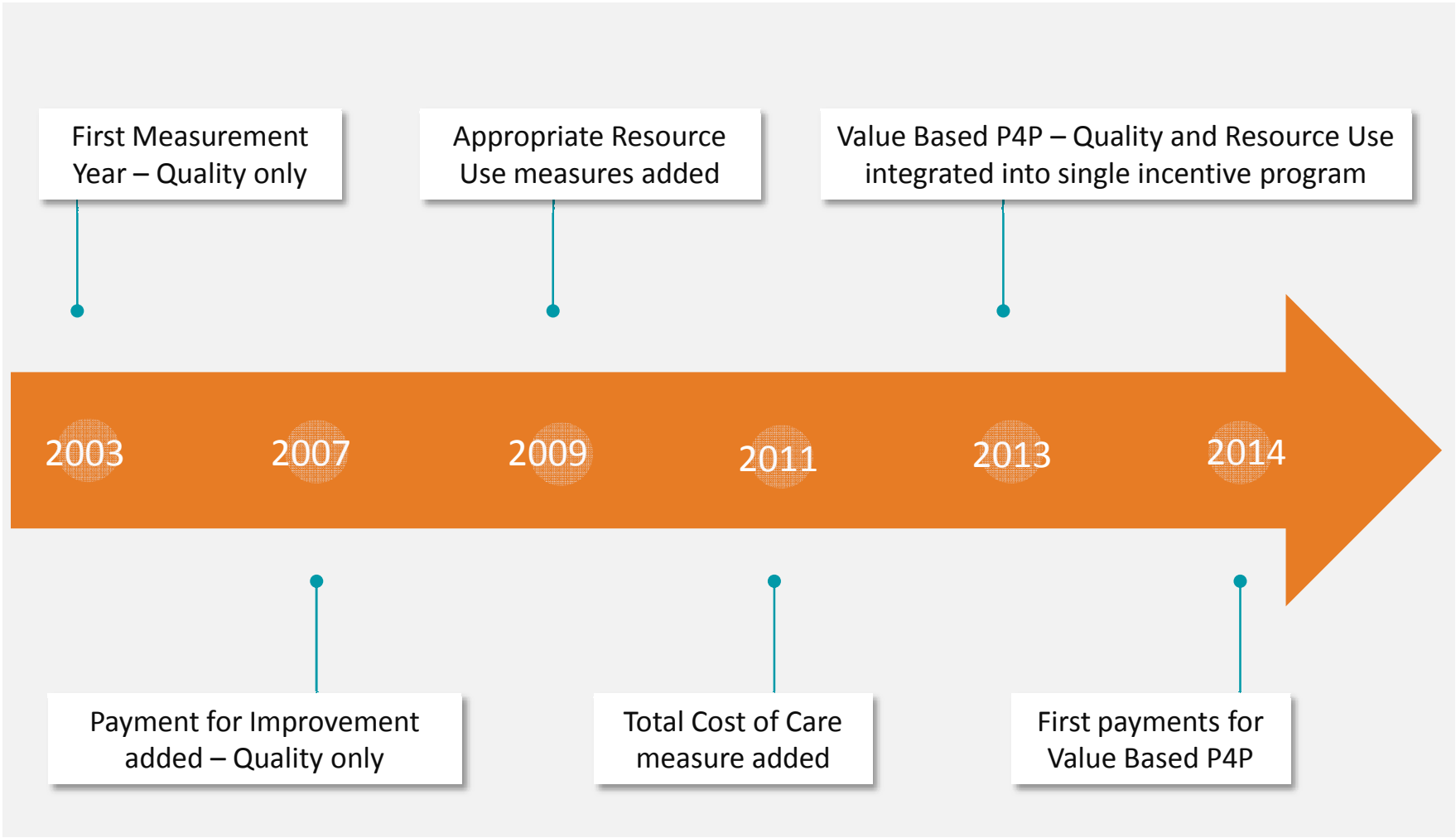
9 Million Californians

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

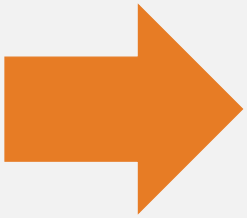
Program Evolution



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

Value Based P4P Overview

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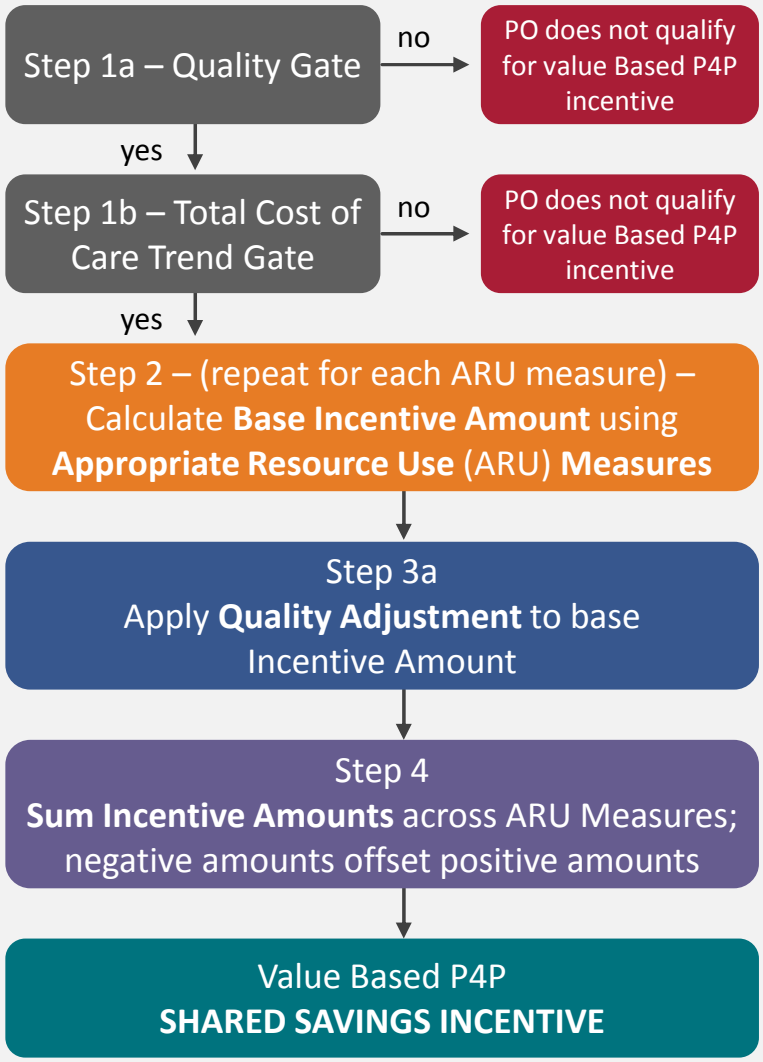
Value Based P4P Design

- **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**



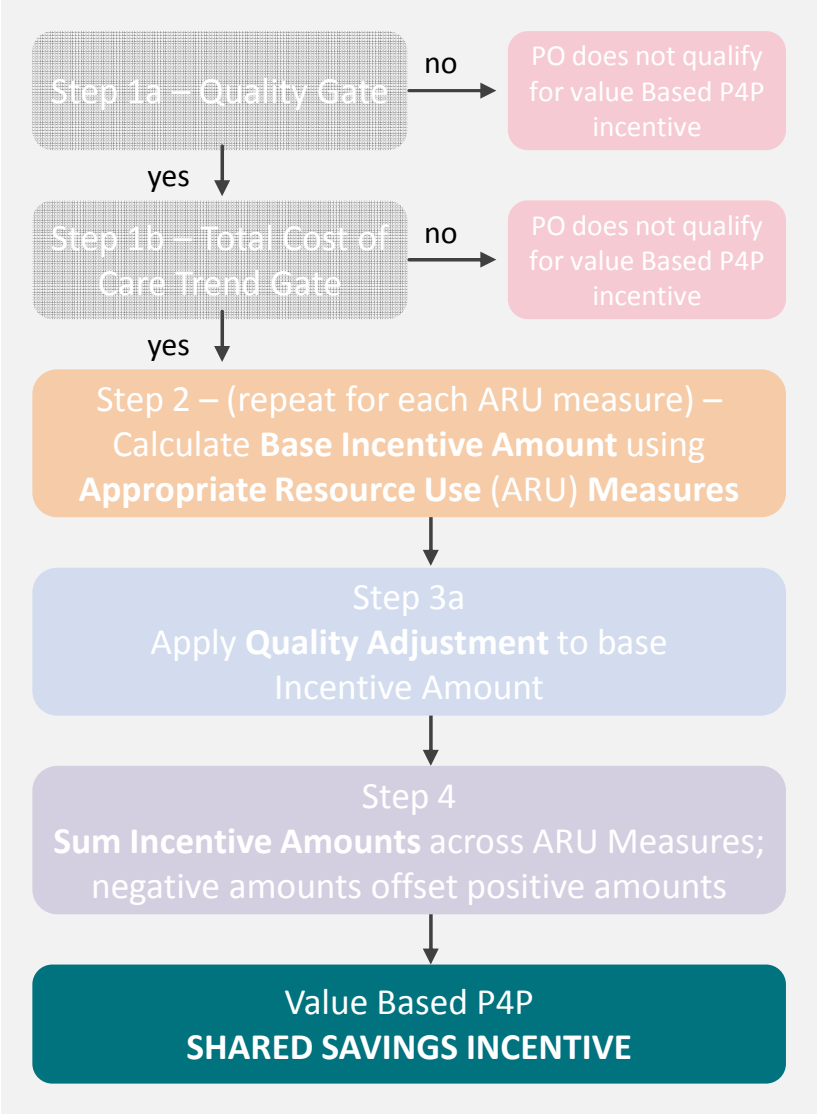
Value Based P4P Drivers

To earn ANY award:

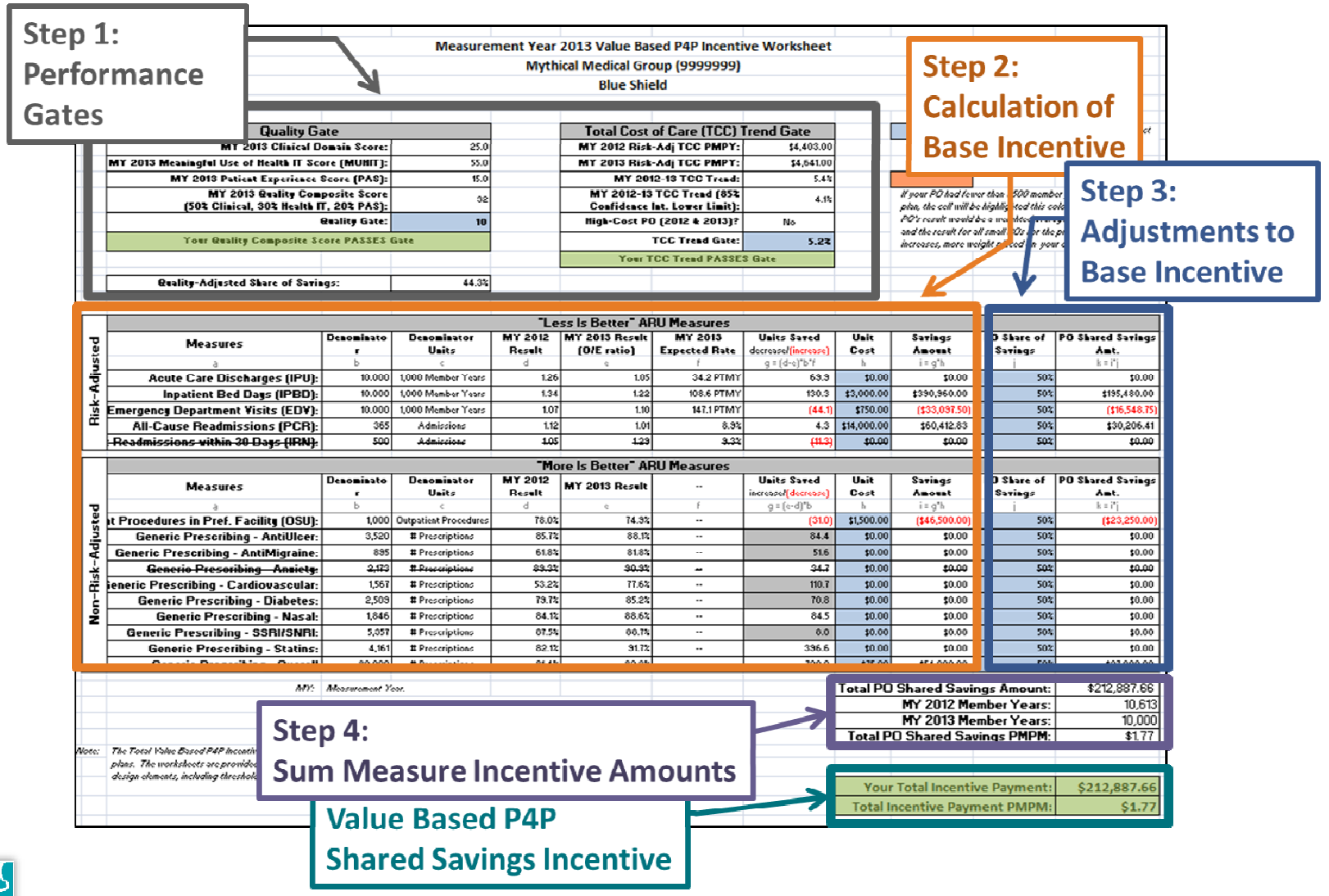
- Meet minimum level of quality
- Below TCC trend gate
- Net improvement on resource use measures

To MAXIMIZE award:

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

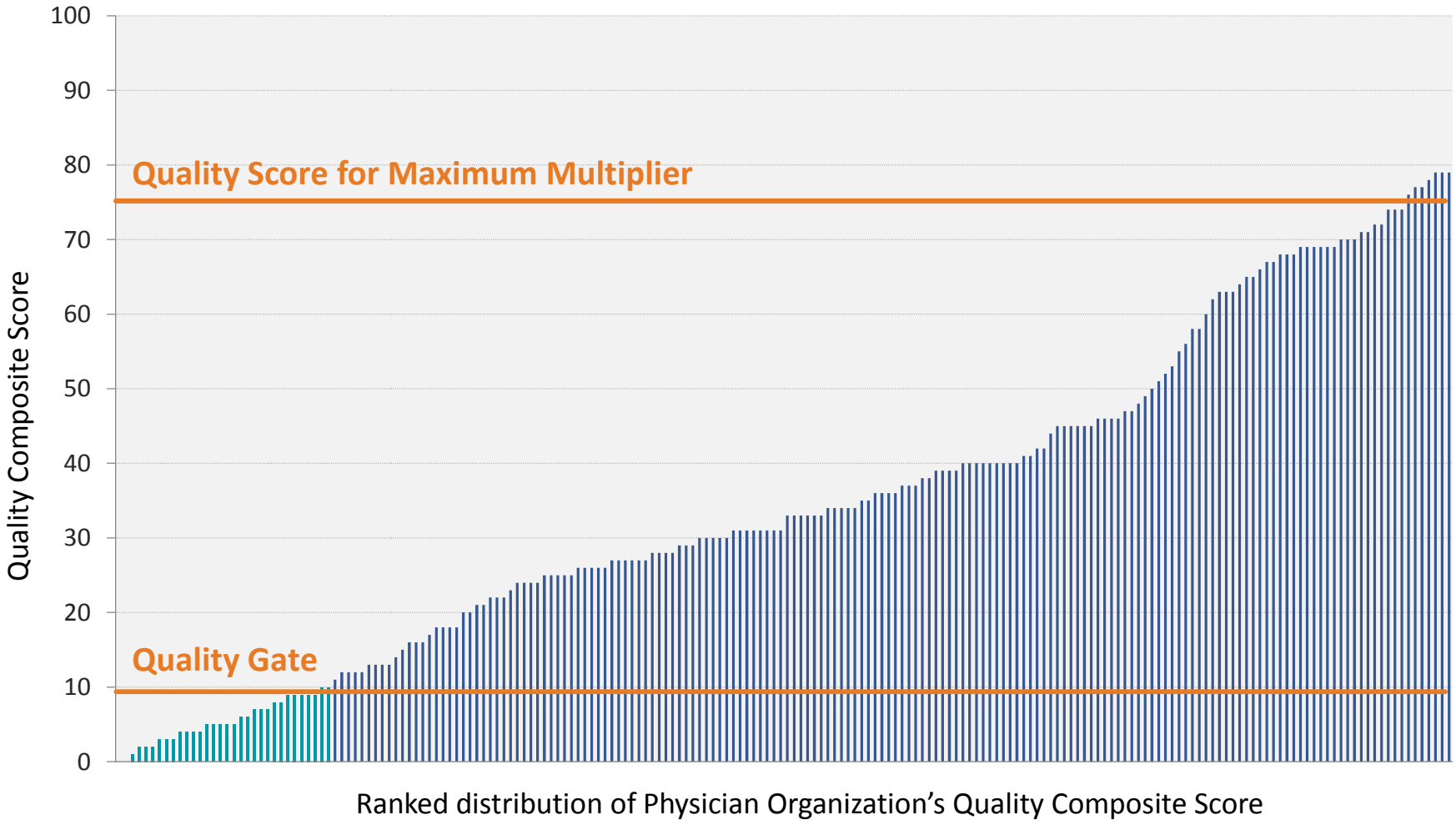


Modeling Shared with Stakeholders

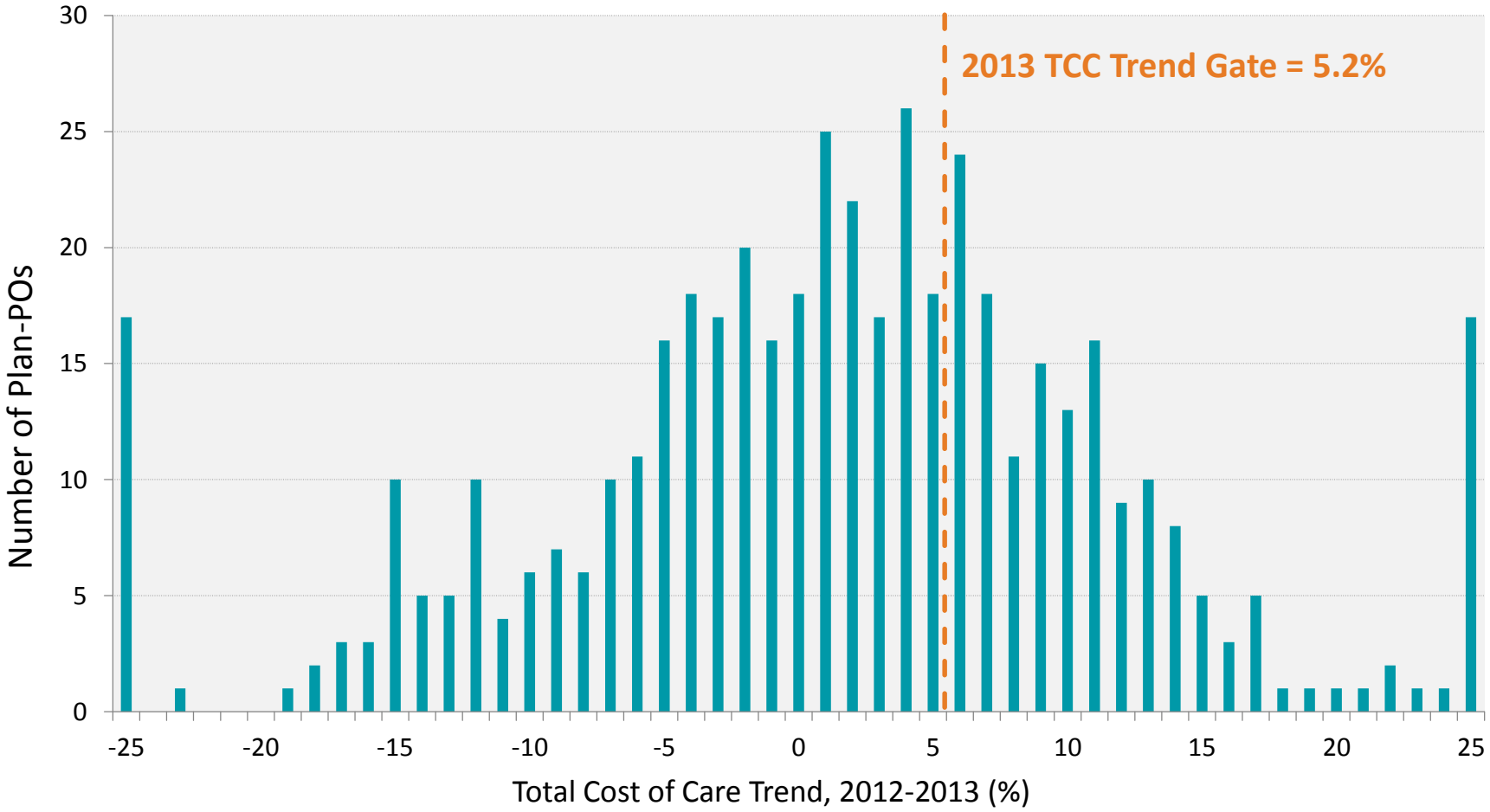


Observations as we go live

Expect Most Will Meet Quality Gate

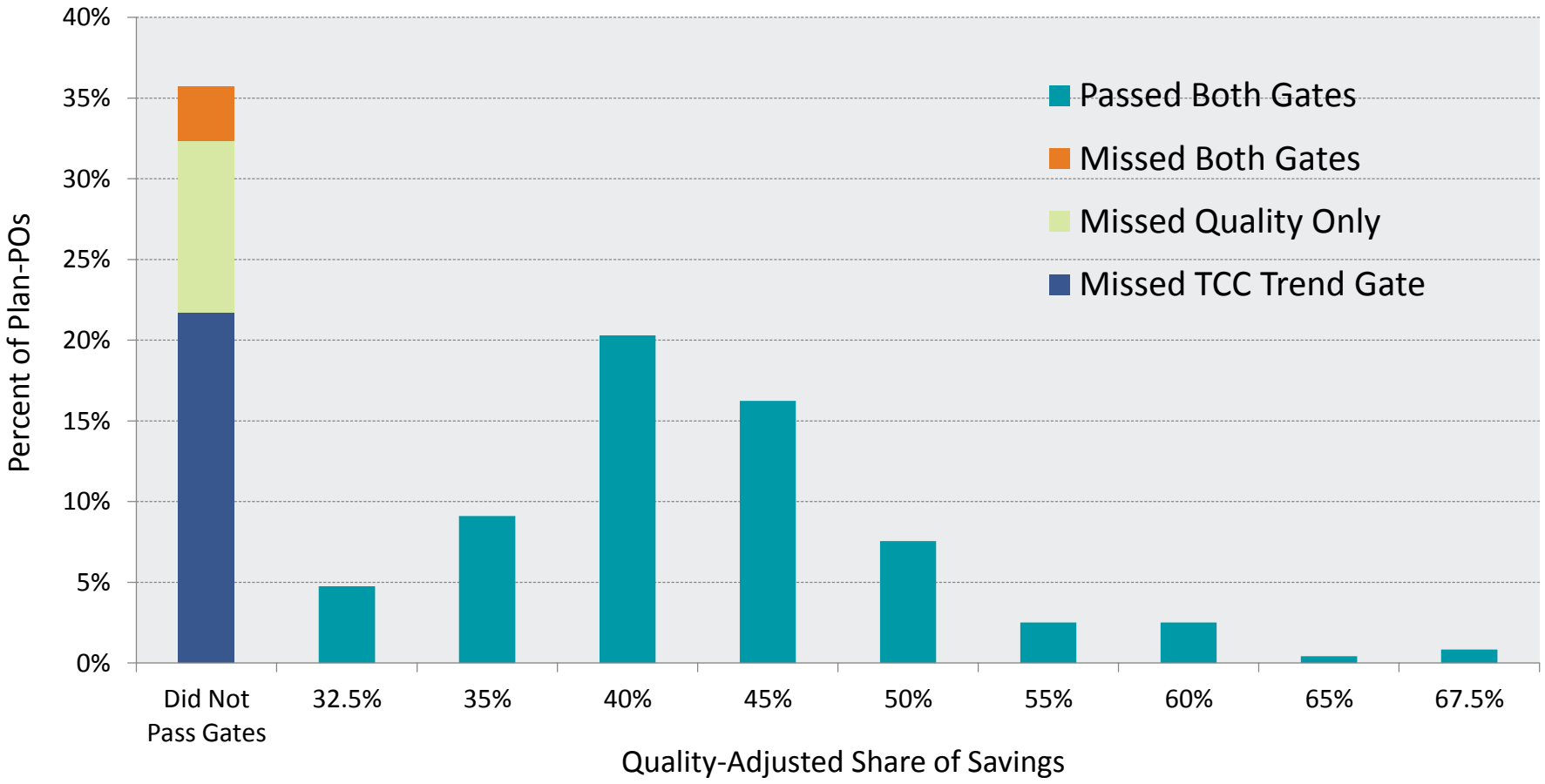


Expect Most Will Pass the Cost Trend Gate



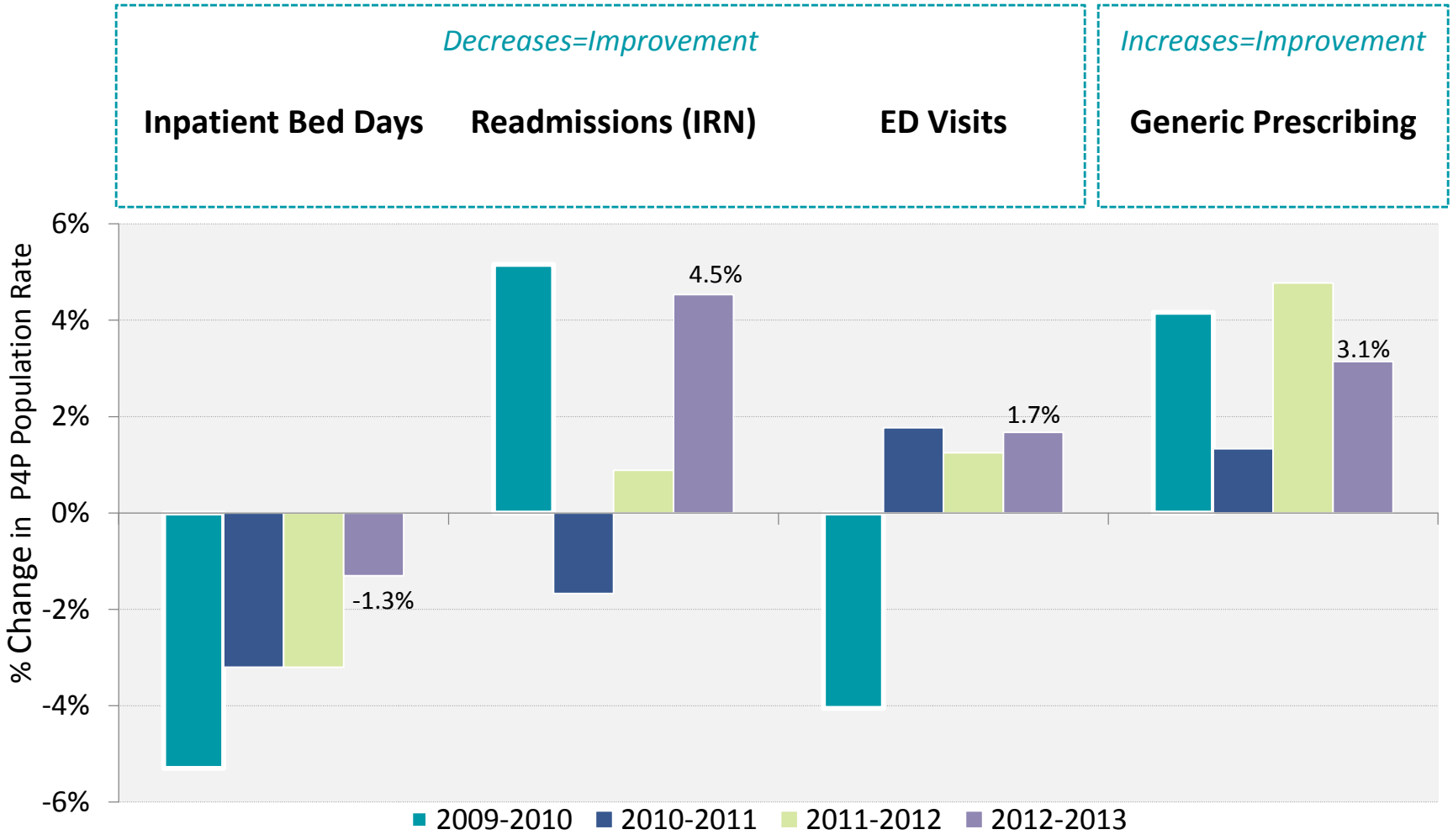
Note: trends shown in the chart are the 2012-2013 cost trend; performance at the TCC Trend Gate is assessed using the lower limit of the 85% confidence interval of the TCC trend. The 26.9 percent of plan-PO dyads (158 of 588 total across five health plans) that missed the 5.3% cost trend gate are based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



Quality Composite Score	N/A	10-14	15-23	24-32	33-42	43-51	52-60	61-69	70-74	75+

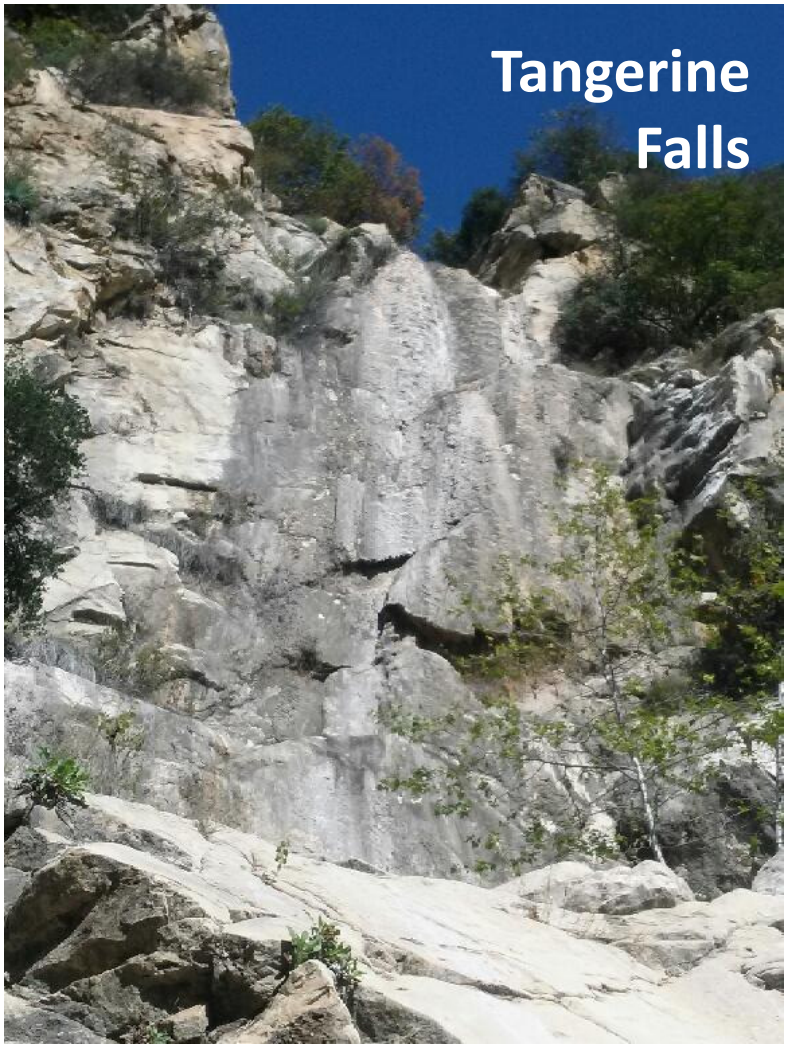
Varied Resource Use Trends



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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