

# Recent State Experiences with Pay-for-Performance in Medicaid Managed Care

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HEALTH MANAGEMENT ASSOCIATES

# Presentation Outline:

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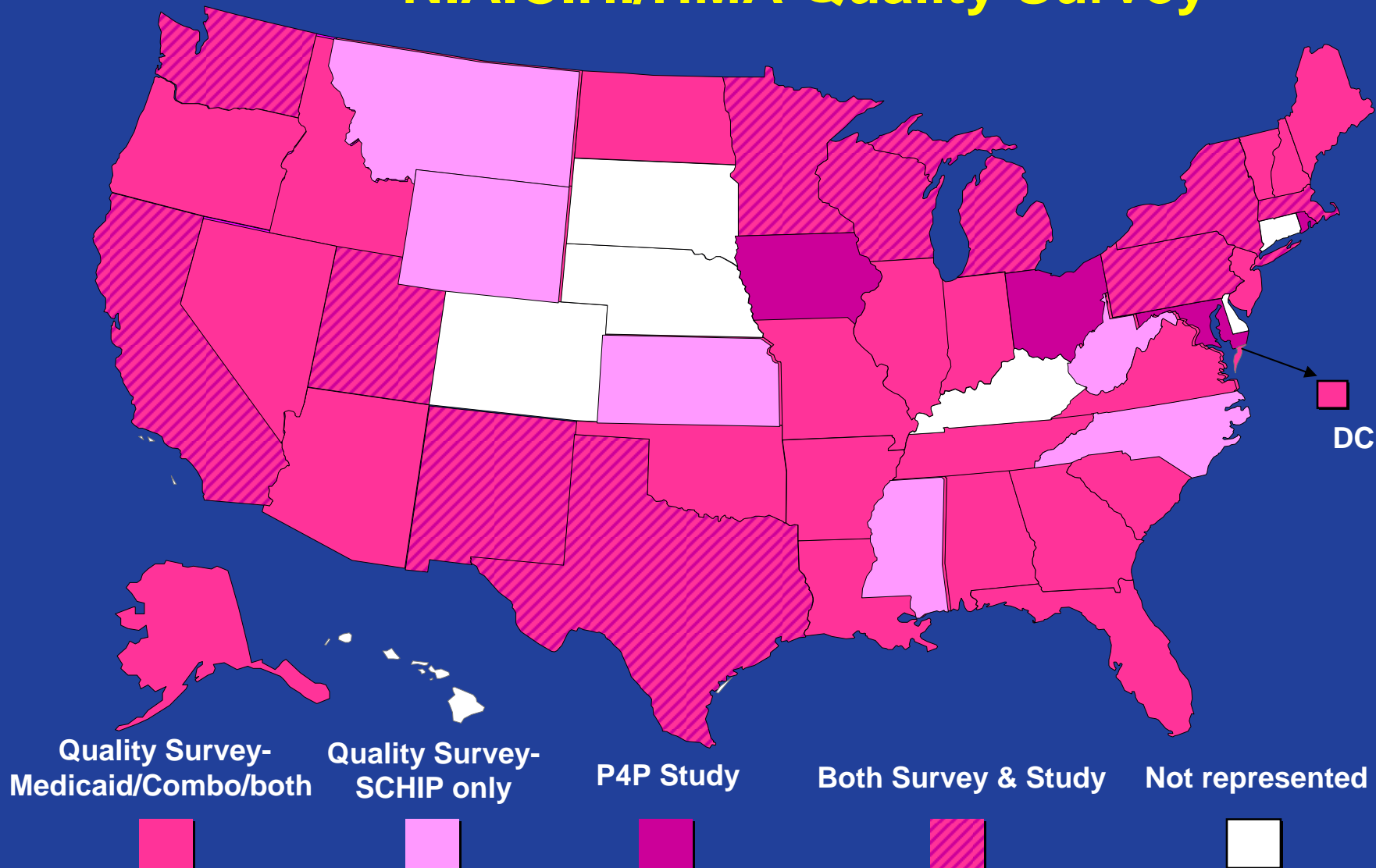
- Overview of Performance Measurement Survey and P4P Study Methods
- Performance Measurement and Pay-for-Performance Connection in Medicaid
- Approaches to Pay-for-Performance Initiatives in Medicaid Managed Care
- Lessons Learned

# Medicaid P4P/Quality Measurement Study Methods

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- GWU/HMA 15 state-study; in-depth telephone interviews with 12 states; review of state contracts with 3 others, March-May 2006
- State contracts, other documents; case studies, other literature; national experts
- N.A.C.H./HMA Quality Performance Measurement Survey of state Medicaid & SCHIP programs (children & families), April-June 2006

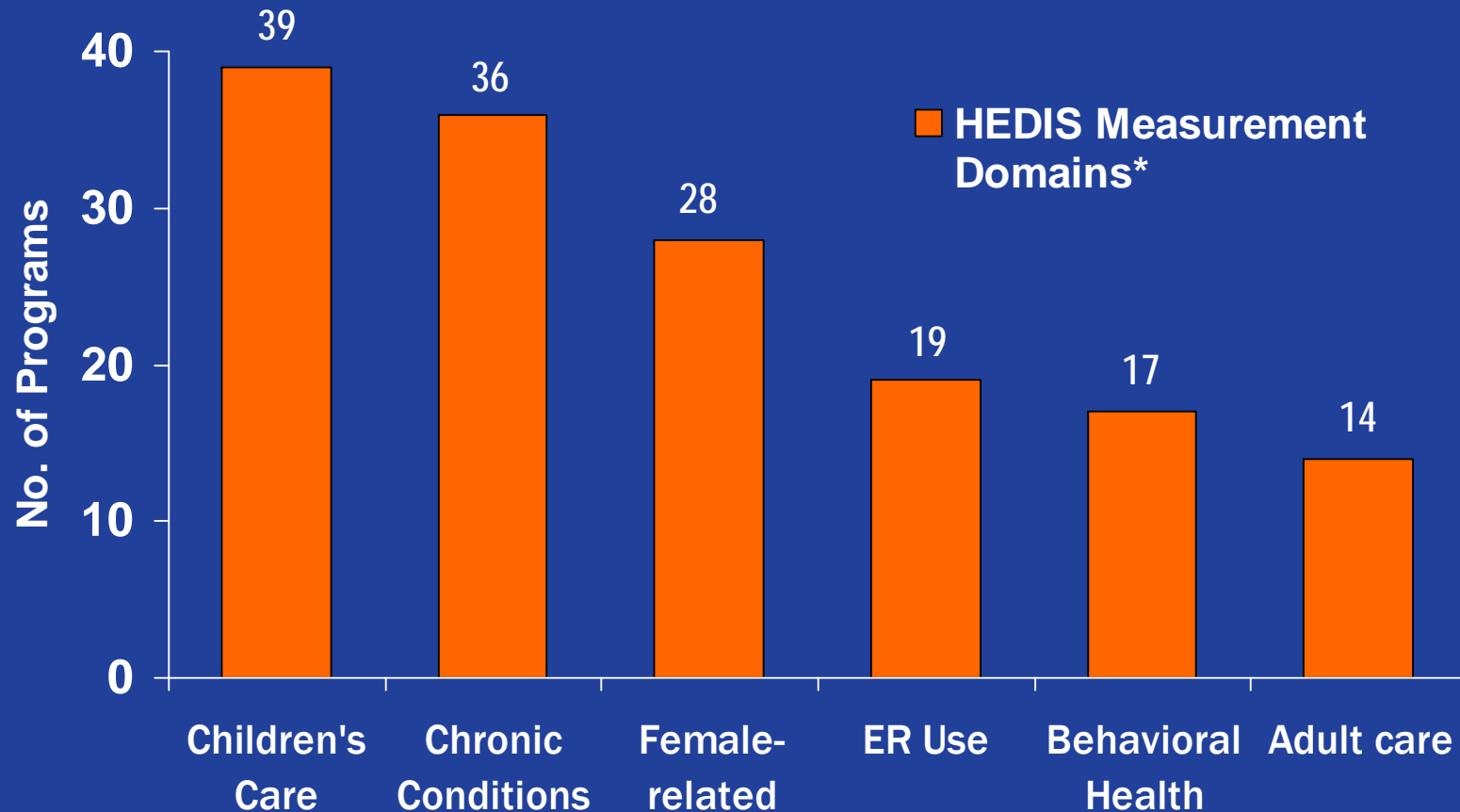
# States Participating in GWU/HMA P4P Study and N.A.C.H./HMA Quality Survey



# Performance Measurement in Medicaid & SCHIP

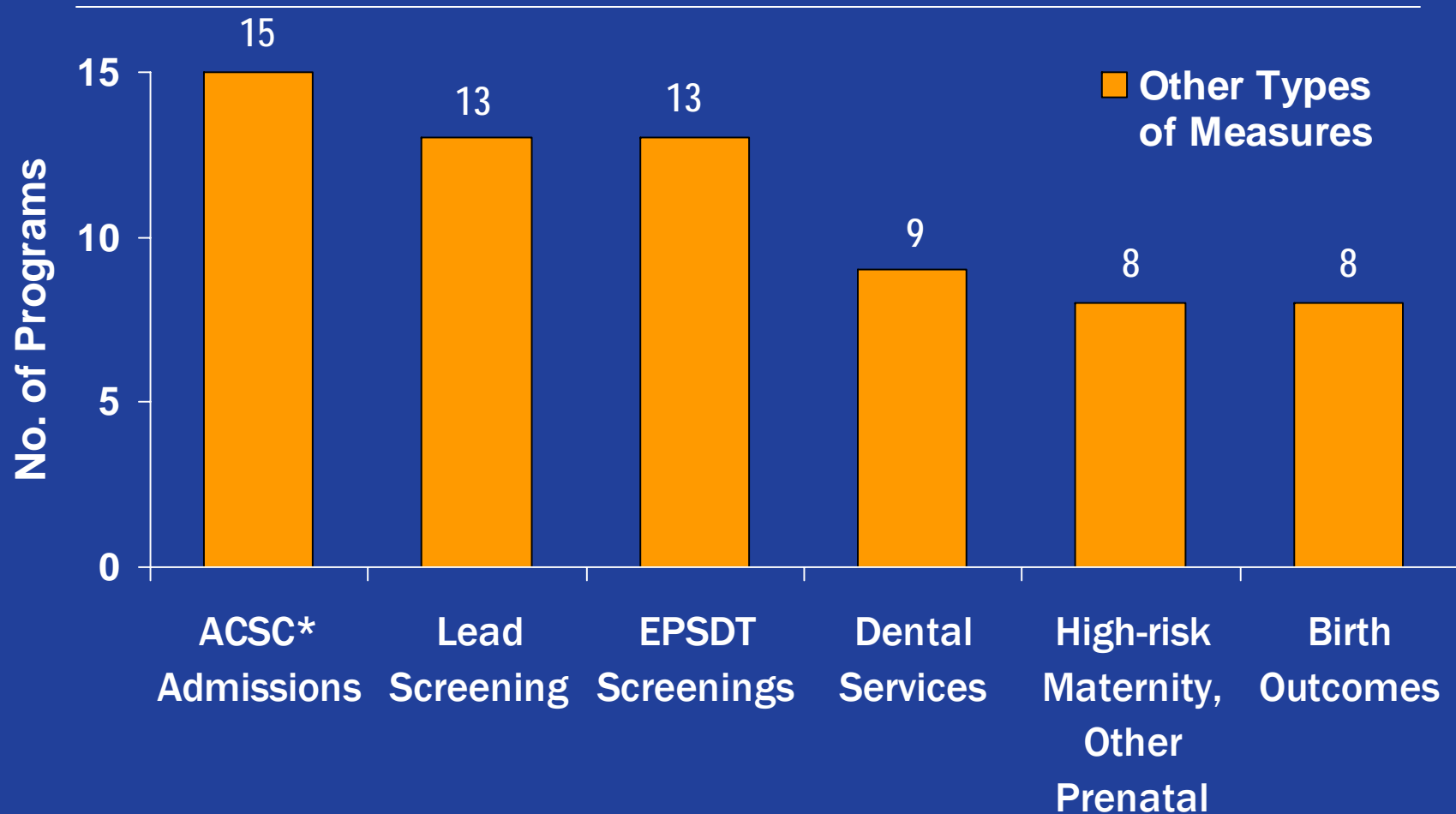
*What Gets Rewarded  
Must First Be Measured*

# HEDIS Pediatric Preventive Care Measures Most Frequently Used Quality Indicators in Medicaid & SCHIP Programs (N=47)



\*Examples: for children, immunizations, well-child visits; for chronic conditions, care for people with asthma, diabetes; for women, prenatal care, cancer screenings; for behavioral health, follow up after hospitalization for mental illness, anti-depression med. mgt; for adults, controlling high blood pressure, cholesterol mgt after heart attack.

## More than Half (27 of 47) of Surveyed Programs Use Other Outpatient Performance Measures



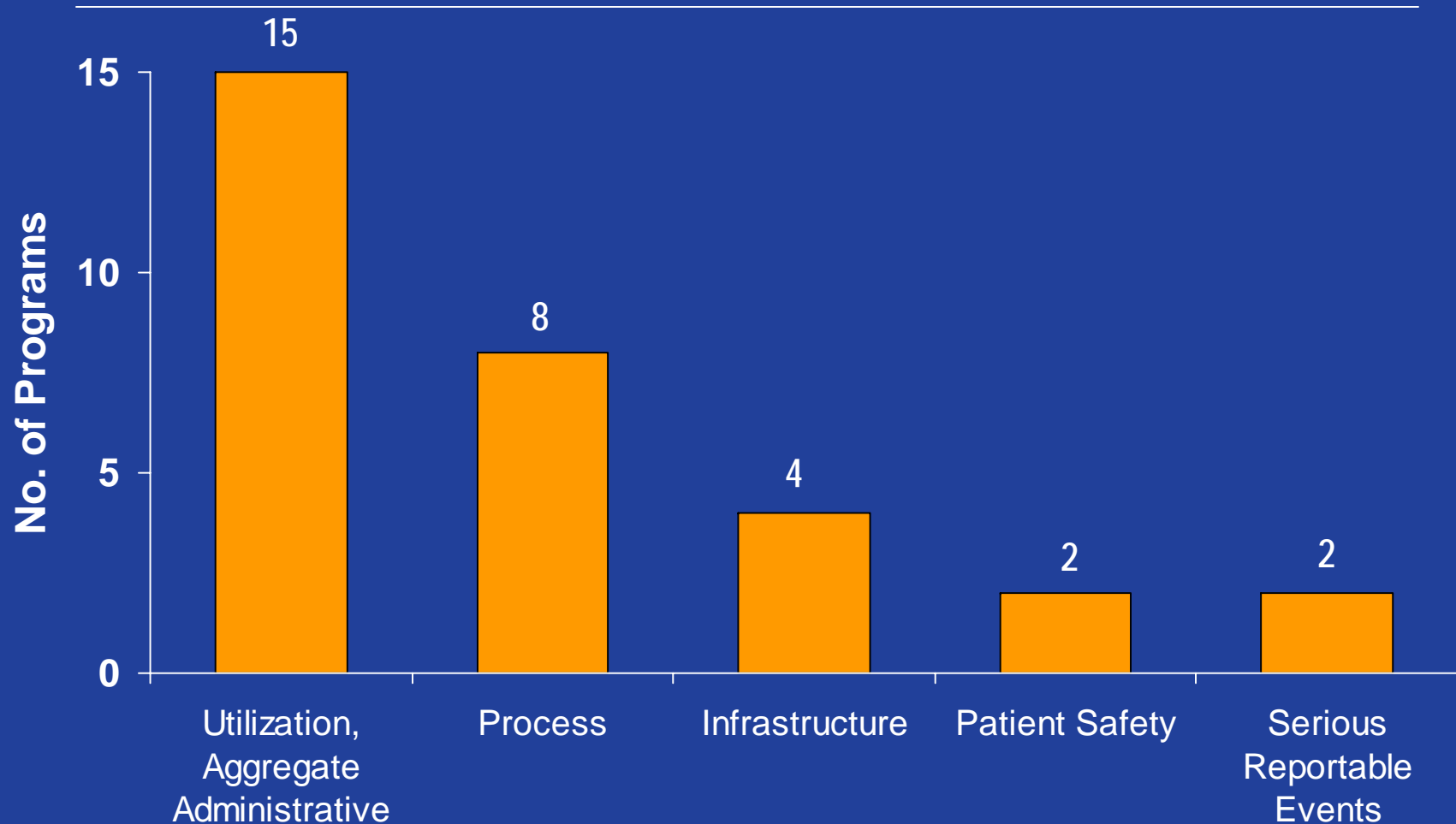
\* Ambulatory Care Sensitive Conditions (e.g., asthma-related admissions)

## 35 Medicaid and SCHIP programs identified 100+ recent quality improvement (QI) initiatives for outpatient care

Most Frequently Mentioned Types of QI Initiatives	No. Programs
Pediatric primary, preventive care	11
High-risk maternity care, improving birth outcomes	11
Care mgt for children (or adults) with asthma	10
Care management for people with diabetes	9
Other disease/care management, coordination	7
Blood lead screening	7
Weight management/obesity reduction	6
Oral health/dental care services, access for children	5
Children with special health care needs	5
Behavioral health or substance abuse treatment	5
EPSDT (Early & Periodic Screening, Diagnostic, & Treatment) services	5
Adolescent health	4



# Utilization Measures (e.g., admissions, LOS) Most Frequently Used Inpatient Performance Indicators in Medicaid and SCHIP\*



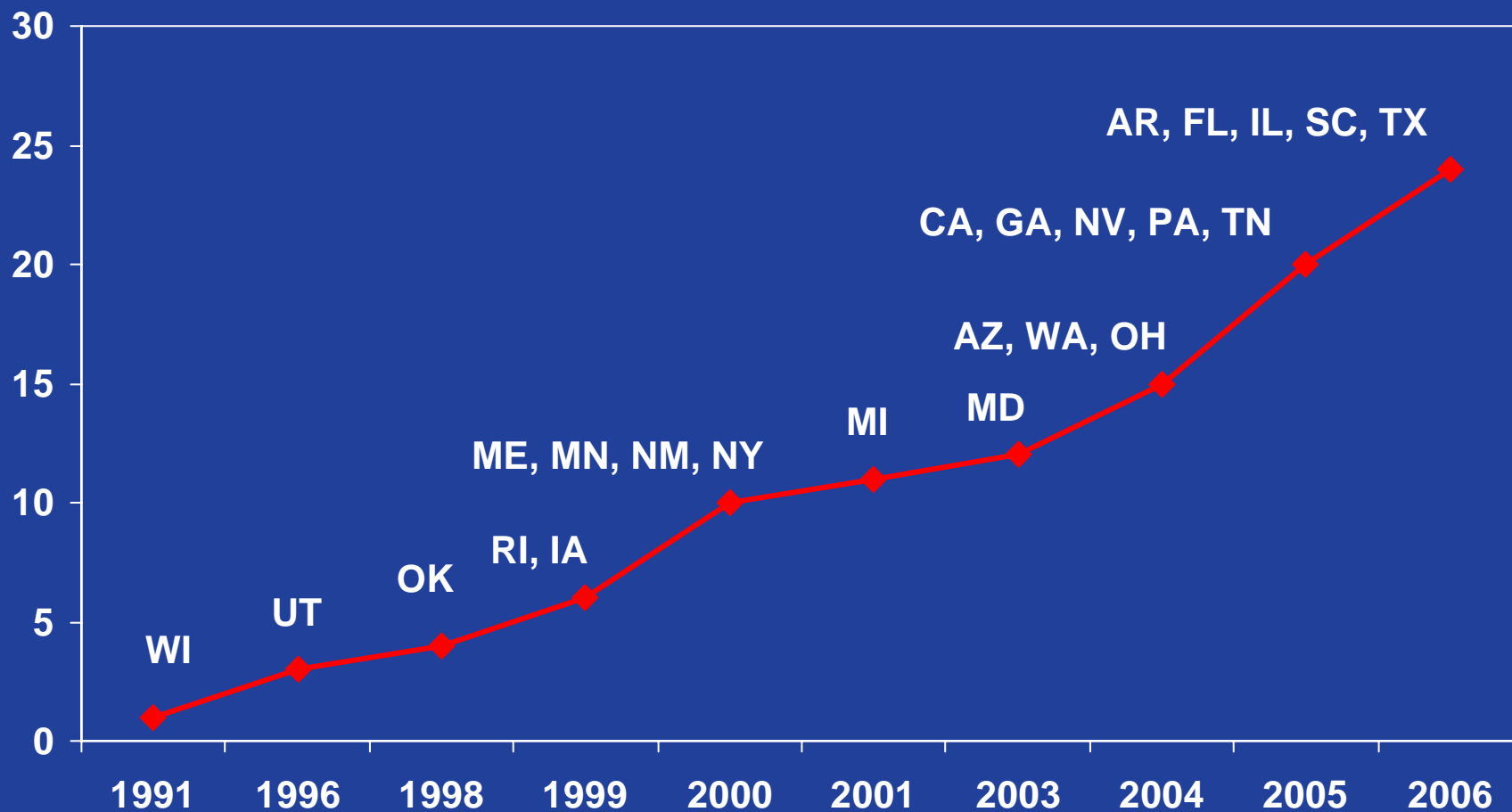
16 of 34 Medicaid/combo programs and 1 of 13 separate SCHIP programs reported at least one hospital inpatient care performance indicator.

# Medicaid Pay for Performance

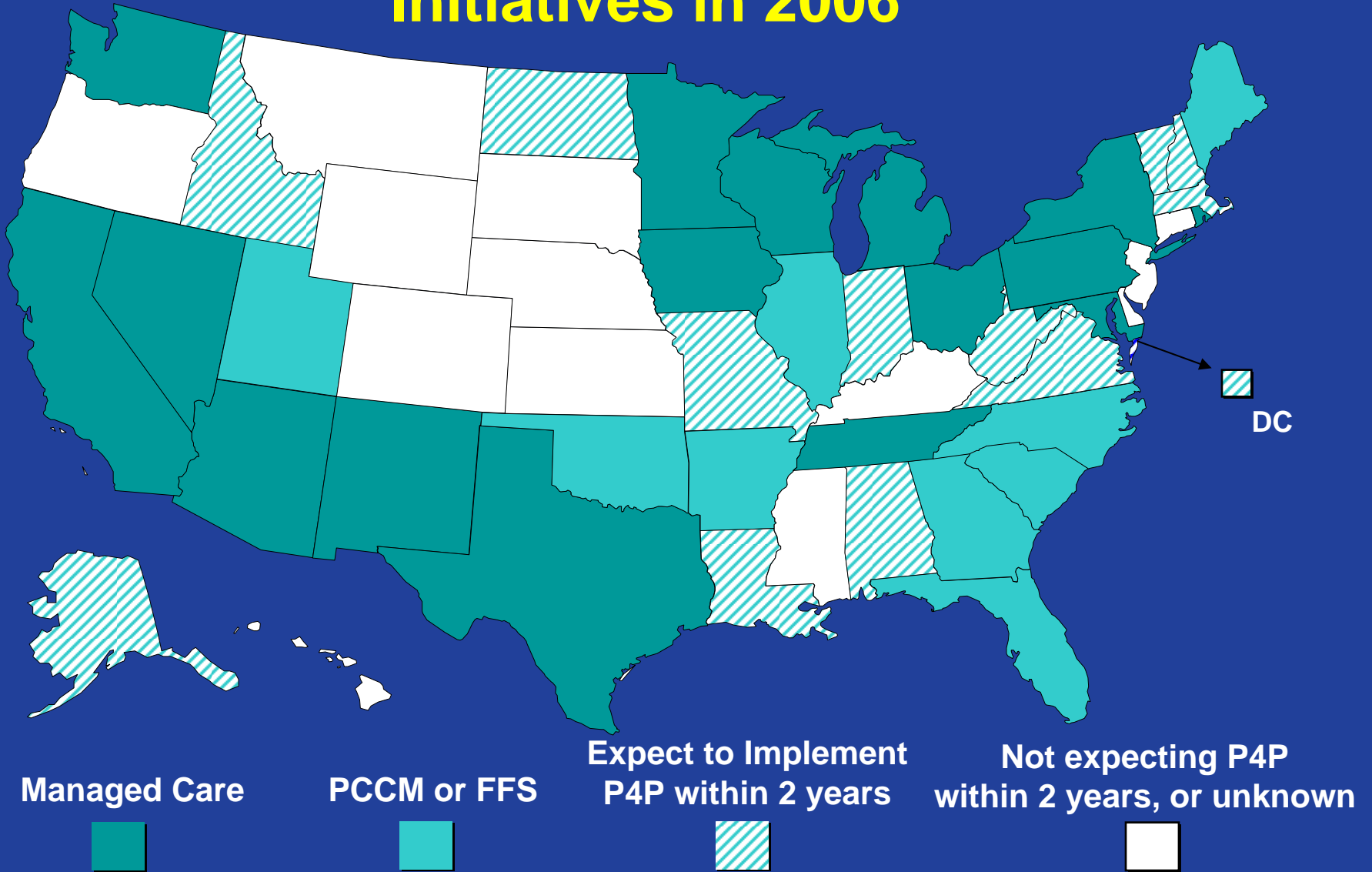
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*Yesterday, Today, Tomorrow*

# Medicaid P4P Timeline

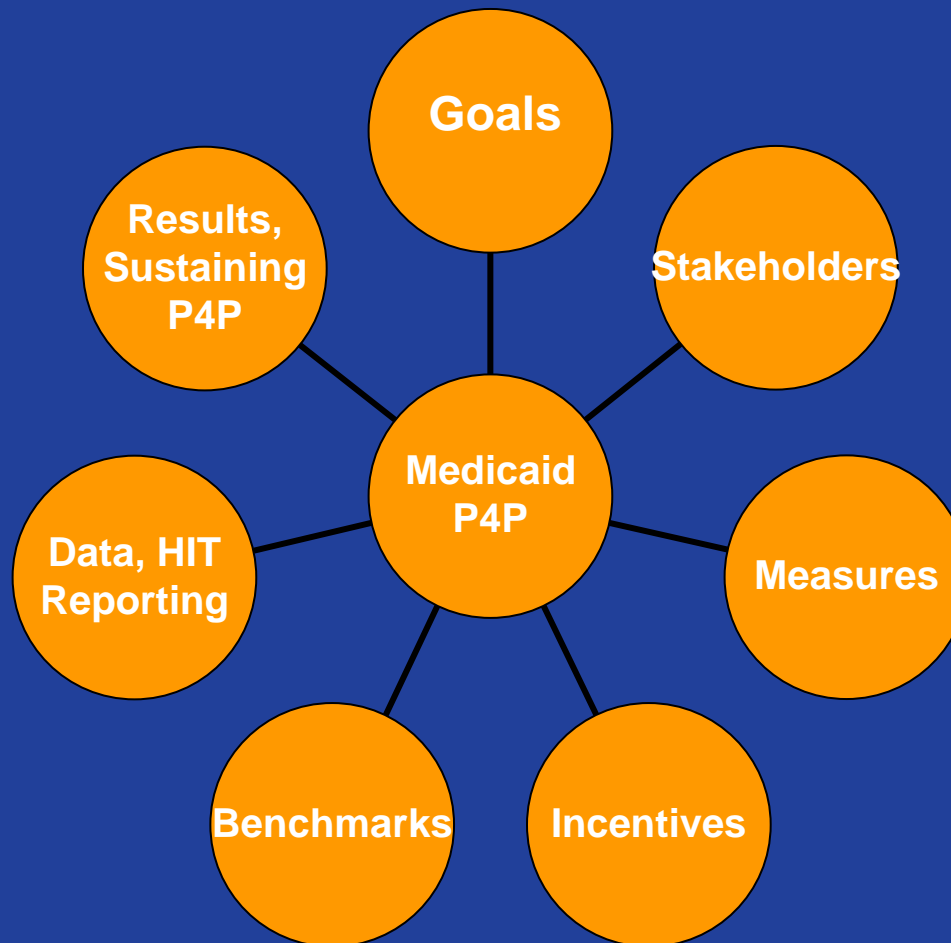


# At Least 25 States with Medicaid P4P Initiatives in 2006



# Key Dimensions of P4P in Medicaid Managed Care

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# Goals of P4P in Medicaid Managed Care

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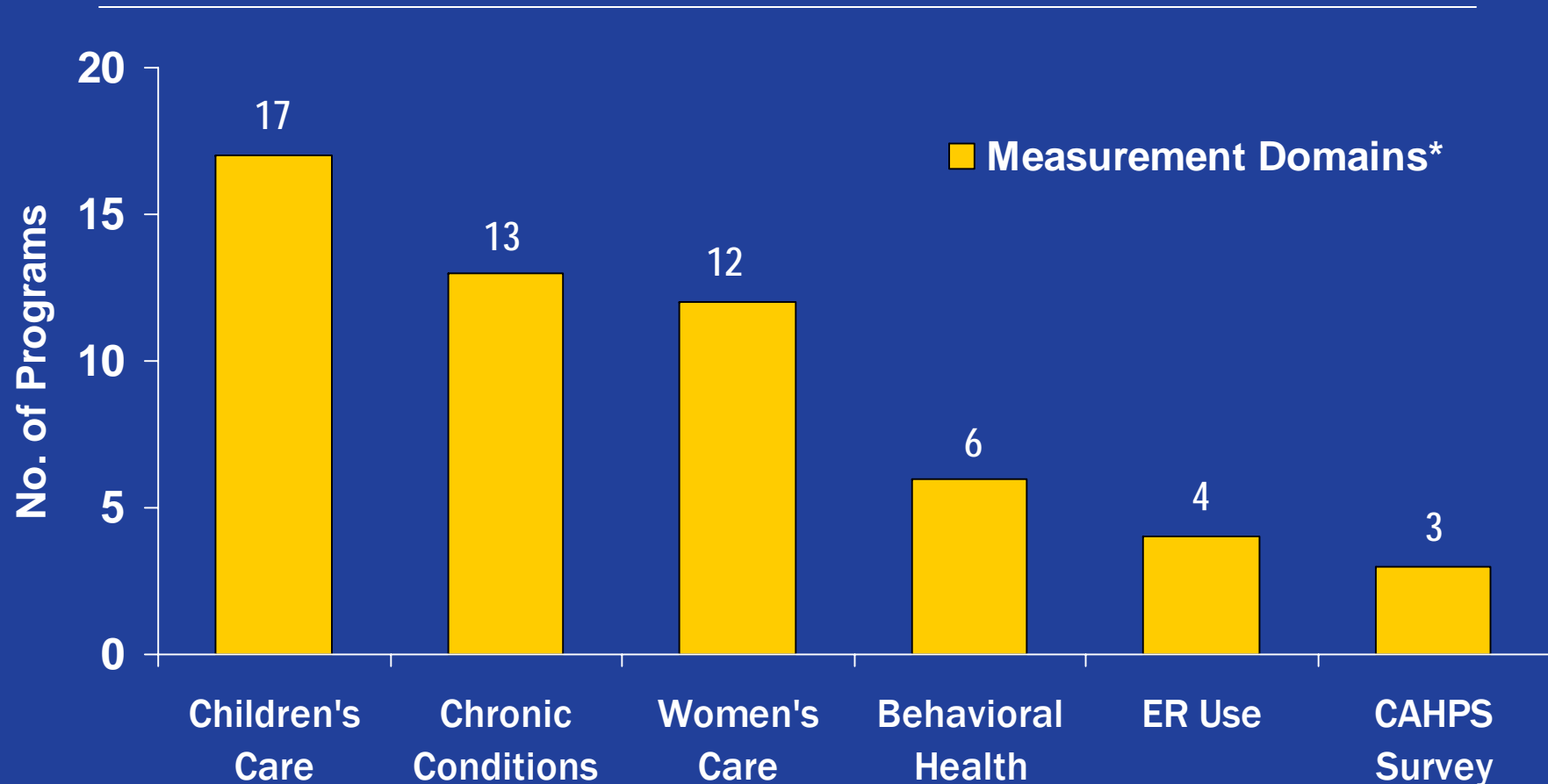
- Reward high quality of care
- Reduce variation in patterns of care
- Improve state's performance on particular measures of interest
- Support larger quality strategies, VBP
- Facilitate access to care, support safety net

# Stakeholders: Working with Health Plans

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- Advisory meetings, input before implementation, but agencies generally choose the measures, call the shots
- Agencies strive to work with plans as partners, not adversaries, yet generate “spirit of competition” among plans
- Agency culture shift: staff must be actively engaged in continuous improvement with plans; Staff become health plan “managers”
- P4P provides a focal point for communication, collaboration on quality issues; early warning-system

# HEDIS Measures Most Frequently Used in Medicaid P4P Initiatives (n=24)



Examples: for children, immunizations, well-child visits; for chronic conditions, care for people with asthma, diabetes; for women, prenatal care, cancer screenings; for behavioral health, smoking cessation, mental health hospital follow up, anti-depression med. mgt.



# Other Measures Tied to P4P Incentives in Managed Care

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- Administrative (e.g. BBA requirements)
- Accreditation score (e.g., NCQA)
- Access to care, network capacity, safety net
- Targeted health initiatives (e.g., teen pregnancy)

# A Mix of Incentive Approaches in Medicaid P4P Initiatives

## Premium, Flat Bonus:

MA, RI, NY, PA, WA,  
UT (flat); IA  
OH, MN, TX (cond'l)

## Premium Withhold/ Penalties:

MD, MI, NM, WI  
OH, MN, TX,  
Penalties: IA, OH

## Performance-based Auto-Assignment:

CA, MI, NY, TX

## Public Reporting:

OH, MD, MI, NY,  
PA, UT, WA, WI

Note: States with only one type of incentive approach, excluding public reporting, are listed first and shown in orange.

# Medicaid P4P Benchmarks for Scoring Health Plans

NCQA percentiles: MI, RI, TX, PA,	State or federal* standards: IA, NM, NY, OH, TX, UT, WI
Peer-performance: CA, MN, WA	Plan improvement: OH, MA, MD, RI, UT, PA, WA

\* e.g., CMS 80% standard for EPSDT screenings, BBA standards for payment of claims

# How Much is at Stake in Medicaid Managed Care P4P?

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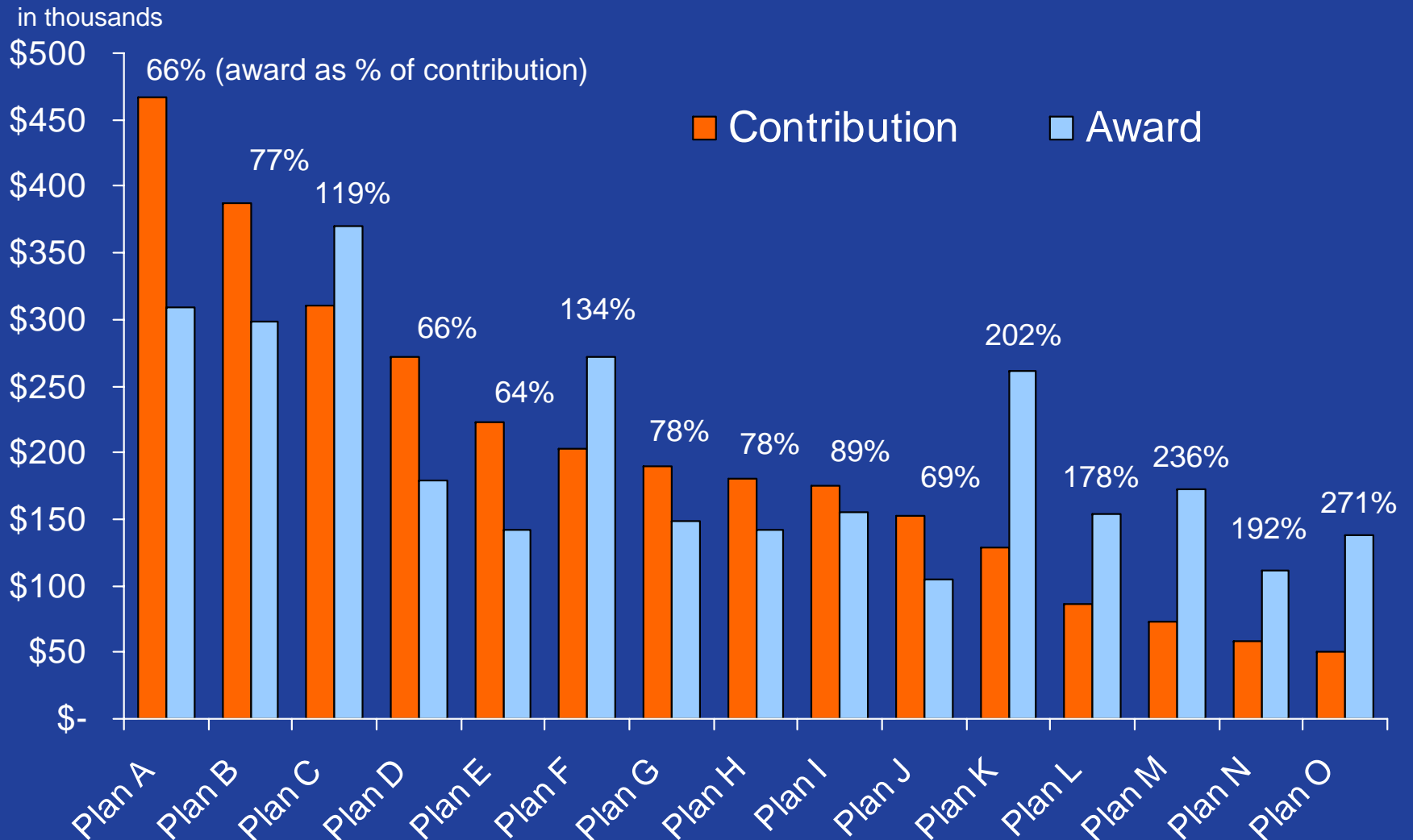
## Bonuses and Premium Withholds:

- Ranging from <1% to 5% of premium, typically 1% to 3% p.m.p.m. capitation

## \$ Amounts:

- Typically, financial amounts relatively small
- State “spending” from <\$12k to \$50 million, typically \$1-\$3 million
- Typical plan rewards: \$150-\$500k, up to \$9 million
- Auto-assignment harder to quantify; indirect financial effect.

# Premium Withhold (contributions) & Awards for Health Plans Participating in a \$3 million Medicaid P4P Initiative, 2006



# Putting it All Together: The Rhode Island Example

Goals	Achieve best quality per \$ invested
Stakeholders	Collaborative partnership with plans
Measures	~25 measures, HEDIS clinical, access, CAHPS; other administrative, clinical
Incentives	Premium bonus, \$1.25 pmpm, ~1%
Benchmarks	NCQA percentiles, improvement
Data, reporting	Data standards; plans made significant IT Investments
Evaluation	Evaluation capacity built in; mixed results in early years; improvements over time
Sustainability	Added measures; raised scoring criteria; plans offering incentives to providers

# How Well is P4P Performing in Medicaid Managed Care?

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- Mixed results to date; evaluation studies limited
- Quality of data reporting has improved
- Larger plans often out-perform smaller plans
- Higher-performing plans becoming larger
- Some plans adopting incentives for providers
- P4P: Not a magic bullet; many factors influence performance; multiple approaches needed for long-term gains

# Highlights of P4P Experiences in Medicaid Managed Care

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- Financial incentives: often more symbolism than substance; climate of accountability
- Public reporting among peers is powerful motivation
- Build measurement set over time; consider rotating measures to maintain “freshness” of incentives
- Incentives, methodologies have trade-offs and consequences for plans, not always understood in advance
- Reliable and valid data reporting is needed before establishing incentive program; don't make perfect enemy of the good since data quality tends to improve with P4P



# Building Blocks for Quality in Medicaid: P4P in Context

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1. Evidence-based Practices (NY: standardized asthma guidelines)
2. Measures/Outcomes (CA: “Dashboard” reports)
3. Information Technology (IN: electronic patient data registry for chronic disease mgt)
4. Continuous Quality Improvement (WI: collaboration with MCOs to plan, track CQI projects)
5. Pay for Performance
6. Care Management (NC: RN mgrs assist chronically ill)
7. Integrated Care (MA: comprehensive specialized plan for care coordination of dual eligibles)
8. Consumer Direction (NJ: cash and counseling demo, patients manage own care)

Source: Center for Health Care Strategies, “Pay for Performance: A Building Block for Quality Improvement”, 2006.

# Medicaid P4P: The Next Generation

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- Discontinuing contracts with under-performing health plans
- Rate increases based on performance
- Greater focus on health outcomes, disparities; coordination with public health
- Direct incentives for hospitals, physicians, skilled nursing facilities
- Incentives for HIT development