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Money and Members: Pay for Performance in a Medicaid Program

IHA National Pay for Performance Summit

March 9, 2010

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Chief Operating Officer

AGENDA

- CalOptima Overview
- CalOptima P4P Programs
  - ➢ Quality Improvement
  - ➢ Auto Assignment of Members
- Lessons Learned
- Plans for the Future
- Q&A

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"As a health plan, we only give our medical groups two things: **Money** and **Members**"

Keith Quinlivan, *Former CalOptima CFO*

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CalOptima Overview

- County Organized Health System (COHS)
- A managed care plan for residents in Orange County, CA
  - 2nd largest insurer in Orange County
  - Insures one in 10 Orange County residents
  - Insures one in 4 Orange County children
- Authorized as a public agency by county, state and federal actions
- Initiated by a partnership of local government, medical community, and local health and member advocates

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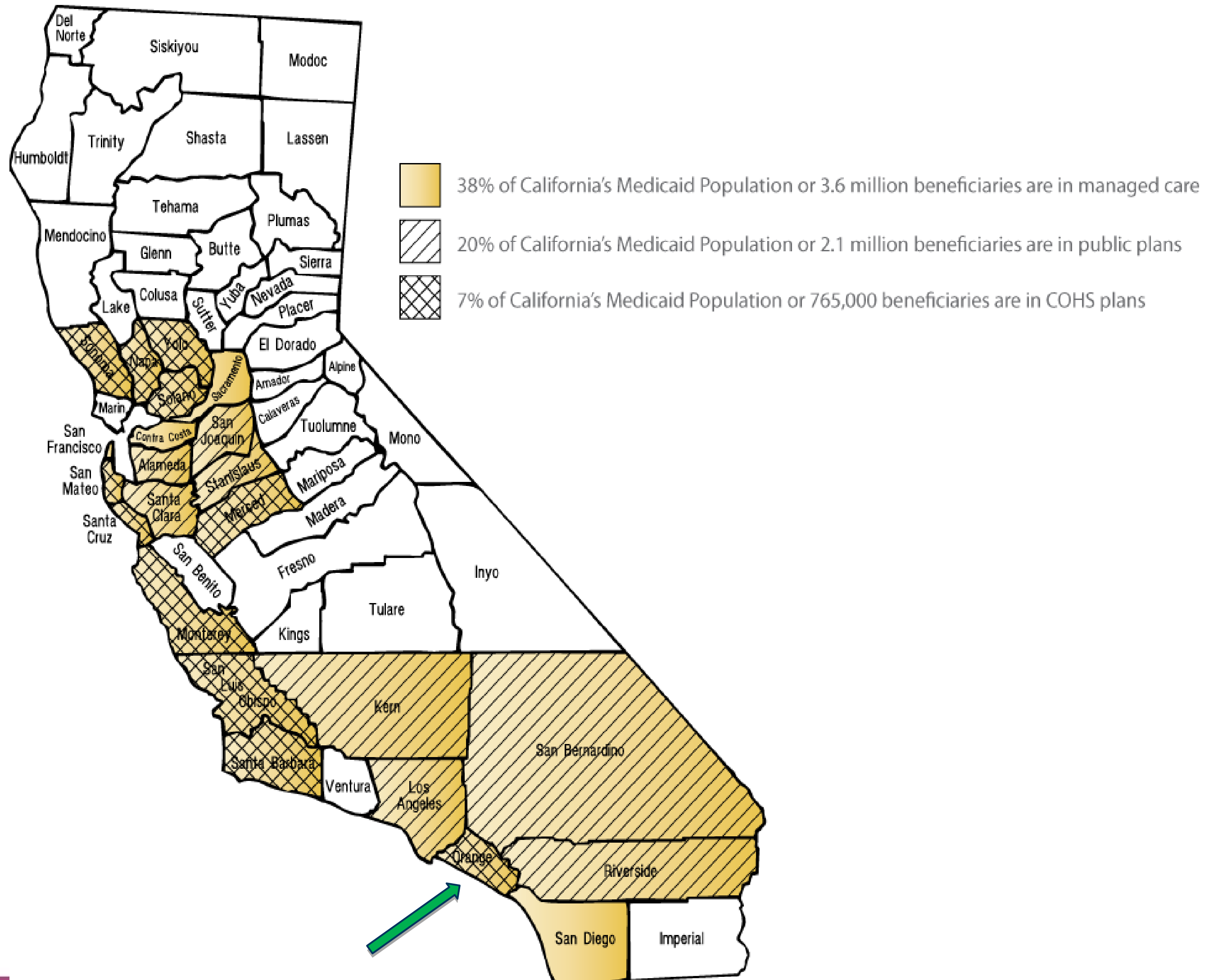
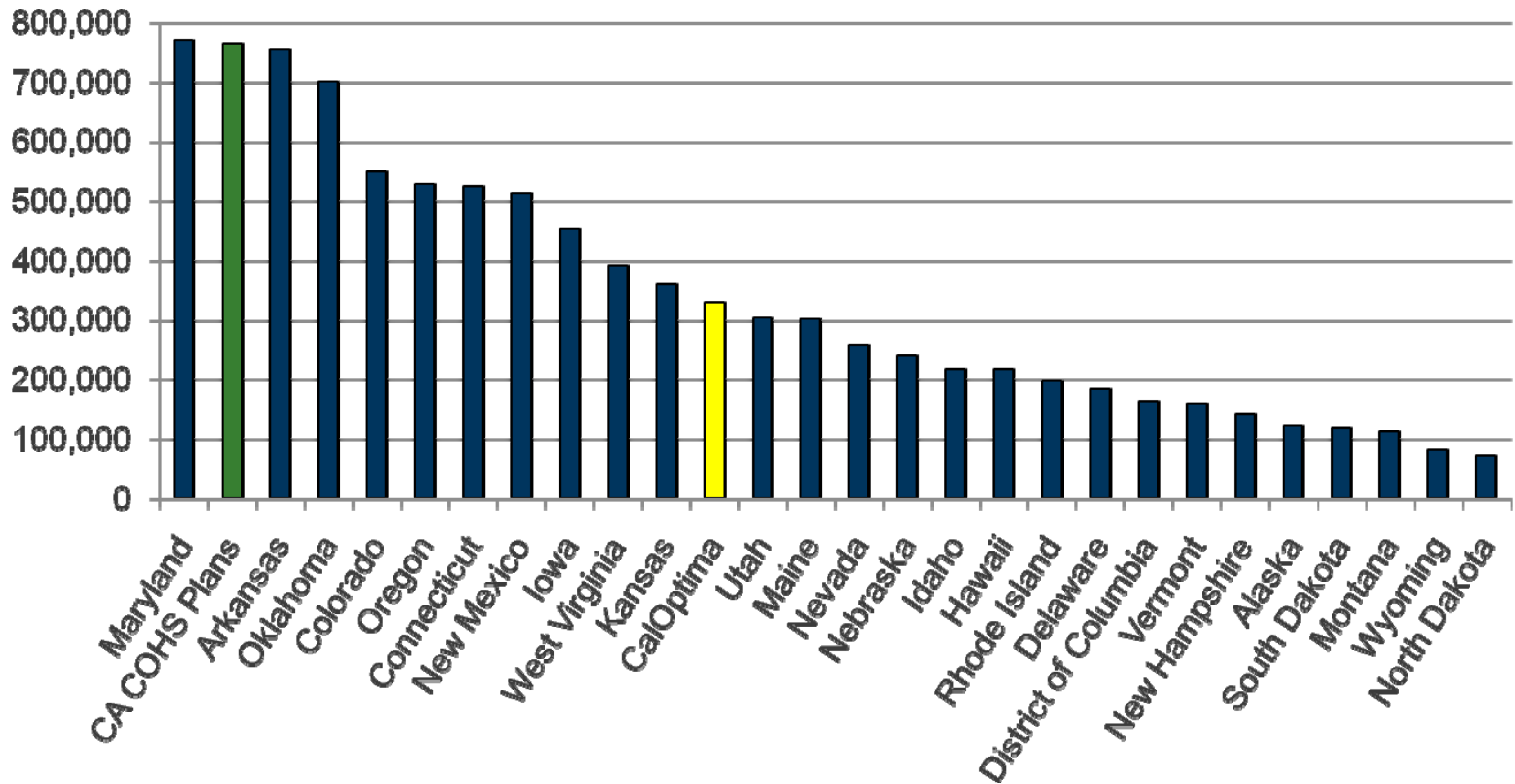
CalOptima in relation to Public Plans



CalOptima in relation to Other States



Source: Kaiser Family Foundation statehealthfacts.org, Total Medicaid Enrollment, FY 2006

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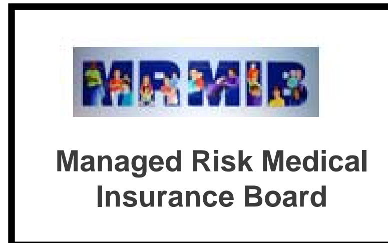
Program Overview

Contractor/ Regulator



Program

Program Type

Medi-Cal (California's Medicaid Program)	Healthy Families Program (California's CHIP)	Healthy Kids Program (Local program)	Medicare Advantage Special Needs Plan (SNP)

Eligibility

- Medi-Cal:
  - Child and family
  - Senior
  - Person with disabilities
  - Low income
- Healthy Families — Child who is:
  - 0-19; and
  - Income <250% FPL
- Healthy Kids — Child who is:
  - 0-19;
  - Not eligible for other public programs; and
  - Income <300% FPL
- OneCare — Medi-Cal member who also has Medicare

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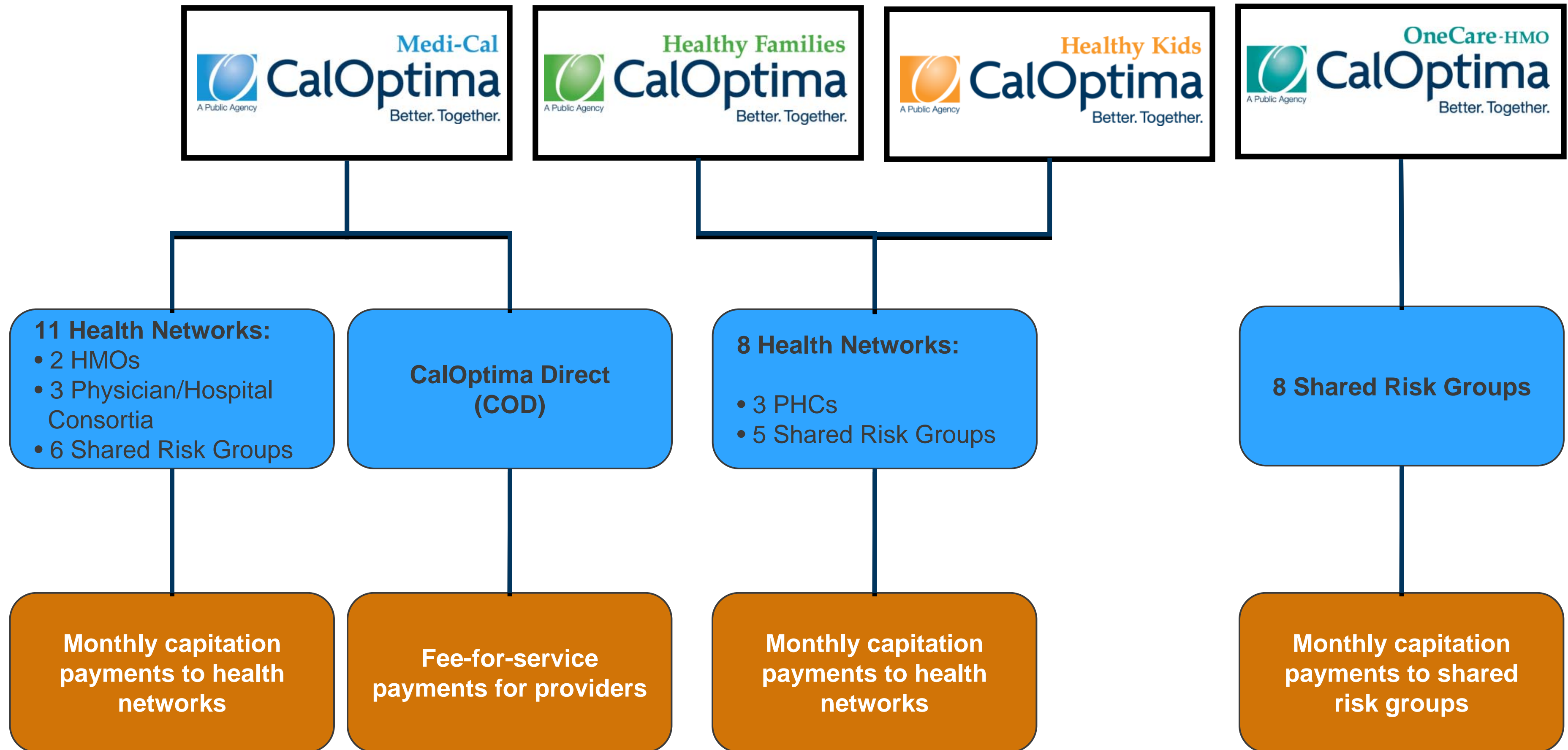
Delivery System



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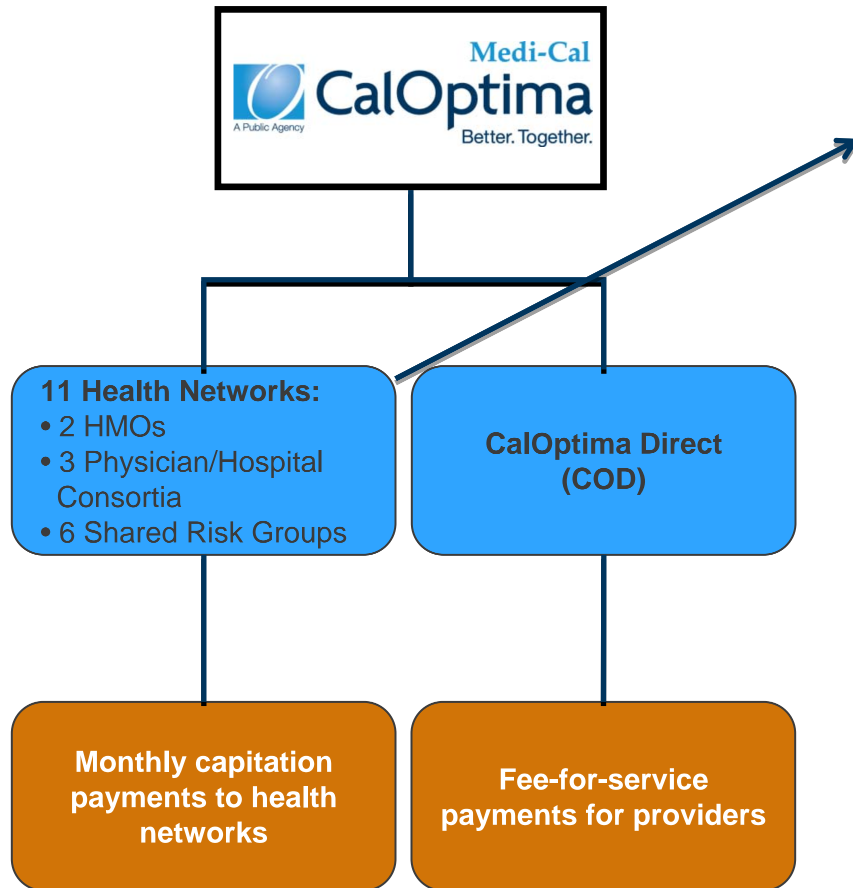
Delivery System



Health Networks

- 254,000 total members
- Individual network size:
  - 7,000 – 79,000 members

CalOptima Direct

- 90,000 total members

	Health Networks	COD
PCPs	1,400	300
Specialists	2,600	1200

P4P Programs – Two Types

- **MONEY: Conventional QI Program**
  - *Annual* performance payment program that focuses on quality of care, access to care and customer satisfaction
  - *Episodic* incentives to physicians for specific activities
- **MEMBERS: Auto Assignment**
  - A semi-monthly distribution of new members to health networks

Conventional Pay For Performance:

“Money” for Performance

P4P Background

- CalOptima provided a conventional P4P system for over 12 years
- The purpose of the system:
  - Recognize and reward Health Networks and their physicians for demonstrating quality performance
  - Provide comparative information for members, providers, and the public on CalOptima's performance
  - Provide industry benchmarks and data-driven feedback to Health Networks on their quality improvement efforts.
- Performance measures fall into several domains:
  - Quality of Care
  - Access to Care
  - Customer Satisfaction

Conventional P4P Program

Health Network Payments based on 3 factors

1. 22 HEDIS or HEDIS-like indicators measured annually
   - Annual payments to health networks based on HEDIS performance for a subset of measures each year
2. Member satisfaction measured annually
3. Provider satisfaction measured annually

Unspent funds have been used for other quality initiatives

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Medicaid Measurement Set

Measure by Domain	Percentage of Allocation FY2010
Quality of Care	**70%**
1. Adolescent Well-Care Visits	10%
2. Use of Appropriate Medications for People with Asthma	10%
3. Appropriate Treatment for Children with Upper Respiratory Infection	10%
4. Breast Cancer Screening	10%
5. Cervical Cancer Screening	10%
6. Childhood Immunizations: Measles, Mumps, Rubella Vaccine	10%
7. Diabetes Care: HbA1c Screening	10%

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Medicaid Measurement Set

Measure by Domain	Percentage of Allocation FY2010
Customer Satisfaction	**20%**
Member Satisfaction Survey:	
a. Persons with Disabilities • Getting Appointment with a Specialist • Timely Care and Service • Rating of PCP • Rating of All Healthcare *Subject to change depending on survey tool*	 5% 5% 5% 5%
Direct to Physician Incentives **Initiatives based on opportunities for quality improvement**	**10%**

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Assessing Performance

- Thresholds for incentive allocations are based on comparison to the NCQA national percentiles at the 50th and 75th percentiles for each line of business

Benchmark	Percentile	Percent of Allocation Recouped	Allocation for Demonstrating Significant Improvement	Potential Net Allocation Earned
NCQA Medicaid	At or above 75th	100%		100%
NCQA Medicaid	At or above the 50th and below the 75th	50%	If Networks demonstrate a 10% reduction in the performance gap, can earn 25%	75%
NCQA Medicaid	Below 50th	0%	If Networks demonstrate a 10% reduction in the performance gap, can earn 25%*	25%*

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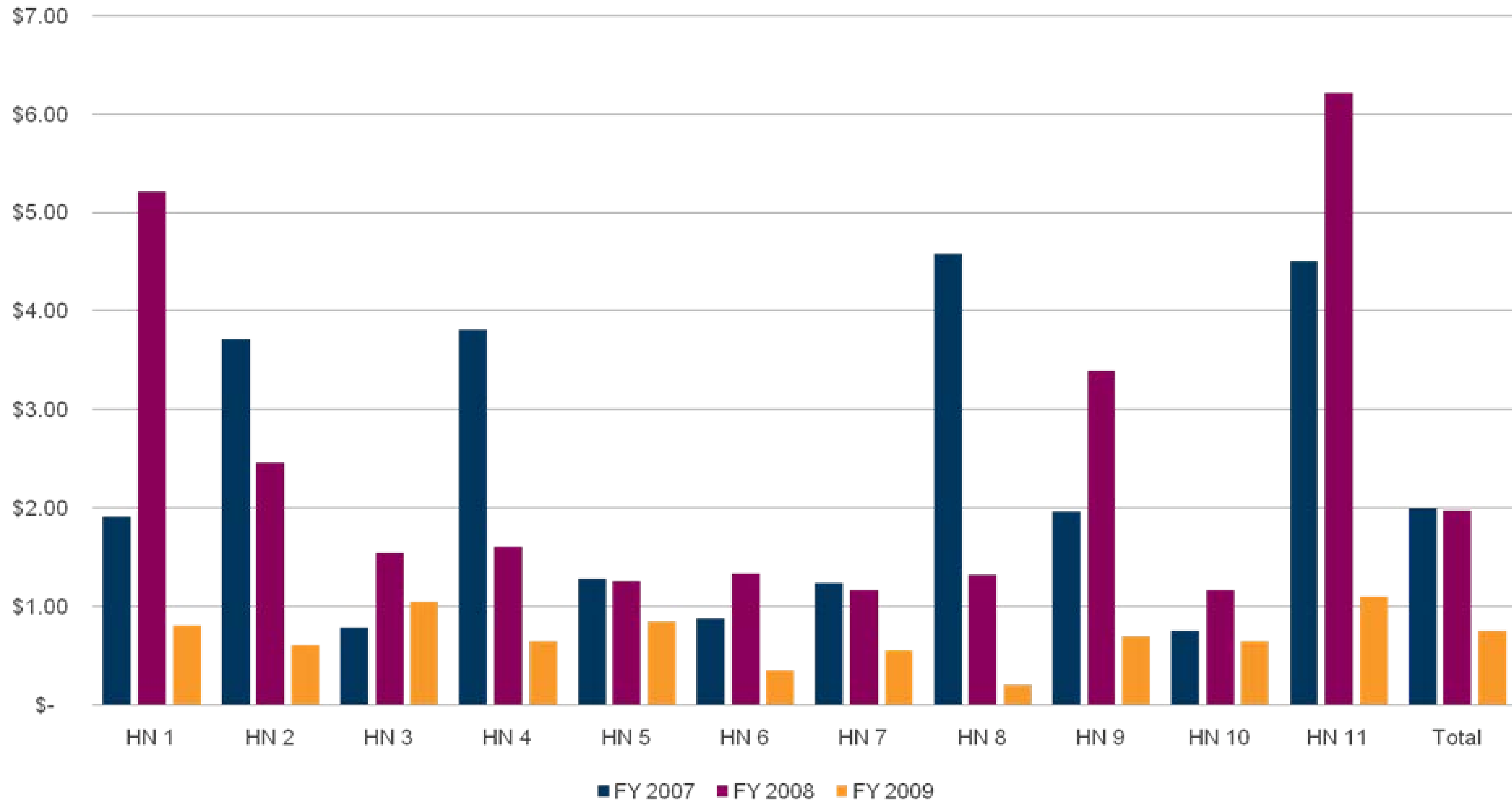
Performance Payment Trends



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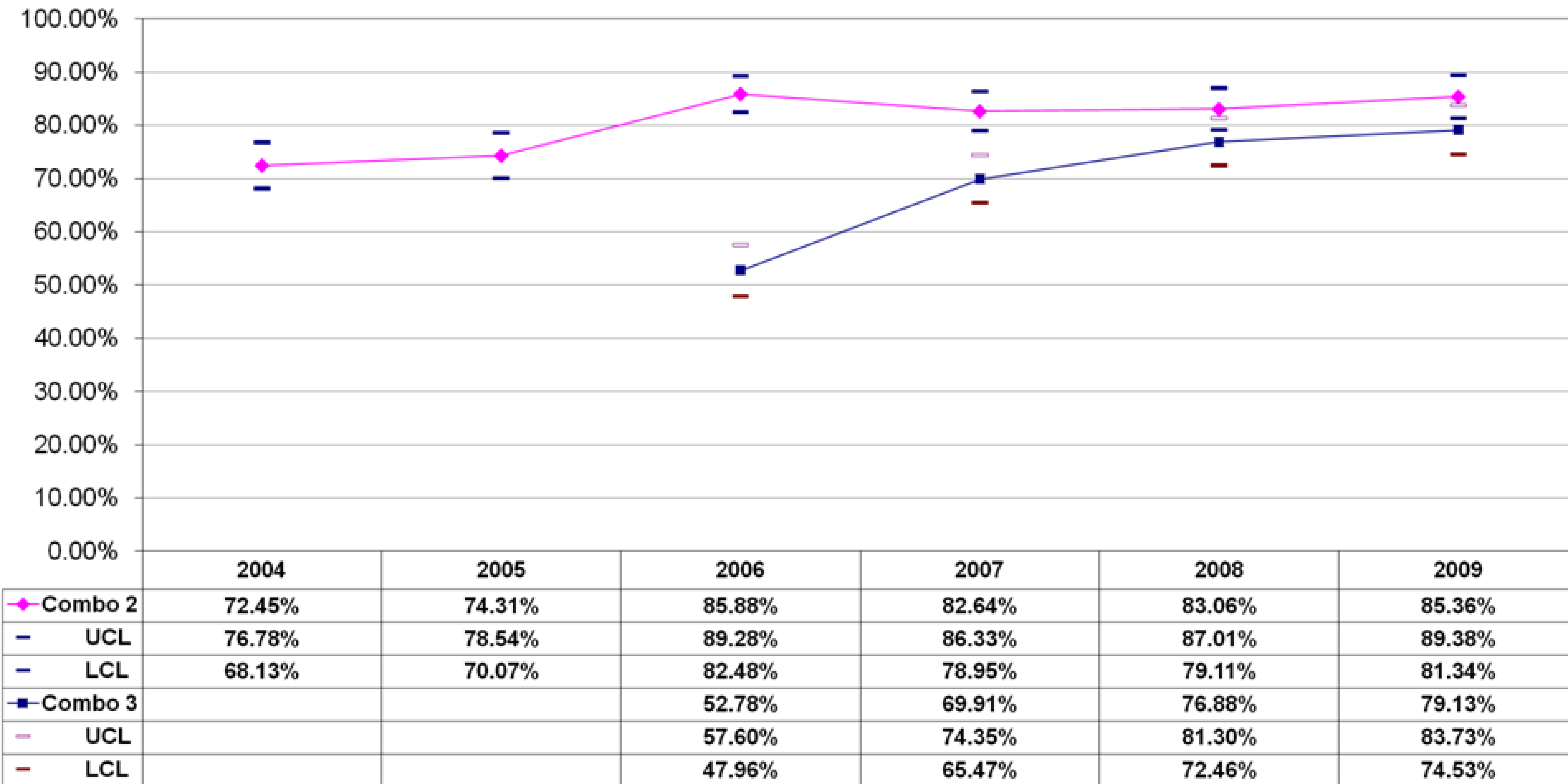
HEDIS Indicator Trend Example 1



	2004	2005	2006	2007	2008	2009
Combo 2	72.45%	74.31%	85.88%	82.64%	83.06%	85.36%
UCL	76.78%	78.54%	89.28%	86.33%	87.01%	89.38%
LCL	68.13%	70.07%	82.48%	78.95%	79.11%	81.34%
Combo 3			52.78%	69.91%	76.88%	79.13%
UCL			57.60%	74.35%	81.30%	83.73%
LCL			47.96%	65.47%	72.46%	74.53%

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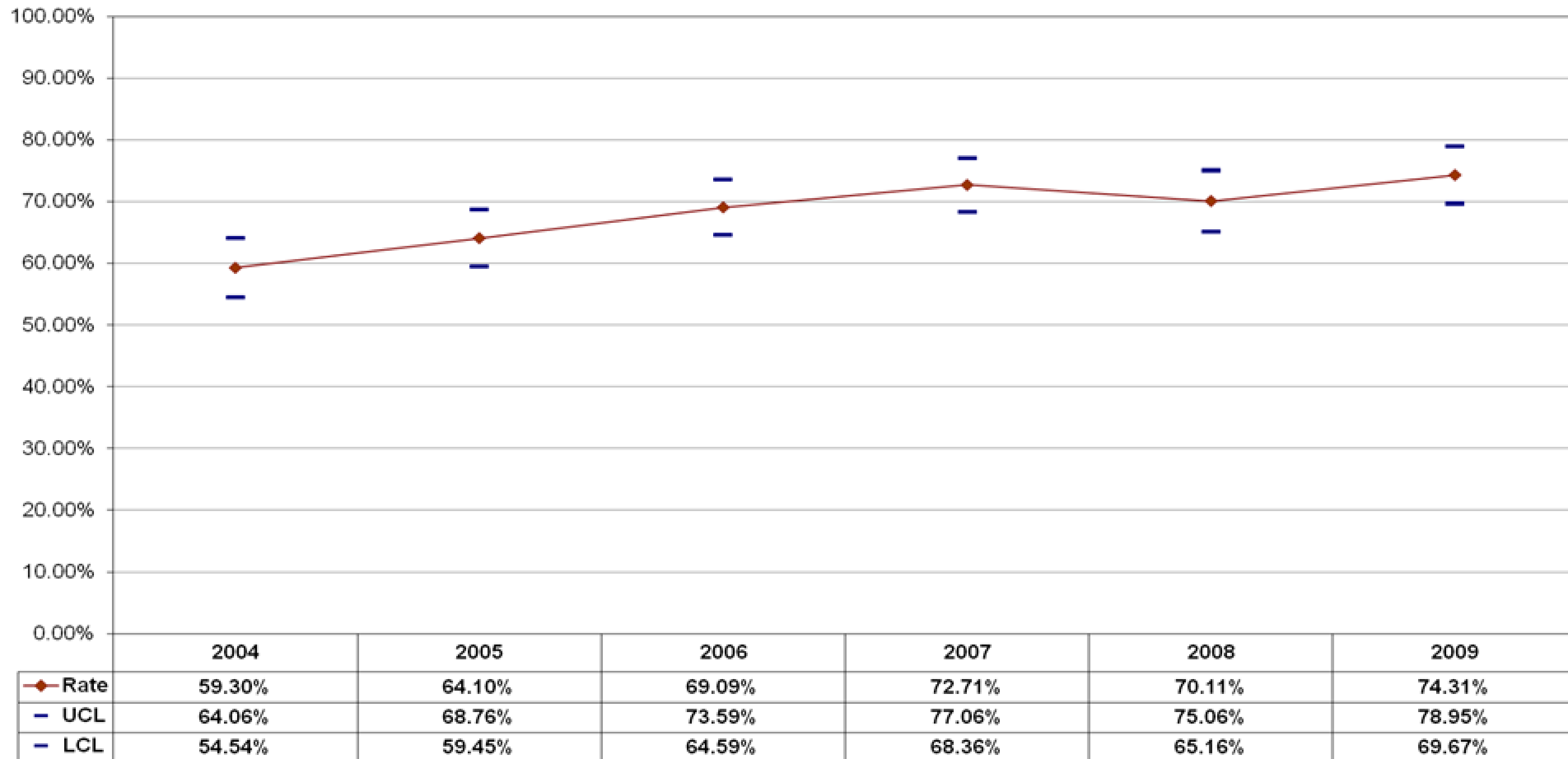
HEDIS Indicator Trend Example 2



	2004	2005	2006	2007	2008	2009
Rate	59.30%	64.10%	69.09%	72.71%	70.11%	74.31%
UCL	64.06%	68.76%	73.59%	77.06%	75.06%	78.95%
LCL	54.54%	59.45%	64.59%	68.36%	65.16%	69.67%

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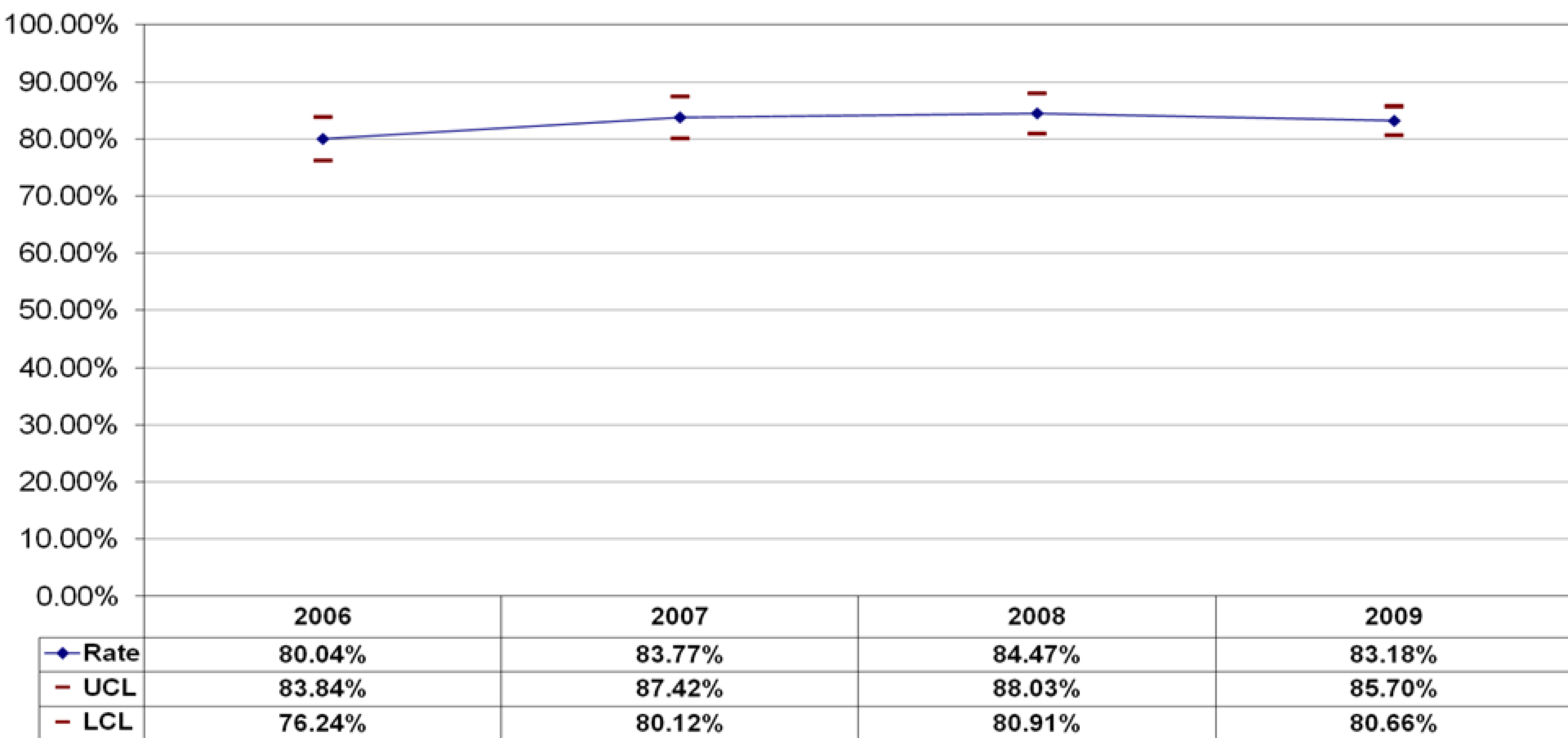
HEDIS Indicator Trend Example 3



	2006	2007	2008	2009
Rate	80.04%	83.77%	84.47%	83.18%
UCL	83.84%	87.42%	88.03%	85.70%
LCL	76.24%	80.12%	80.91%	80.66%

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Conventional P4P Program

Episodic payments directly to physicians

Quality: Considered when other actions fail to produce improvement

Service: Incentives provided for certain services

Examples include:

- e-Prescribing
- Purchase of equipment for disabled patients
- Extended hours for specialists

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Quality: Chlamydia Screening

- Orange County had lowest rate in State
- CalOptima had one of lowest rates in Medi-Cal plans
- Multiple attempts to improve screening rate through the health networks over several years
- Eventually $100 paid directly by health plan to physicians for each test performed
- Total spent: $190,000

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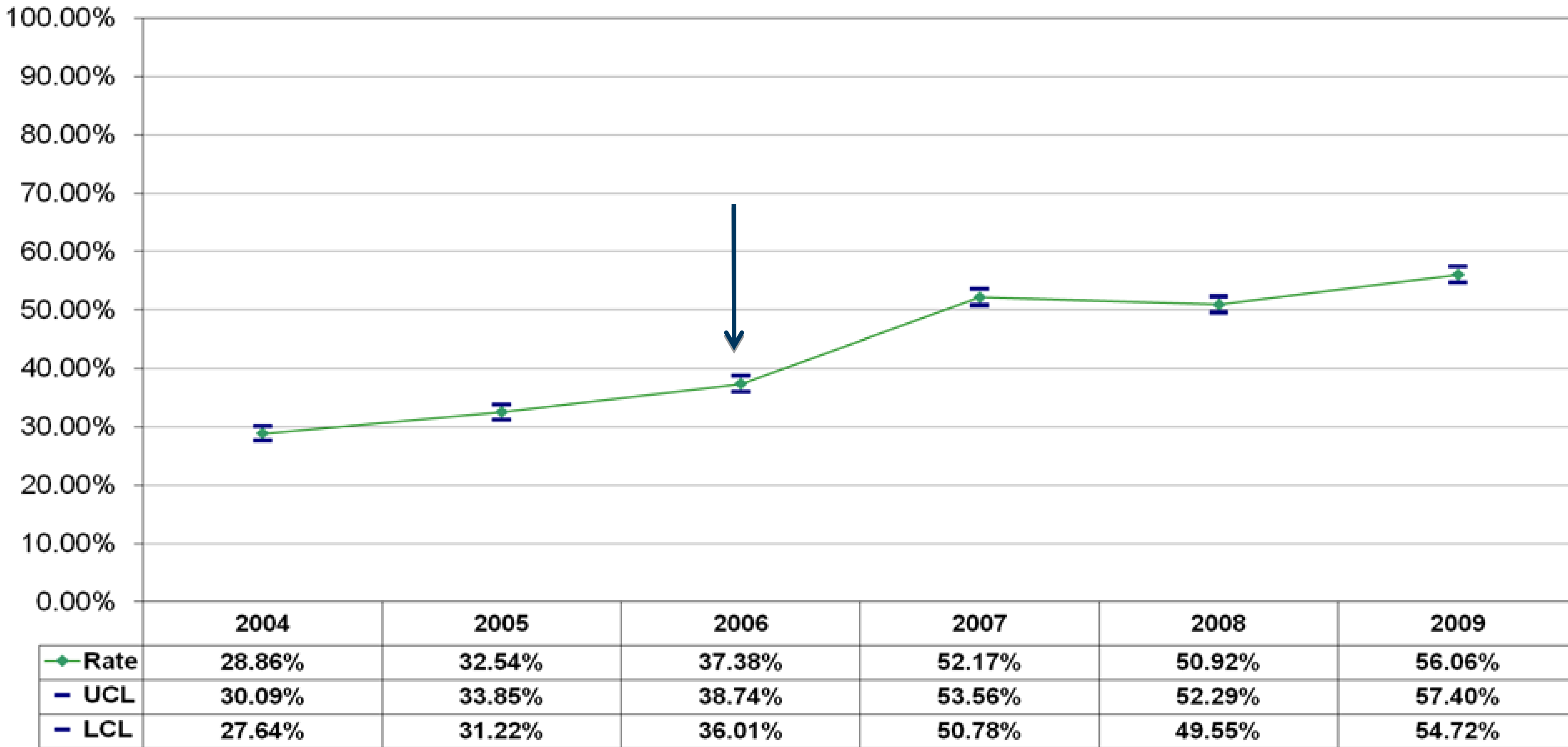
Indicator Trend – $ Direct to Physician



	2004	2005	2006	2007	2008	2009
Rate	28.86%	32.54%	37.38%	52.17%	50.92%	56.06%
UCL	30.09%	33.85%	38.74%	53.56%	52.29%	57.40%
LCL	27.64%	31.22%	36.01%	50.78%	49.55%	54.72%

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Service: Two Month Program

- e-Prescribing
  - $1000 per contracted physician - 140 new users
- Purchase of equipment to serve Seniors and Persons with Disabilities
  - 14 height adjustable exam tables
  - 1 wheelchair scale
  - Other miscellaneous equipment
- Increased payment for specialists with extended hours
  - No changes by specialty practices

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Lessons Learned: Conventional P4P

- Timing is a challenge
  - ➢HEDIS results from measurement year aren't known until middle of next year
    - Leaves little time to plan and implement interventions
  - ➢Doctors (and their offices) may need a long lead time to plan or participate in Quality or Service interventions
- Medical group interventions are preferred
  - ➢Direct physician interventions may be necessary
- The better a plan performs, the harder it is to demonstrate additional improvement

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Future Conventional P4P Plans

- Will utilize additional or different indicators
- Increased emphasis on CalOptima Direct FFS physicians
- Additional direct to physician funds for services
- Phased–in approach

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Auto Assignment:

“Members” for Performance

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Monthly Medi-Cal Enrollment

- Approximately 6,200 new health network members are enrolled monthly
  - 3,200 of these members "choose" a health network
    1. Choose a PCP and Health Network
    2. Assigned to the same Health Network where other families members get care
    3. Babies < 6 months not meeting #1 or #2 enrolled in the pediatric health network
  - 3,000 of these members do not "choose" and are "auto assigned" semi-monthly to a health network by a Health Plan designed algorithm

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Auto Assignment

- A proxy for member choice based on:
  - Member access to health care services in geographic proximity to his or her residence;
  - Community Clinic and Safety Net Hospital participation in the CalOptima program; and
  - Member enrollment in Health Networks that demonstrate quality performance

Auto Assignment – Original Policy

- Established in 1995
  - Goal
    - To preserve the viability of the safety net.
  - Complicated formula driven by:
    - Geographic access;
    - Safety net hospital participation limited only to contracted PHC “primary” hospitals;
    - Community Clinic participation resulting in 4 community clinics (out of dozens) receiving up to 15% of auto assignment.

Auto Assignment – Evolution (2006)

- Goal to act as a proxy for member choice
- Revised criteria for Safety Net Hospitals to be consistent with California Department of Health Care Services
- Revised criteria for Community Clinics eligibility
- Assign points directly to health networks based upon
  - Safety Net affiliations; and
  - Performance measures;
    - Quality;
    - Member Satisfaction;
    - Administrative Excellence; and,
    - Access Capacity.

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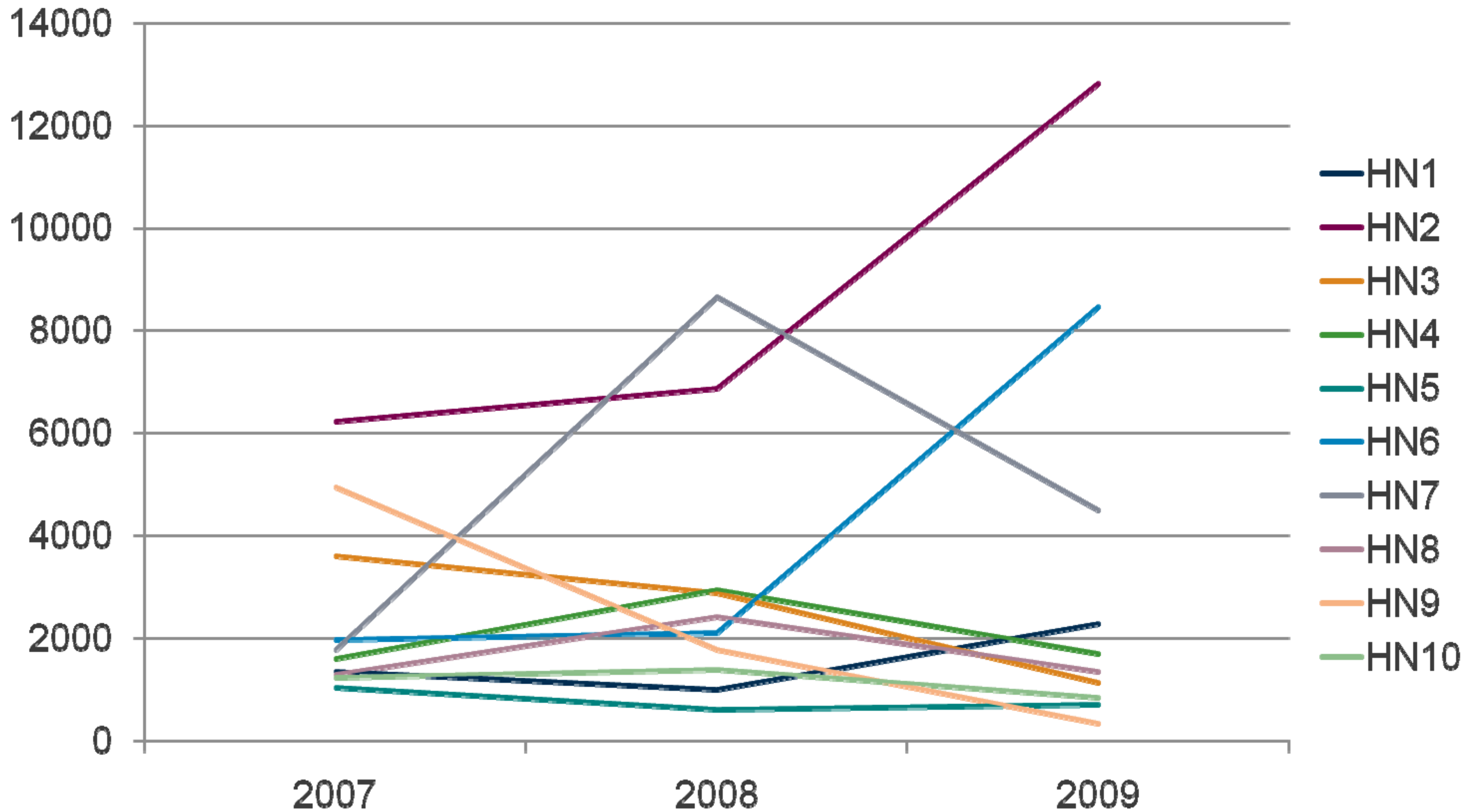
Auto Assignment – Current Program

- 40% based on Safety Net Affiliations
  - ➢ Contracts with Community Clinics
  - ➢ FQHC receives 2x clinic allocation
  - ➢ Utilization of Safety Net Hospitals
- 60% based on Performance Based Indicators
  - ➢ Quality of clinical services
  - ➢ Administrative excellence
  - ➢ Access capacity
- Annual evaluation of indicators
- Bi-monthly process
  - ➢ Average 1,500 members per cycle

Members Assigned to Health Networks



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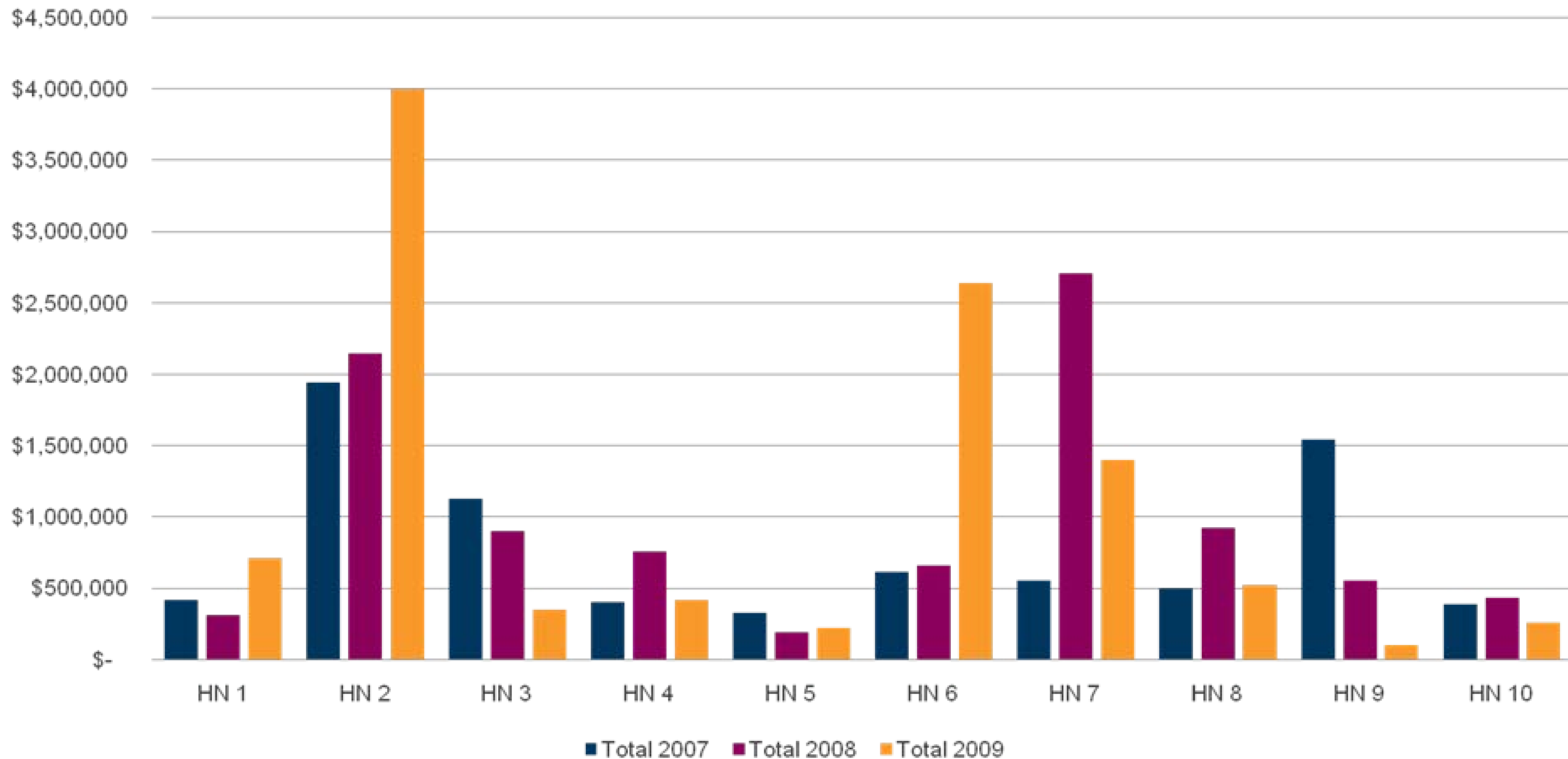
Health Network Impact - Revenue



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Lessons Learned: Auto Assignment

- Members = Money for Health Networks
- Auto Assignment can be a valuable adjunct to a conventional pay for performance program
- Broad geographic penetration helps get more members
- Administrative measures did not differentiate between Health Networks
- Underutilized entities (community clinics) can become more valuable through this process
- Auto assignment can help support the safety net
- Few health networks focus on increased member assignments associated with improved quality

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Auto Assignment – Changes for 2010

- **Goals**
  - Increase emphasis on Quality
  - Change split between Safety Net Calculation and Performance Based Indicators
  - Revise safety net support methodology
  - Change assignment process to Community Clinics

- **Changes**
  - 70% of assignment based on Performance
  - 30% of assignment based on Safety Net support

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Auto Assignment – Changes for 2010

Redistribute the weights in the Performance Based Indicators to emphasize quality

- Continue twenty percent (20%) weight for Member Satisfaction;
- Eliminate the twenty percent (20%) weight available for Administrative Excellence and Contracting; and
- Increase the weights available for Quality of Clinical Services from forty percent (40%) to eighty percent (80%)
    - Increase the number of Quality of Clinical Service Measures from four (4) measures to six (6) measures each bearing equal weight.

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Auto Assignment – Changes for 2010

- Revise the Safety Net Calculation emphasis to address:
  - Eliminate safety net hospital as a factor
  - Increase emphasis on the community clinic safety net for Orange County, not just CalOptima
    - Community Clinic weight allocations based on percentage of uninsured patient encounters
    - All clinics, not just FQHCs, receive increased assignments for serving higher percentages of uninsured patients

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Future Auto Assignment P4P Plans

- “Market” the impact of auto assignment
  - Health Networks
  - Community Clinics
- Evaluate impact of changes annually
- Update the calculations for auto assignment annually

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Questions