

Track 3 Performance Based Adjustments

Draft

Principles:

The Performance Based Adjustment (PBA) should follow the principles as discussed by the Advisory Council

1. **Simplicity** - for ease of program administration and ease of reporting and budgeting for the practices
2. **Understandable** - to achieve adoption and performance improvement this is essential
3. **Alignment with State goals** - driving actions that support the State's goals
4. **Actionable** - able to be impacted by the performance of primary care practices
5. **Standardized** - using National benchmarks for quality and utilization and alignment with Model Measurement against the Nation

As described in PCF, the PBA is highly complex and falls short of providing simple, clear and equitable incentives for practice activities that will achieve the goals under the TCOC contract and the State Integrated Health Improvement Strategy. There are many ways to achieve a performance incentive that meets the aforementioned principles. The following example is offered for the sake of familiarity and mirrors the current MDPCP performance incentive framework that has been tested in other models over many years.

The following framework uses the principles in three steps to arrive at an annual performance bonus

Step 1- scoring of performance on a bundle of measures

Step 2 – adding the individual scores to get an aggregate score

Step 3 – applying the aggregate score to the annual performance adjustment

Simplicity for Administration and Stable Budgeting

1. **Timing: Performance Adjustment made annually** - reduces ups and downs in revenue, predictable cash flows, should be made as soon as possible after the close of the observation and reporting period with performance adjustments made for the following year. For example payments for CY 2024 would be based on CY 2023 with reporting made in January 2023, reconciliation of adjustments in February and adjusted payments made beginning in March of 2023. Practice quality reporting will remain annual and will be bolstered by quarterly data reports to practice. This process maybe greatly facilitated by the state having a universal EMR data extraction program, dashboarding and reporting system. The use of claims data in addition to clinical data would also create a richer quality data environment and align better with commercial and Medicaid payers.
2. **Use Attainment only**

Fair and equitable – Aligning with State Goals

3. **Measure Composition and Weighting**

The following measures are offered as examples. The actual measures can be developed during the lead time prior to 2023 start. The measures should be easily captured for reporting, able to be understood and sufficiently focused to be acted upon during the reporting period, drive professional behavior that links to the SIHIS and better patient care/outcomes, and be benchmarked against National standards when possible.

- a. Performance Adjustments measures selected based on State Integrated Health Improvement Strategy, and weighted for relative importance for an example see the grouping below
- b. Suggested as examples-
 - i. Diabetes control measure -2 (Outcome measure, aligned and standard)
 - ii. Diabetes Prevention measure -1 (BMI or similar, process measure, aligns)
 - iii. Hypertension with new specs - 2 (Outcome measure, standard, needs to be freshened)
 - iv. Opioid/ SUD/ and or Depression measure - 1 (Process measure, aligned)
 - v. Risk adjusted PQI measure - 1 (Outcome, aligned)
 - vi. Patient Engagement score - new tool - 1 (Outcome, aligned)
 - vii. PBPM - risk adjusted by geography, social vulnerability, HCC, age and sex - 2 (Outcome, aligned)
 - viii. Total score of 10
- c. Weighting of each element depending on impact on health and primary care influence on control – initial weighting will be informed by actuarial analysis. Analysis should be revisited annually or every other year

Measure	Type	Weight	Aligned?	Standard	Benchmark
Diabetes control	Outcome	2	Y	NQF	Nat'l MIPS
Diabetes prevention (BMI or similar)	Process	1	Y	NQF	Nat'l MIPS
Hypertension control	Outcome	2	Y	NQF	Nat'l MIPS
Opioid/SUD/or Depression	Process/Outcome	1	Y	NQF or homegrown	Nat'l MIPS/State
Risk Adjusted PQI	Outcome	1	Y	NQF or homegrown	Nat'l /State
Patient engagement	-	1	Y	CAHPS or ABFM 11 question survey	Nat'l MIPS/State
Total Cost of Care	Outcome	2	Y	TBD	Nat'l /State
TOTAL	-	10	-	-	-

- 4. **Scoring** - (the weighted values are provided as examples)
 - Credit 50% of weighted value for scoring between 50-75th percentile
 - Credit 75% of weighted value for scores between 76-90%

Credit 100% of weighted value for scores above 90th percentile

Subtract 50% of weighted value for scores between 50-25th percentile

Subtract 100% of weighted score for scores below 25%

5. **Amount of adjustment** - based on selected upside risk (1-10%) x adjustment factor
 - a. If 1% risk selected and scored 10 would get full upward
 - b. If 1% risk and scored -10 would get 1% down
 - c. If a 10% risk selected and scored a 5 would get 5% upward adjustment
 - d. If a 10% risk selected and scores (-5) would get a 5% reduction

See table for examples

Calculating Performance score

Performance element	Achievement	Weight of element	Score for element
A	100%	1	1
B	50%	2	1
C	0%	1	0
D	50%	2	1
E	50%	2	1
F	20%	2	-2
Total score			2

Calculating Performance Adjustment

Upside Risk(%)	Downside Risk(%)	Performance Score(%)	Adjustment(%)
50	-10	10	50
50	-1	-10	-10
10	-2	2	2 Example above
10	-2	-5	-1
15	-3	3	4.5

7. Risk tolerance with ramp up and progression

- a. Practices will select their starting point for risk tolerance from 1-10% down and 5x that for upside risk
- b. Practices except those at 10% downside must take at least 1% additional downside risk (with matched upside) within three years
- c. Practices may not reduce risk level earlier than 2 years
- d. Reductions in risk level cannot be made in greater than 1% increments

Example

Year 1	Year 3	Year 5	Year 7	Year 10
-1/+5	-2/+10	-3/+15	-4/+20	-5/+25
-2/+10	-3/+15	-4/+20	-5/+25	-6/+30

-5/+25	-6/+30	-7/+35	-8/+40	-9/+45
-10/+50	-10/+50	-10/+50	-10/+50	-10/+50