

315 – ACUTE PROGRAM PAYMENT REFORM INITIATIVE

EFFECTIVE DATE: 10/01/13

REVISION DATE: 12/19/13

STAFF RESPONSIBLE FOR POLICY: DHCM FINANCE AND DHCM CLINICAL QUALITY MANAGEMENT (CQM)

I. PURPOSE

This Policy applies to all Acute Care Contractors excluding Children's Rehabilitation Services (CRS), Comprehensive Medical and Dental Program (CMDP), and the Maricopa Integrated RBHA. The AHCCCS Payment Reform Initiative (PRI) applies to all dates of service effective on and after October 1, 2013 and is based on Quality Management Performance Measures (QMPMs) utilized by the AHCCCS Clinical Quality Management Unit as described in this Policy. The purpose of this initiative is to encourage Contractor activity in the area of quality improvement, particularly those initiatives that are conducive to improved health outcomes and cost savings, and those related to child and adolescent health. This PRI payment is performed annually on a contract year basis.

II. DEFINITIONS

ADJUSTMENT FACTOR	A factor applied in the calculation of the quality distribution that ensures that the total quality withhold amount by QMPM equals the total quality distribution amount by QMPM. This factor is applied to the performance rank score and varies by the different QMPMs and number of Contractors meeting the minimum standards.
MEASUREMENT YEAR	The period for which the PRI Policy applies. The first measurement year will be Contract Year Ending (CYE) 2014 (October 1, 2013 - September 30, 2014).
PERFORMANCE MEASURE SCORE	One of the two scores used in calculating the quality distribution. This score is based on the Contractor's performance relative to the minimum performance standards established by CQM.
PERFORMANCE RANK SCORE	One of the two scores used in calculating the quality distribution. This score is based on a pure ranking of the Contractor's performance.

PREMIUM TAX COMPONENT	The premium tax component is equal to the tax imposed pursuant to A.R.S. §36-2905 for prospective capitation payments made for the contract year. The rate of tax imposed under A.R.S. §36-2905 is 2 percent as of the effective date of this Policy, October 1, 2013.
PROSPECTIVE GROSS CAPITATION	Prospective capitation payments made to Contractors on a monthly basis which includes medical expense, reinsurance offset, administration, risk/contingency and premium tax, and any subsequent amendments thereof.
QUALITY MANAGEMENT MEASUREMENT REPORT	The report issued by CQM annually which includes results by Contractor on QMPMs.
QUALITY MANAGEMENT MINIMUM PERFORMANCE STANDARD	The minimum standard established by CQM for each QMPM and used in calculating the performance measure score.
QUALITY MANAGEMENT PERFORMANCE MEASURES	Health care quality measures utilized by CQM. Subsets of these measures were selected for use in the PRI. See highlighted rows in Attachment A.
QUALITY DISTRIBUTION	Amounts returned to Contractors, by QMPM, based on the results of the performance measure score and the performance rank score.
QUALITY WITHHOLD	A specified percentage of all Contractors' Prospective Gross Capitation payments that will be withheld to fund the PRI.
RANK FACTOR	A factor applied in the calculation of Contractor's quality distribution amount based on the rank of the Contractor for the performance rank score.
SCALING FACTOR	A factor applied in the calculation of Contractor's quality distribution amount for the performance measurement score.
SHARED-SAVINGS ARRANGEMENT	An arrangement between a Contractor and provider designed to achieve cost savings which may include improved outcome requirements, in defined areas, the savings from which are shared between the Contractor and the provider. Sub-capitated arrangements may qualify as shared-savings arrangements, subject to the limitations identified in C.2. of this Policy.

**SOBRA FAMILY
PLANNING EXTENSION
PROGRAM**

A program that provides family planning services only, for a maximum of two consecutive 12-month periods to a SOBRA woman whose pregnancy has ended and who is not otherwise eligible for full Title XIX services. The Family Planning Extension Program is available through December 31, 2013. (Also referred to as Family Planning Services Extension Program).

III. POLICY**A. GENERAL**

PRI payments will be made to Contractors based on relative Contractor performance for the measurement year, as determined by CQM, on selected Quality Management Performance Measures (QMPMs - see Attachment A). Each QMPM is allocated a percentage of the total quality withhold funds available for distribution; see Attachment B for the percent of withhold by QMPM. Each measure will be considered independently of other measures, such that a Contractor can earn payments on any or all of the QMPM.

The quality distribution formula is based on two factors: Contractors' performance relative to minimum performance standards established by CQM (i.e. performance measure score); and Contractors' rankings on QMPMs (i.e. performance rank score), as illustrated in Attachment B. The quality distribution formula first determines payments based on the performance measure score. The balance of quality withhold funds allocated to the QMPM is then distributed based on the performance rank score. The adjustment factor is applied to the performance rank score to ensure that the total quality distributions equal the total quality withhold. Due to Federal requirements, the maximum payment across all QMPMs made to any Contractor will be limited to 5 percent of annual Contractor revenues (total payments by AHCCCS for the Acute Care line of business).

AHCCCS reserves the right to eliminate a particular measure from the PRI. In such a case, AHCCCS will return each Contractor's quality withhold amount for that measure. Modifications to PRI payments, the quality distribution formula, and additional methods for determining payments, including payments based on improvement in measures from year-to-year, will be considered in future measurement years.

AHCCCS reserves the right to exclude a particular Contractor from one or more measures of the PRI based on insufficient population for the denominator of the measure to provide for a credible statistic or other reasons determined by AHCCCS. In such a case, AHCCCS will return the Contractor's quality withhold amount for that measure, provided that the Contractor has met the minimum payments requirement under Shared Savings Arrangements stipulated in C.2 of this Policy.

Quality distributions to Contractors will be funded by deducting 1 percent from Prospective Gross Capitation (Quality Withhold) exclusive of Delivery Supplemental, SOBRA Family Planning Extension Program, KidsCare and State Only Transplant payments.

The methods and procedures used for data sources, validation and tabulation of results will be described in the AHCCCS QMPM Report for the measurement year. The first measurement year will be October 1, 2013 - September 30, 2014. Risk adjustment methods will be considered and utilized, if deemed to be appropriate.

B. AHCCCS RESPONSIBILITIES

1. Between one and three months after the AHCCCS QMPM Report for the measurement year has been issued, AHCCCS Actuaries shall tabulate results of the PRI and authorize payments to Contractors. The full amount of the quality withhold will be distributed among Contractors based on performance on the quality measures, unless otherwise noted in this Policy. The quality distribution by QMPM will be calculated as follows (see Attachment B for an example):

Q= Quality Withhold

S = Scaling Factor

CMeasure = Contractor's QMPM Result

MinStd = Quality Management Minimum Performance Standard

A = Adjustment Factor

R = Rank Factor

Performance Measure Score:

If equal to or above MinStd, then $Q * S * ((CMeasure - MinStd) / MinStd)$

If below minimum standard, then zero

Performance Rank Score: $A * Q * R$

Quality Distribution: Performance Measure Score + Performance Rank Score

C. CONTRACTOR RESPONSIBILITIES

1. Contractors will adhere to all requirements of the AMPM, Chapter 900, Policy 970.
2. A minimum of five percent of the value of total payments under all contracts executed with health care providers must be governed by shared-savings arrangements for the measurement year. Sub-capitated arrangements that do not also have a shared savings component may account for no more than 2.5 percent of this total value. AHCCCS expects the minimum value threshold to grow each year with the allowance for sub-capitated arrangements that do not also have a shared savings component held flat or eliminated from the shared savings definition.

The Contractor will certify to AHCCCS that this minimum will be met by submitting the Payment Reform Initiative Shared Savings Arrangement Certification as provided in Attachment C to the DHCM Finance Manager within 60 days of the start of the measurement year. Failure to attest to the minimum in a particular measurement year will disqualify the Contractor from any quality distributions for that year, and the Contractor's withheld capitation will be included in total quality distributions to all other Contractors. AHCCCS reserves the right to request and audit a look-back report after the

end of the contract year to review the reasonableness of the projected amounts included in Attachment C.

IV. REFERENCES

- Acute Care Contract, Section D
- AMPM Chapter 900
- A.R.S. §36-2905
- Attachment A – Acute Contractor Quality Management Performance Measure Standards
- Attachment B – Payment Reform Initiative (PRI) Quality Distribution Example
- Attachment C – Payment Reform Initiative (PRI) Shared Savings Arrangement Certification

**ATTACHMENT A – ACUTE CONTRACTOR QUALITY MANAGEMENT PERFORMANCE MEASURE
STANDARDS**

SEE THE ACOM WEBPAGE FOR ATTACHMENT A OF THIS POLICY

ATTACHMENT B – PAYMENT REFORM INITIATIVE (PRI) QUALITY DISTRIBUTION EXAMPLE

SEE THE ACOM WEBPAGE FOR ATTACHMENT B OF THIS POLICY

**ATTACHMENT C – PAYMENT REFORM INITIATIVE (PRI) SHARED SAVINGS ARRANGEMENT
CERTIFICATION**

SEE THE ACOM WEBPAGE FOR ATTACHMENT C OF THIS POLICY