

# Oregon Health Authority

## 2014 Quality Pool Reference Instructions

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The Oregon Health Authority has established a financial pool, or “quality pool” as part of the agreement with the Centers for Medicare and Medicaid Services (CMS) as required by the Special Terms and Conditions (STCs) of Oregon’s Section 1115 demonstration.

The quality pool model rewards CCOs for the quality of care provided to Medicaid members. This model will increasingly reward CCOs for outcomes, rather than utilization of services. This stimulus is one of several health system transformation mechanisms for achieving Oregon’s vision for better health, better care, and lower costs.

This document provides further instructions about the methodology for distribution of funds from the quality pool as per Exhibit B – Statement of Work – Part 9 in the 2014 and 2015 CCO contracts.

### Quality Pool Funding

The total funding allocated to the 2014 quality pool will be **three percent** of aggregate CCO payments made to all CCOs for calendar year 2014 services paid through March 31, 2015 (“calendar year 2014”).

The following payments are not included in the aggregate payment calculations for 2014:

- 2013 quality pool payments (paid in June 2014; and
- The new federal Health Insurers Fee built into capitation payments.

The entire 2014 quality pool will be disbursed to CCOs by June 30, 2015 according to the methodology outlined below.

The aggregate amount in the quality pool is expected to increase annually. The amount of annual increase will be determined by OHA, subject to CMS approval. OHA will publish any updates to the 2014 quality pool methodology by December 1, 2015.

## **CCO Eligibility for 2014 Quality Pool Funds**

Each CCO will be eligible for a maximum amount of quality pool funds up to three percent of the actual paid amounts to the CCO for calendar year 2014. In addition, CCOs have the opportunity to share in any remaining Challenge Pool funds as described below.

As per the Metrics & Scoring Committee's October 2012 recommendation, OHA will set a floor so that each CCO shall be eligible to potentially earn at least one million dollars from the quality pool, if they achieve the necessary benchmarks, improvement, and measurement targets according to the methodology outlined below. Eligibility for the one million dollar floor (and total quality pool amounts) is prorated to reflect each plan's contracted time as a CCO during the measurement year and the member months associated with that length of time.

The first estimates for quality pool funds each CCO would receive if they earn the full three percent of calendar year 2014 payments will be posted online no later than August 15, 2014 at: <http://www.oregon.gov/oha/Pages/CCO-Baseline-Data.aspx>

The payments disbursed will vary, as they will be based on the actual CCO payments for calendar year 2014, and CCO achievement on the 17 designated measures.

## **Quality Pool Timing**

Funds from the quality pool will be distributed on an annual basis with the calendar year 2014 payment made by June 30, 2015. For this payment, CCO performance on the 17 incentive measures will be assessed for calendar year 2014 compared to 2013 data.

## **Quality Pool Distribution**

Quality pool award amounts will be determined through a two stage process. In stage one, the maximum amount of dollars that a CCO is eligible for will be allocated based on performance on all 17 CCO incentive measures and 2014 benchmarks identified by the Metrics & Scoring Committee (see: <http://www.oregon.gov/oha/Pages/CCO-Baseline-Data.aspx>).

For the three clinical measures, quality pool funds will be distributed in advance based on CCO submission of the year two technology plan. The remainder of the quality pool funds associated with these three measures will be distributed in June 2015 based on CCO data submission. Year two technology plan and data submission requirements are available online at: <http://www.oregon.gov/oha/Pages/CCO-Baseline-Data.aspx>.

In stage two, any remaining quality pool funds that were not disbursed in stage one based on performance on all 17 incentive measures will be distributed to CCOs that meet criteria on four “challenge” measures. The Metrics & Scoring Committee will examine the quality pool operation over time and will annually reevaluate the incentive measures and benchmarks.

**Stage One**

*Distribution Based on Performance on all 17 Incentive Measures*

For 13 of the incentive measures (all but the three clinical measures and the patient-centered primary care home enrollment measure), the portion of available quality pool funds that a CCO receives is based on the number of measures on which it achieves either an absolute benchmark or demonstrates improvement over its own 2013 performance (“improvement target”). The benchmarks are the same for all CCOs, regardless of geographic region and patient mix.

CCO performance on these measures is treated on a pass/fail basis and all measures are independent from one another. If the benchmark is met or the improvement target reached for a specific measure, the CCO receives all of the credit available for that measure, regardless of performance on other measures.

For the patient-centered primary care home (PCPCH) enrollment measure, performance is measured according to a “tiered formula.” The formula is:

$$\frac{(\# \text{ of members in Tier 1}) * 1 + (\# \text{ of members in Tier 2}) * 2 + (\# \text{ of members in Tier 3}) * 3}{\text{the total number of members enrolled in the CCO} * 3}$$

*Example of tiered formula*

CCO Name	Results of Tiered Formula
CCO A	0.40
CCO B	0.50
CCO C	0.60
CCO D	0.73
CCO E	0.88
CCO F	0.91

↓  
Increasing number of members enrolled in Tier 3.



The results of the tiered formula are added to the number of measures on which a CCO meets the benchmark or the improvement target and meets the measurement and reporting requirements for the three clinical measures (described below). For example, CCO C has met 12 of the 16 remaining incentive measures (75 percent of the measures). Combined with the results of the tiered formula above, CCO C's score for stage one is now 12.60.

As a CCO meets more benchmarks or improvement targets, it receives a higher payment (see *Quality Pool Distribution* table below). **If a CCO:**

- **Meets or exceeds the benchmark or the improvement target, or the measurement and reporting requirements for the clinical measures, on at least 75 percent of the incentive measures (12 of 16 measures); and**
- **Meets or exceeds the benchmark or improvement target for the Electronic Health Record (EHR) adoption measure as one of the 12 measures above; and**
- **Scores at least 0.60 on the PCPCH enrollment measure using the tiered formula;**

**it would then receive 100 percent of the quality pool funds for which it is eligible.**

If the EHR measure is not met, then the maximum payment that the CCO can receive is equivalent to the second tier (90 percent of the maximum funds).

If a CCO does not meet the improvement target or benchmark, or the measurement and reporting requirements for the clinical measures, on any of the 16 measures and scores below 0.60 on the tiered formula for the PCPCH measure above (a total score less than 0.60), the CCO would not receive any quality pool funds.

If the CCO does not meet the improvement target or benchmark, or the measurement and reporting requirements for the clinical measures, on any of the 16 measures, but scores at least 0.60 on the tiered formula (a total score of 0.60) for PCPCH, the CCO would receive five percent of the quality pool funds for which it is eligible.

#### *Quality Pool Distribution*



Number of targets met (benchmark or improvement, or measurement and reporting)	Percent of quality pool payment for which the CCO is eligible
At least 12.60 (including EHR adoption)	100%
At least 12.60 (not including EHR adoption)	90%
At least 11.60	80%
At least 10.60	70%
At least 8.60	60%
At least 6.60	50%
At least 4.60	40%
At least 3.60	30%
At least 2.60	20%
At least 1.60	10%
At least 0.60	5%
Fewer than 0.60	No quality pool payment

*Advance Distribution for Clinical Metrics*

For the diabetes blood sugar control, hypertension control, and depression screening measures, disbursement of quality pool funds is contingent on measurement and reporting activities (“pay for measurement and reporting” funds). CCOs will have “met” these measures upon OHA’s acceptance of the year two technology plan for collecting and reporting these three measures and required year two data submission.

Requirements and timeline for the year two technology plan and data submission are available online at <http://www.oregon.gov/oha/Pages/CCO-Baseline-Data.aspx>.

CCOs are eligible to earn an advance distribution of quality pool funds for the three clinical measures upon OHA approval of their year two technology plan. The technology plan must be submitted by the deadline to qualify for the advance distribution. The advance distribution will represent 50 percent of 3/17ths of the maximum amount of quality pool funds for which a CCO is eligible.

OHA will perform an end of year adjustment if actual amounts paid to CCOs for CY 2014 differ from estimates used at the time of disbursement of the “pay for measurement and reporting” funds.



If a CCO does not submit its technology plan, or if a CCO submits their technology plan after the deadline, the CCO will not earn the advance distribution of quality pool funds for these three measures.

The remaining 50 percent of the “pay for measurement and reporting” funds will be dispersed upon OHA’s acceptance of the year two data submission for these three measures.

If a CCO does not provide its data submission for one or more of the measures, the CCO will not earn the remaining 50 percent of the funding for those measures. The CCO could potentially earn this remaining funding if they meet 12.60 of the measures (including EHR adoption) to qualify for 100 percent of the total quality pool funds they are eligible for.

More information on the year two technology plan and data submission can be found at: <http://www.oregon.gov/oha/Pages/CCO-Baseline-Data.aspx>.

## **Stage Two**

### *Challenge Pool Distribution*

In the second stage, remaining quality pool funds that have not been allocated to CCOs in stage one will become the “challenge” pool – these funds will be distributed to CCOs that qualify based on a subset of four incentive measures (diabetes blood sugar control, depression screening, PCPCH enrollment, and SBIRT<sup>1</sup>). These measures were selected by the Metrics & Scoring Committee as being the most transformative; they focus more on the integration of care and health outcomes, rather than measuring levels of services provided.

Through this stage, all quality pool funds will be distributed; no quality pool funds will roll over into a subsequent year.

OHA will determine the number of instances in which CCOs have met each of the four challenge measures according to the following parameters:

- For SBIRT, CCOs must meet the benchmark or improvement target for that measure.
- For depression screening and diabetes blood sugar control measures, CCOs must meet or exceed the established benchmark to earn challenge pool funds for the measure.

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<sup>1</sup> Alcohol or other substance misuse: Screening, Brief Intervention, and Referral to Treatment.

OHA will use the approved year two data submission to calculate CCO performance on these two measures.

Note CCOs must have an OHA-approved year two technology plan prior to their year two data submission. OHA cannot calculate challenge pool performance on these two measures without an approved year two data submission.

2014 benchmarks are published online at:

<http://www.oregon.gov/oha/CCODData/2014%20Benchmarks.pdf>

- Since the PCPCH measure uses the tiered formula, instead of an absolute benchmark, OHA will assume that all CCOs have achieved the target for this measure.

OHA will then calculate a “base payment” by dividing the challenge pool funds into equal portions equivalent to the total number of challenge measures met. For example, if all 16 CCOs meet the PCPCH target, five CCOs meet the SBIRT target, three meet the depression screening target, and six meet the diabetes blood sugar control target, then the challenge pool will be divided into 30 equal portions (the “base payment”).

Assume \$1,000,000 is remaining after the first stage. Using the example above, the challenge pool is divided into 30 equal portions, resulting in a “base payment” of \$33,333.33. The base payments are then adjusted for average monthly enrollment.

For the diabetes, depression and SBIRT measures, OHA will calculate the payments for each CCO that achieved the improvement target, benchmark, or measurement target by adjusting the “base payment” based on the CCO’s average member months in 2014 (see example below). This calculation will be performed separately for each of the three measures.

*Example of Challenge Fund Distribution for Diabetes Control Measure*

CCO Name	Base Payment	Member Months (MM)	CCO’s ratio of MMs to Mean MM	Adjusted challenge pool payment	
CCO A	\$33,333.33	29,588	1.459	\$33,333.33*1.459=	\$ 48,633.33
CCO B	\$33,333.33	23,343	1.151	\$33,333.33*1.151=	\$ 38,366.66
CCO C	\$33,333.33	22,788	1.124	\$33,333.33*1.124=	\$ 37,466.66



CCO Name	Base Payment	Member Months (MM)	CCO's ratio of MMs to Mean MM	Adjusted challenge pool payment	
CCO D	\$33,333.33	18,014	0.889	$\$33,333.33 \times .889 =$	\$ 29,633.33
CCO E	\$33,333.33	16,394	0.808	$\$33,333.33 \times .808 =$	\$ 26,933.33
CCO F	\$33,333.33	11,521	0.568	$\$33,333.33 \times .568 =$	\$ 18,933.33
\$200,000 (total challenge pool for diabetes control measure)		121,648 (Total MM)			\$ 200,000 (total)
		20,274.67 (Mean MM)			

This calculation is repeated for the depression and SBIRT measures.

For the PCPCH measure, the challenge pool funding will be distributed to the CCOs based on a combination of results from the tiered formula and average member months in 2014. For each CCO, OHA will multiply the result of the tiered formula with the average member months in 2014 for the CCO to get an adjusted number of member months.

OHA will then use the adjusted member months to compute an adjustment factor based on the mean adjusted member months. This adjustment factor is the adjusted member months relative to the mean member months. Finally, the “base payment” described above is multiplied by the adjustment factor to determine the total payment amount for the PCPCH measure (see example below).

*Example of Challenge Fund Distribution for PCPCH Measure*

CCO Name	Base Payment	Result of Tiered Formula	Member Months (MM)	Adjusted Member Months	Adjusted Member Months Relative to the Mean	Adjusted challenge pool payment	
CCO A	\$33,333.33	0.40	29,588	=11,835.2	0.969	$\$ 33,333.33 \times .969 =$	\$32,299.99
CCO B	\$33,333.33	0.50	23,343	=11,671.5	0.956	$\$ 33,333.33 \times .956 =$	\$31,866.66
Repeat calculation for all 16 CCOs – all CCOs are assumed to have met the benchmark for the PCPCH measure.							



CCO Name	Base Payment	Result of Tiered Formula	Member Months (MM)	Adjusted Member Months	Adjusted Member Months Relative to the Mean	Adjusted challenge pool payment
	\$533,333.28 (total challenge pool for PCPCH measure)		73,273 (Total adjusted member months)			\$533,333 (total)
			12,212 (Mean adjusted member months)			

### For More Information

2014 CCO Incentive Measures and Benchmarks

<http://www.oregon.gov/oha/CCODData/2014%20Benchmarks.pdf>

Details on the improvement target methodology and the basic formula

<http://www.oregon.gov/oha/Pages/CCO-Baseline-Data.aspx>

Metrics & Scoring Committee

[www.oregon.gov/oha/Pages/metrix.aspx](http://www.oregon.gov/oha/Pages/metrix.aspx)

Attachment H: Appendix 1C, Quality Pool Structure

[www.oregon.gov/oha/OHPB/Documents/special-terms-conditions-accountability-plan.pdf](http://www.oregon.gov/oha/OHPB/Documents/special-terms-conditions-accountability-plan.pdf)

CCO Incentive Measure Specifications and Guidance Documents

<http://www.oregon.gov/oha/Pages/CCO-Baseline-Data.aspx>

### For Questions Contact

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