

TRANSPARENCY REPORT: 2004 HEALTH PLAN PAYOUTS FOR MEASUREMENT YEAR 2003 (Revised February 2006)

PAY FOR PERFORMANCE For California Commercial HMO and POS

	Aetna	Blue Cross	Blue Shield	CIGNA	Health Net	PacifiCare
Total payment for IHA measures for commercial HMO and POS	\$2 M \$0.54 PMPM avg	\$14.7 M \$0.80 PMPM avg	\$9.6 M \$0.67 PMPM avg	\$4.4 M \$0.85 PMPM avg	\$5.25 M \$0.34 PMPM avg This includes 10% "bonus" for groups providing MD-level incentives	\$2.02 M ¹ \$0.13 PMPM
Total payment for non-IHA performance measures for commercial HMO and POS	None reported	\$34.3 M \$1.86 PMPM avg See Other Performance Measures section below	\$17.6 M \$1.23 PMPM avg See Other Performance Measures section below	\$3.2 M \$0.62 PMPM avg See Other Performance Measures section below	\$12 M \$0.77 PMPM avg See Other Performance Measures section below	\$17.54 M \$1.10 PMPM avg See Other Performance Measures section below
Total performance payments for commercial HMO & POS	\$2 M total for all measures \$0.54 PMPM avg Annual payout	\$49 M total for all measures \$2.66 PMPM avg Annual payout	\$27.3 M total for all measures \$1.90 PMPM avg Annual payout	\$7.6 M total for all measures \$1.47 PMPM avg Annual payout	\$17.25 M total for all measures \$1.10 PMPM avg Annual payout	\$19.56 M total for all measures \$1.23 PMPM avg Quarterly payouts in 2004; in 2005 will shift to annual payout made in 2006

¹ This document reports payments made based on performance in 2003. Due to PacifiCare's quarterly payments based on a rolling 12 months, payments for 2003 performance were made from October 2003 to April 2005. A percentage of each quarterly payment, reflecting the proportion of the measurement period that fell in 2003, was applied to calculate the total amount.

PAYMENT METHODOLOGY
For California Commercial HMO and POS
2004 Payouts for Measurement Year 2003

	Aetna	Blue Cross	Blue Shield	CIGNA	Health Net	PacifiCare
Used absolute threshold to qualify for determining payment	No	No	No	No	<p>Yes, based on administrative component of employer performance guarantees:</p> <p>MMR – 69% VZV – 64% Breast Cancer – 66% Cervical Cancer – 58% Asthma Meds – 75% HbA1c – 56% LDL – 54%</p> <p>Timely Care & Service – 75% Doctor Communication – 80% Specialty Care – 70% Overall Satisfaction – 75%</p> <p>Primary Financial Award = (Earned Points / Total Possible Points) x \$2.25 PMPM x Avg Membership x Contracted Months</p>	<p>Yes, thresholds were established based on previous year's performance for both QIP 2003 and 2004</p> <p><u>QIP 2003:</u> For Clinical and Service quality measures, paid 100% of the PMPM on a measure if group scored at or above 75th percentile</p> <p>For Hospital quality measures, paid 100% of the PMPM if group scored at or above 85th percentile</p> <p>Maximum PMPM = \$0.81; actual payout was \$0.33 PMPM which is 41% of the maximum potential</p>

PAYMENT METHODOLOGY (CONTINUED)

	Aetna	Blue Cross	Blue Shield	CIGNA	Health Net	PacifiCare
						<p>(continued)</p> <p><u>QIP 2004:</u> For Clinical and Service quality measures, paid 50% of the PMPM on a measure if group scored between 75th and 85th percentile; paid 100% of the PMPM on a measure if group scored at or above 85th percentile</p> <p>For Hospital quality measures, paid 50% of the PMPM if group had 55-65% of elective admissions to high performance hospital; paid 100% of the PMPM if group had 65% or more elective admissions to high performance hospitals</p> <p>Maximum PMPM = \$0.81; actual payout was \$0.33 PMPM which is 41% of the maximum potential</p>

PAYMENT METHODOLOGY (CONTINUED)

	Aetna	Blue Cross	Blue Shield	CIGNA	Health Net	PacifiCare
Used relative percentile ranking for determining payment	<p>Yes, for each measure, only groups performing in top quartile were eligible for payment</p> <p>The total budgeted amount was divided among the measures based on the weighting. For each measure, the full allocation was paid out to groups in the top quartile</p> <p>Payment calculated proportionally by membership</p>	<p>Yes, groups in the 20th to 100th percentiles received payment on a sliding scale</p> <p>Maximum payment potential of \$4.50 PMPM (\$0.45 maximum for clinical and \$0.90 maximum for patient experience)</p>	<p>Yes, based on percentile rankings</p> <p>For clinical, paid 100% of maximum if >=75th percentile; 50% of maximum if 50th to 74th percentile; 25% of maximum if 30th-49th percentile</p> <p>For patient experience, paid 100% of maximum if “above average” score on CAS, 50% if “average” and \$0 if “below average”</p> <p>For IT: paid 100% of maximum if met 2 qualifying activities, 50% if met 1 activity</p> <p>Maximum PMPM set at \$2.00 (\$1.00 maximum for clinical, \$0.80 maximum for patient experience, and \$0.20 maximum for IT)</p>	<p>Yes, for each measure, groups were rank ordered and groups in the 50th percentile or higher were paid on a sliding scale</p> <p>The total budgeted amount was divided among the measures. For each measure, the full allocation was paid out to groups in the top 50th percentile. The PMPM amount increased for each higher ranking. The top performing group received \$1.86 PMPM</p> <p>There were no qualifying thresholds outside of the IHA encounter requirement</p>	No	No

PAYMENT METHODOLOGY (CONTINUED)

	Aetna	Blue Cross	Blue Shield	CIGNA	Health Net	PacifiCare
Criteria to be eligible for incentive payment	<p>Used IHA 2.7 PMPY encounter threshold</p> <p>Group must participate in CAS</p> <p>Signed delegation agreement</p> <p>Minimum of ~1000 members</p> <p>Valid signed contract in measurement year and at time of payout</p>	<p>Signed contract; All criteria clearly outlined in the contract</p>	<p>Encounter threshold of 2.7 E&M visits PMPY</p> <p>Signed contract in measurement year and at time of payout</p>	<p>Used IHA 2.7 PMPY encounter threshold to qualify for clinical measures</p> <p>No contract modifications</p>	<p>Encounter threshold of 2.85 E&M visits PMPY</p> <p>Signed contract in measurement year and at time of payout</p>	<p>QIP 2003: Minimum commercial membership of 1,000 and Medicare membership of 100</p> <p>Need to sign up for QIP</p> <p>QIP 2004: Minimum commercial membership of 1,000 or Medicare membership of 100 if commercial criterion not met</p> <p>Need to sign up for QIP</p>

ADOPTION OF UNIFORM INTEGRATED HEALTHCARE ASSOCIATION (IHA) MEASUREMENT SET
For California Commercial HMO and POS
2004 Payouts for Measurement Year 2003

Clinical Measures

	Aetna	Blue Cross (20 of 200 pts)	Blue Shield	CIGNA	Health Net (200 of 400 pts)	PacifiCare
Childhood Immunizations	Yes – 4.167% each	No	Yes – 4.167% each	Yes – 4.167% each	Yes – 4.167% each (16.67 pts each)	<u>QIP 2003:</u> Yes – 7.5% <u>QIP 2004:</u> Yes – 5% (Modified HEDIS method)
Cervical Cancer Screening	Yes – 8.33%	Yes – 2.5% (5 pts)	Yes – 8.33%	Yes – 8.33%	Yes – 8.33% (33.33 pts)	<u>QIP 2003:</u> Yes – 7.5% <u>QIP 2004:</u> Yes – 5%
Breast Cancer Screening	Yes – 8.33%	Yes – 2.5% (5 pts)	Yes – 8.33%	Yes – 8.33%	Yes – 8.33% (33.33 pts)	<u>QIP 2003:</u> Yes – 7.5% <u>QIP 2004:</u> Yes – 5%
Asthma Management	Yes – 8.33%	Yes – 2.5% (5 pts)	Yes – 8.33%	Yes – 8.33%	Yes – 8.33% (33.33 pts)	<u>QIP 2003:</u> NA <u>QIP 2004:</u> Yes – 5%
HbA1c Screening	Yes – 8.33%	No	Yes – 8.33%	Yes – 8.33%	Yes – 8.33% (33.33 pts)	<u>QIP 2003:</u> Yes – 7.5% <u>QIP 2004:</u> Yes – 5%

ADOPTION OF UNIFORM IHA MEASUREMENT SET (CONTINUED)

Clinical Measures (continued)

	Aetna	Blue Cross	Blue Shield	CIGNA	Health Net	PacifiCare
LDL Screening	Yes – 8.33%	No	Yes – 8.33%	Yes – 8.33%	Yes – 8.33% (33.33 pts)	QIP 2003: Yes – 7.5% QIP 2004: Yes – 5% (Diabetic and cardiac populations combined– 5%)
Other clinical measures	None	Yes Advice to quit smoking – 2.5% (5 pts)	None	None	None	Yes, for QIP 2004: Anti-depressant Medication Management (Effective Continuation Phase Treatment) – 5% Potentially Avoidable Hospitalizations – 5% Inpatient Readmission – 5% Use of Preferred Antibiotics – 5%
Total # Clinical Measures	6	4	6	6	6	10 total, 5 of which overlap with IHA
Other comments:	Use IHA weighting (50% clinical)	Weighting for preventive health measures is 10% To be aligned with IHA in 2004	Use IHA weighting (50% clinical)	Use IHA weighting (50% clinical)	Use IHA weighting (50% clinical)	Will continue to have additional clinical measures

ADOPTION OF UNIFORM IHA MEASUREMENT SET (CONTINUED)

Patient Experience Measures

	Aetna	Blue Cross (40 of 200 pts)	Blue Shield	CIGNA	Health Net (160 of 400 pts)	PacifiCare
Specialty care	Yes – 10%	Yes – 5% (10 pts)	Yes – 10%	Yes – 10%	Yes – 10% (40 pts)	No
Timely access to care	Yes – 10%	Yes – 5% (10 pts)	Yes – 10%	Yes – 10%	Yes – 10% (40 pts)	No
Doctor - patient communication	Yes – 10%	Yes – 5% (10 pts)	Yes – 10%	Yes – 10%	Yes – 10% (40 pts)	No
Overall ratings of care	Yes – 10%	Yes – 5% (10 pts)	Yes – 10%	Yes – 10%	Yes – 10% (40 pts)	No
Other patient experience measures	None	None	None	None	None	Yes <u>QIP 2003:</u> Satisfaction with Medical Group – 7.5% Satisfaction with PCP – 7.5% Satisfaction w/ Specialist – 7.5% Satisfaction with Referral – 7.5% Satisfaction with PCP Communication – 7.5% <u>QIP 2004:</u> Satisfaction with Medical Group – 5% Satisfaction with PCP – 5%

ADOPTION OF UNIFORM IHA MEASUREMENT SET (CONTINUED)

Patient Experience Measures (continued)

	Aetna	Blue Cross (40 of 200 pts)	Blue Shield	CIGNA	Health Net (160 of 400 pts)	PacifiCare
						(continued) Satisfaction w/ Specialist – 5% Satisfaction with Referral – 5% Satisfaction with PCP Communication – 5% Primary Care Access Complaints – 5%
Total # of patient experience measures	4 measures based on 12 CAS questions	4 measures based on 12 CAS questions	4 measures based on 12 CAS questions	4 measures based on 12 CAS questions	4 measures based on 12 CAS questions	6 measures – Used own measures
Other comments:	Used IHA weighting (40% CAS)	20% of total BCC bonus pool	Used IHA weighting (40% CAS)	Used IHA weighting (40% CAS)	Paid only 25% in this domain due to poor performance by groups	Patient experience scores from plan's member survey

ADOPTION OF UNIFORM IHA MEASUREMENT SET (CONTINUED)

Information Technology Measures

	Aetna	Blue Cross	Blue Shield	CIGNA	Health Net (40 of 400 pts)	PacifiCare
Integrate clinical electronic data sets for population management	Yes	No	Yes	Yes	Yes	No
Support clinical decision making at point of care	Yes	No	Yes	Yes	Yes	No
Other IT measures	None	None	None	None	None	None
Other comments:	Used IHA weighting (10% IT)	Did not reward IT domain	Used IHA weighting (10% IT)	Used IHA weighting (10% IT)	Increased weighting to 25% for this domain	Did not reward IT domain

ADOPTION OF UNIFORM IHA MEASUREMENT SET (CONTINUED)

Other Performance Measures

	Aetna	Blue Cross	Blue Shield	CIGNA	Health Net	PacifiCare
Notes:	No other incentive programs reported.	<p>For 2004 payout, out of 200 points:</p> <ol style="list-style-type: none"> 1) Annual audit (15 points, 7.5%) 2) Grievances and appeals (40 points, 20%) 3) Voluntary member transfers for quality issues (10 points, 5%) 4) Member satisfaction (40 points, 20%) 5) Preventive health (20 points, 10%) 6) PCP quality measurement and bonus systems (20 points, 10%) 7) Encounter submission (20 points, 10%) 8) Compliance with NCQA and state law utilization stds (20 points, 10%) 9) Care management (15 points, 7.5%) 	<p>For calendar year 2003, a number of physician groups also participated in an incentive program that measured patient satisfaction. These measures have since been sunsetted in favor of following only the IHA program. In addition, some groups participated in programs with the following measures:</p> <ol style="list-style-type: none"> 1) Managing hospital and out-of-network care (Shared Saving Program) 2) Maintaining Hospitalist Program 3) Managing utilization 	<p>Two additional bonus pools for 2004 payout:</p> <ol style="list-style-type: none"> 1) Encounter submissions for E&M, Lab, Radiology – groups earned up to \$0.15 PMPM (\$0.05 PMPM for each component) if they met the threshold 2) Open panel – groups earned \$0.10 PMPM for having >90% PCP Open Panel <p>Shared Risk-Engaged physician groups in managing hospital care, outpatient facilities, Home Health, etc. to further mutual aim of affordable accessible health care. Physician groups shared in benefits and savings produced. \$2.2 M paid in 2004</p>	<p>Bonus of 10% if group documented it provided quality incentives at MD-level. Final Financial Award = Primary Financial Award x 1.10</p> <p>Generic substitution – piloted in 2004 with ten physician groups. Rewarded groups that showed improvement in generic prescription writing above other groups. Payments based on portion of savings accrued. \$1 M paid in 2004. One hundred groups to participate in 2005.</p> <p>Shared Risk –engaged physician groups in managing hospital care to further mutual aim of affordable, accessible health care. Physician groups shared in benefits and savings produced. \$11 M paid in 2004</p>	<p><u>QIP 2003:</u> Include six measures from Hospital Quality domain, with each measure being weighted equally (4.2%)</p> <ol style="list-style-type: none"> 1) Leapfrog Initiative Participation 2) Leapfrog CPOE Compliance 3) Leapfrog ICU Staffing Compliance 4) CABG Volume Threshold 5) PTCA Volume Threshold 6) PEP-C Participation <p><u>QIP 2004:</u> Include four composite measures from its Hospital Quality Index:</p> <p>Appropriate Care – 5%</p> <p>Patient Safety – 5%</p> <p>Patient Satisfaction – 5%</p>

ADOPTION OF UNIFORM IHA MEASUREMENT SET (CONTINUED)

Other Performance Measures (continued)

	Aetna	Blue Cross	Blue Shield	CIGNA	Health Net	PacifiCare
						<p>(continued)</p> <p>Utilization – 5%</p> <p>Used equal weighting across all 20 measures in measure set (10 clinical, 6 patient experience, 4 hospital)</p> <p>\$3.21 M paid for above QIP measures for performance in 2003</p> <p><u>Other Incentive Programs:</u></p> <ol style="list-style-type: none"> 1) Pharmacy Incentive Program (\$5.79M paid) 2) Hospital and Other Incentive Programs (\$6.01M paid) 3) Mammography Program (\$0.96M paid) 4) Women’s Health Bonus Program (\$1.57M paid)

**USE OF AGGREGATED DATASET
For California Commercial HMO and POS
2004 Payouts for Measurement Year 2003**

	Aetna	Blue Cross	Blue Shield	CIGNA	Health Net	PacifiCare
Used aggregated dataset exclusively for IHA measures	Yes	No	Yes	Yes, for IHA measures	Yes, for IHA measures	No
Used aggregated dataset and own plan data						
Did not use aggregated dataset; only used own plan data		Yes		Yes, for other measures	Yes, for other measures	Yes

Glossary

Absolute threshold – A certain score that a physician group must meet or exceed to be eligible for incentive payment.

Aggregated dataset – The dataset created by combining the scores from each plan or self-reporting group for each measure into a single score for each physician group for that measure.

IHA measures – The measures included in the uniform measurement set.

Non-IHA performance measures – All contractually arranged incentive programs - other than IHA's P4P measure set and payments - that involve potential payment to contracted physician groups for commercial HMO/POS members for a particular calendar year. This could include payments based on utilization measures and administrative servicing measures, as well as clinical quality and patient satisfaction measures that are different than the IHA measure set. Some examples include shared risk; generic substitution; grievances and appeals; voluntary member transfers for quality issues; encounter submission; open panel; compliance with NCQA and state law utilization standards; patient safety; Individual physician quality incentive program (for MY2004 or earlier only); care management

Own plan data – Data outside of the P4P aggregated dataset that the plan has access to, including encounters, claims, survey responses, administrative databases, etc.

Pay for Performance – The practice of paying a physician or physician group based on their performance on an agreed upon set of standard measures.

Relative percentile ranking – The performance of all physician groups is ranked, with only the top certain percent being eligible for incentive payment.

Uniform measurement set – The set of clinical, patient experience and IT measures that are agreed upon by the Technical and Steering Committees and released to the stakeholders as the official measurements to be used for P4P for a specified year.