

Standardized P4P Payment Methodology: Applying CMS Value-Based Purchasing Method to P4P

Background: The P4P Steering Committee has approved the Payment Committee's recommendation for a standardized P4P payment methodology that incorporates both attainment and improvement. The methodology, which is based on CMS' Hospital Value Based Purchasing model, scores each measure on both attainment and improvement, taking the higher of the two for payment purposes. The methodology designates how to translate performance into points, and how to translate points into payment.

Methodology

A. Translating Performance into Points

1. **Attainment Threshold** = P4P 75th percentile (including Kaiser) for the previous measurement year. (See Attachment A for values for MY 2009)

The Attainment Threshold is the score needed to earn attainment points for a measure. Setting the threshold at the 75th percentile means that only POs performing at the level of the top quartile for the previous year would earn points for attainment. POs performing below that would only be eligible for improvement points. Using the previous years' percentiles allows groups to know the target ahead of time.

2. **Attainment Benchmark** = P4P 95th percentile (including Kaiser) for the previous measurement year. (See Attachment A for values for MY 2009)

The Attainment Benchmark is the score needed to earn maximum attainment points for the measure.

3. **Scoring Unit**: P4P measure

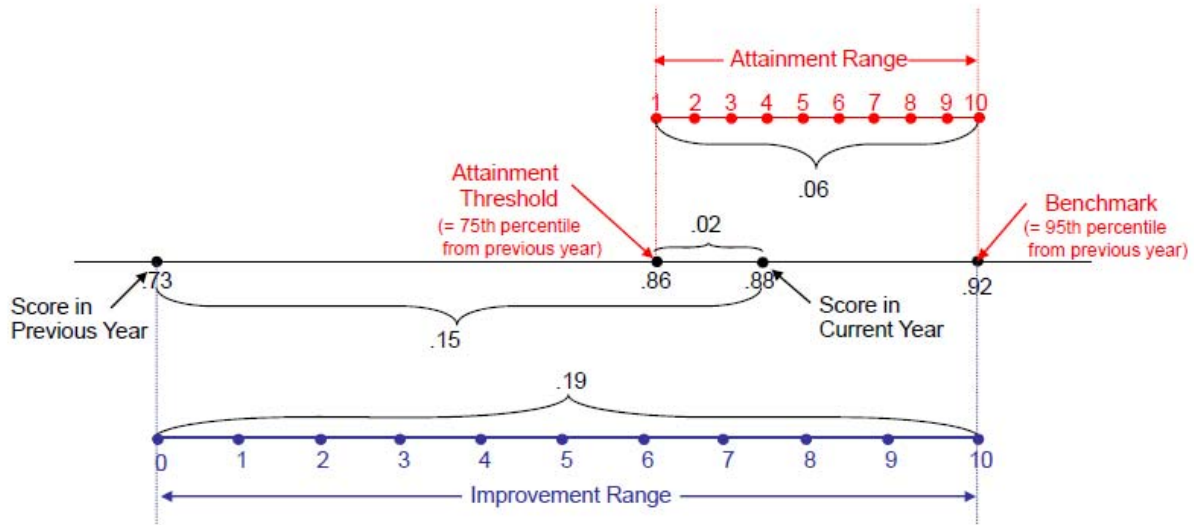
Each measure will be assigned 1 to 10 points on both attainment and improvement. The higher of the two point values will be used for calculating the overall score for the domain.

Note: If performance is below the 50th percentile (See Attachment A), at least 2 improvement points must be earned to get an improvement score.

4. **Payment unit**: P4P measurement domain (Clinical, Patient Experience, Systemness, Coordinated Diabetes Care)

The points earned for each measure within a domain will be summed and then translated into payment.

Earning Quality Points Example Measure: Nephropathy Monitoring



Attainment Range = $.92 - .86 = .06$
 Attainment Scale = $.06 / 9 = .0067$
 Attainment Value = $.88 - .86 = .02$
 Attainment Points = $1 + .02 / (.0067) \approx 4$

Improvement Range = $.92 - .73 = .19$
 Improvement Scale = $.19 / 10 = .019$
 Improvement Value = $.88 - .73 = .15$
 Improvement Points = $.15 / (.019) \approx 8$

PO earned: **4 points on Attainment** and **8 points on Improvement**
 PO score: maximum of Attainment and improvement points = **8 points**

B. Translating Points into Payment

5. Payment Translation Process:

- a. *Calculate the Domain Score* – The domain score is based on performance on measures for which the PO had a valid result. IHA will provide this to plans.
- b. *Determine Budget for each Domain* – Health plans determine their total P4P payout budget, and then apply the domain weighting to determine the payout budget for each domain.
- c. *Calculate the Payout per Member-Point for each Domain* – The budget for each domain is used to calculate the payout per member-point for that domain, based on the performance and membership of each PO.
 - i) Calculate the member-points for each domain for each PO by multiplying the PO's domain score and the PO's enrollment.
 - ii) For each domain, sum the member-points across all POs.
 - iii) Divide the budget for each domain (5.b.) by the sum of member-points for that domain (5.c.ii). This is the payout per member-point.
- d. *Calculate the Payout per PO for each Domain* – For each PO, multiply the payout per member-point by the number of member-points that PO earned for the domain.

Notes:

- POs are only scored on measures for which they have a valid result, so they are not “punished” for not meeting the denominator criteria for certain measures due to PO size or population
- Systemness is only scored on attainment
- The budget is flexible; the health plan sets its P4P payout budget
- The payout is predictable; the full budgeted amount is paid out

ATTACHMENT A

	MY 2008 50th percentile	MY 2009 Attainment Threshold (= MY08 75th percentile)	MY 2009 Attainment Benchmark (= MY08 95th percentile)
Clinical Domain:			
Childhood Immunization Status: MMR+VZV	92.38	94.52	96.20
Chlamydia Screening: All Ages	52.28	61.96	71.66
Breast Cancer Screening: Ages 42-69	71.64	78.43	83.93
Colorectal Cancer Screening: Ages 51-75	47.06	62.07	67.69
Appropriate Testing for Children with Pharyngitis	49.28	78.13	92.29
Appropriate Treatment for Children with Upper Respiratory Infection	91.19	96.53	98.44
Avoidance of Antibiotic Treatment for Adults with Acute Bronchitis	34.09	45.95	69.59
Use of Imaging Studies for Low Back Pain	78.25	82.35	86.61
Annual Monitoring for Patients on Persistent Medications: Overall	74.87	80.41	85.17
Cholesterol Management for Patients with Cardiovascular Conditions: LDL-C Screening	87.62	92.19	95.55
Cholesterol Management for Patients with Cardiovascular Conditions: LDL-C Control <100 mg/dL	62.16	70.16	75.54
Coordinated Diabetes Care Domain:			
Diabetes Care: HbA1c Screening	83.33	88.57	91.97
Diabetes Care: HbA1c Poor Control > 9.0% (Inverted)	64.12	75.19	80.85
Diabetes Care: HbA1c Control < 8.0%	55.66	66.14	72.27
Diabetes Care: LDL-C Screening	82.33	86.49	90.54
Diabetes Care: LDL-C Control <100 mg/dL	43.52	52.09	60.11
Diabetes Care: Nephropathy Monitoring	78.99	86.09	92.16
Patient Experience Domain:			
Quality of Doctor-Patient Interaction	88.72	90.12	91.35
Timely Care and Service	74.94	77.81	79.94
Coordination of Care	75.06	78.21	81.41
Health Promotion	55.41	57.52	60.51
Office Staff	85.42	86.82	88.69
PCP/All Healthcare	85.86	87.12	88.86