

## **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 75<sup>th</sup> percentile (including Kaiser) for the previous measurement year. (See Attachment A for values for MY 2011)

The Attainment Threshold is the score needed to earn attainment points for a measure. Setting the threshold at the 75<sup>th</sup> percentile means that only Physician Organizations (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 year's percentiles allows groups to know the target ahead of time.

2. **Attainment Benchmark** = P4P 95<sup>th</sup> percentile (including Kaiser) for the previous measurement year. (See Attachment A for values for MY 2011)

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

3. **Scoring Unit**: P4P measure

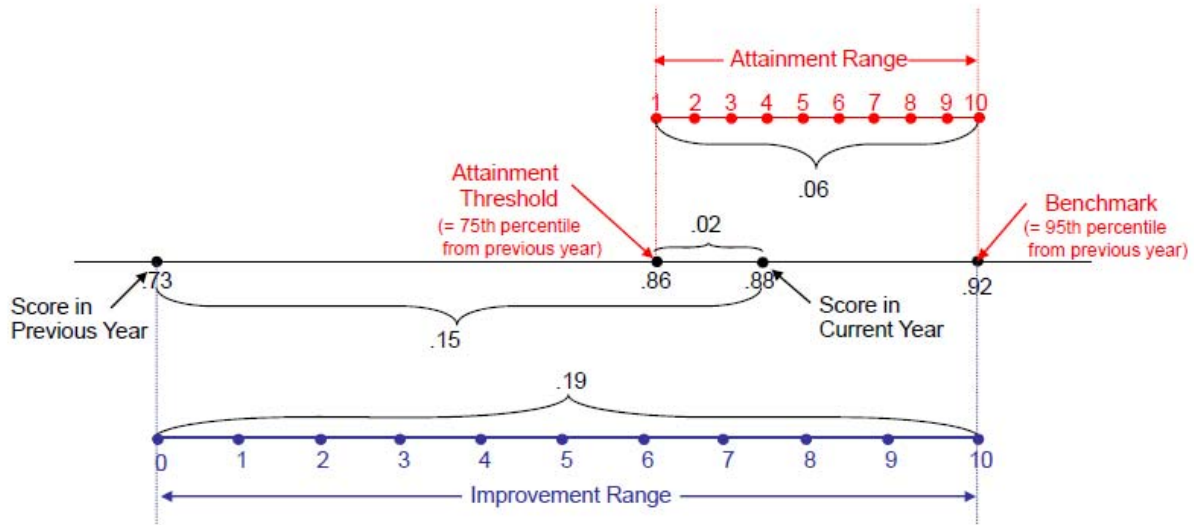
Each measure will be assigned 1 to 10 points on both attainment and improvement. The higher of the two point values will be used for calculating the overall score for the domain.

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

4. **Payment unit**: P4P measurement domain (Clinical, Patient Experience, Meaningful Use of Health IT)

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

## Earning Quality Points Example Measure: Nephropathy Monitoring



$$\begin{aligned} \text{Attainment Range} &= .92 - .86 = .06 \\ \text{Attainment Scale} &= .06 / 9 = .0067 \\ \text{Attainment Value} &= .88 - .86 = .02 \\ \text{Attainment Points} &= 1 + .02 / (.0067) \approx 4 \end{aligned}$$

$$\begin{aligned} \text{Improvement Range} &= .92 - .73 = .19 \\ \text{Improvement Scale} &= .19 / 10 = .019 \\ \text{Improvement Value} &= .88 - .73 = .15 \\ \text{Improvement Points} &= .15 / (.019) \approx 8 \end{aligned}$$

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
- Meaningful Use of Health IT (MUHIT) 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

### SUMMARY OF ALL PHYSICIAN ORGANIZATIONS WITH KAISER PERMANENTE PAY FOR PERFORMANCE MY 2011 STANDARD PAYMENT METHODOLOGY THRESHOLDS

	MY 2010 50th percentile	MY 2011 Attainment Threshold (= MY 10 75th percentile)	MY 2011 Attainment Benchmark (= MY 10 95th percentile)
<b>CLINICAL DOMAIN</b>			
<b>Cardiovascular:</b>			
Annual Monitoring for Patients on Persistent Medications: Overall	80.52	83.55	89.31
Cholesterol Management for Patients with Cardiovascular Conditions: LDL-C Screening	89.47	94.45	96.69
Cholesterol Management for Patients with Cardiovascular Conditions: LDL-C Control < 100 mg/dL	65.69	73.71	77.50
<b>Diabetes:</b>			
Diabetes Care: HbA1c Screening	87.24	91.30	93.84
Diabetes Care: HbA1c Poor Control > 9.0% (Inverted)*	70.41	78.58	83.07
Diabetes Care: HbA1c Control < 8.0%	61.31	67.34	72.71
Diabetes Care: HbA1c Control < 7.0%	40.17	45.73	55.57
Diabetes Care: LDL-C Screening	84.19	88.90	92.48
Diabetes Care: LDL-C Control < 100 mg/dL	46.33	55.79	65.50
Diabetes Care: Nephropathy Monitoring	81.90	88.77	94.22
Diabetes Care: Blood Pressure Control <140/90 mm Hg	23.95	64.90	82.91
Optimal Diabetes Care: Combo 1	28.13	41.64	48.54
<b>Musculoskeletal:</b>			
Use of Imaging Studies for Low Back Pain	79.86	84.85	89.24
<b>Preventions:</b>			
Childhood Immunization Status: All Antigens	71.19	82.16	90.88
Immunizations for Adolescents: All Antigens	41.35	54.51	65.63
Chlamydia Screening: All Ages (16-24)	53.29	62.86	70.82
Evidence-Based Cervical Cancer Screening - Appropriately Screened: All Ages (24-65, 67+)	35.05	43.58	75.11
Breast Cancer Screening: Ages 52-69	76.50	83.04	88.83
Colorectal Cancer Screening: Ages 51-75	55.87	69.42	74.61
<b>Respiratory:</b>			
Asthma Medication Ratio: All Ages (5-50)	68.42	73.53	79.26
Appropriate Testing for Children with Pharyngitis	65.90	86.59	94.55
Appropriate Treatment for Children with Upper Respiratory Infection	93.75	97.61	98.92
Avoidance of Antibiotic Treatment for Adults with Acute Bronchitis	37.48	50.90	70.12
<b>PATIENT EXPERIENCE DOMAIN</b>			
<b>Quality of Doctor-Patient Interaction:†</b>			
PCP	89.77	91.07	93.30
Specialist	88.82	90.53	91.60
Coordination of Care	77.17	79.80	82.73
<b>Timely Care and Service:†</b>			
PCP	76.98	79.64	83.10
Specialist	76.48	79.83	82.00
Rating of All Healthcare (Rating of PCP, Rating of Care):	87.02	88.44	90.34
Office Staff	86.19	87.52	89.26
Health Promotion	57.69	59.38	62.87

\* HbA1c Poor Control > 9.0% (Inverted): For HbA1c Poor Control > 9.0%, lower rates indicate better performance. However, rates shown here are inverted, so higher is better.

† For MY 2011, the Timely Care and Service and Quality of Doctor-Patient Interaction measures will be broken out separately for PCPs and Specialists.