



P4P Policy on Handling Mergers and Acquisitions

Background

Each year there are a few physician organization (PO) acquisitions and mergers. Each of these legal structural changes comes with its own set of complex circumstances. P4P Steering Committee has established a policy effective measurement year (MY) 2011 for how to handle these situations. The policy accommodates the variety of circumstances that occur, while ensuring fairness by following a consistent process. IHA encourages compliance with the policy for MY 2010, but since it is already after the end of the measurement year, it will not be strictly enforced.

Policy

1. When one PO acquires another PO

The acquiring PO will be asked how they want to handle P4P measurement and reporting for the year that the acquisition occurred. They will have three options to select from:

- a. continue to report the acquired PO separately,
- b. the membership from the acquired PO can be included with the membership from the acquiring PO for the whole measurement year and measured as a single entity,
-or-
- c. the membership from the acquired PO can be excluded altogether for the whole measurement year

The PO will need to make a business decision on which option to select and inform IHA of their decision by December 15 of the measurement year.

Each subsequent measurement year, the two POs will have the option to be combined into a single PO. See below for how baseline scores will be calculated.

2. When two or more POs combine for P4P reporting

For mergers/acquisitions where two or more previously separate POs wish to be combined into a single PO for P4P reporting, for the first year that the change takes place, P4P will manually calculate a combined baseline score for each clinical and patient experience measure to use as the basis for improvement calculations. The combined baseline score for each measure will be the weighted average of the component PO scores for that measure for the previous year, based on the previous year's membership of each component PO across all contracted health plans.