

TRANSPARENCY REPORT ON 2006 HEALTH PLAN PAYOUTS

PAY FOR PERFORMANCE For California Commercial HMO and POS For 2005 Measurement Year (2006 payout)

	Aetna	Blue Cross	Blue Shield	CIGNA	Health Net	PacifiCare	Western Health Advantage
Total payment for IHA measures for commercial HMO and POS	\$1.63 M \$0.59 PMPM avg This includes 10% Physician Incentive Bonus	\$25.34 M \$1.52 PMPM avg This includes Physician Incentive Bonus	\$14.5 M \$1.00 PMPM avg	\$2.83 M \$0.82 PMPM avg This includes 10% Physician Incentive Bonus	\$3.8 M \$0.26 PMPM avg This includes 10% Physician Incentive Bonus	\$6.7M \$0.43 PMPM	\$448,680 \$0.57 PMPM avg This includes Physician Incentive Bonus
Total payment for non-IHA performance measures for commercial HMO and POS	\$3.9 M \$1.41 PMPM avg See Other Performance Measures section below	\$40.65 M \$2.44 PMPM avg See Other Performance Measures section below	\$18.3 M \$1.27 PMPM avg See Other Performance Measures section below	\$1.3 M \$0.38 PMPM avg See Other Performance Measures section below	\$12.0 M \$0.82 PMPM avg See Other Performance Measures section below	\$13.4 M \$0.87 PMPM See Other Performance Measures section below	\$50,628 \$0.06 PMPM avg See Other Performance Measures section below
Total performance payments for commercial HMO & POS	\$5.53 M total for all measures \$1.99 PMPM avg Annual payout	\$66.0 M total for all measures \$3.96 PMPM avg Annual payout	\$32.7 M total for all measures \$2.27 PMPM avg Annual payout	\$4.13 M total for all measures \$1.29 PMPM avg Annual payout	\$15.8 M total for all measures \$1.08 PMPM avg Annual payout	\$20.1 M total for all measures \$1.30 PMPM avg Annual payout	\$499,308 total for all measures \$0.64 PMPM avg Annual payout
Payments for IHA measures as percent of total	29.5%	38.4%	44.3%	68.5%	24.1%	33.3%	89.9%

PAYMENT METHODOLOGY
For California Commercial HMO and POS
For 2005 Measurement Year (2006 payout)

	Aetna	Blue Cross	Blue Shield	CIGNA	Health Net	PacifiCare	Western Health Advantage
Used absolute threshold to qualify for determining payment	No	No	No	No		<p>Yes, thresholds were established based on previous year's performance</p> <p>For Clinical and Service quality measures, paid 50% of the PMPM on a measure if group scored between 80th and 90th percentile; paid 100% of the PMPM on a measure if group scored at or above 90th percentile</p> <p>For Hospital quality measures, paid 50% of the PMPM if group had 55-65% of elective admissions to high performance hospitals; paid 100% of the PMPM if group had 65% or more elective admissions to high performance hospitals</p> <p>Maximum PMPM = NA</p>	No

PAYMENT METHODOLOGY (CONTINUED)

	Aetna	Blue Cross	Blue Shield	CIGNA	Health Net	PacifiCare	Western Health Advantage
Used relative percentile ranking for determining payment	<p>Yes, for each measure, only groups performing in top IHA 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 based on a sliding scale</p> <p>Maximum payment potential of \$4.50 PMPM for all measures; \$1.80 for IHA measures (\$0.90 max for clinical and \$0.90 max for patient experience)</p>	<p>Yes, based on percentile rankings</p> <p>Clinical: paid 100% of max if >=75th percentile; 50% of max if 50th to 74th percentile; 25% of max if 30th-49th percentile</p> <p>Patient experience: paid 100% of max if “above average” score on PAS, 50% if “average” and \$0 if “below average”</p> <p>IT: paid 100% of max if met 4 qualifying activities (at least 2 activities in Measure 2)</p> <p>Maximum PMPM set at \$2.00 (\$1.00 max for clinical, \$0.60 max for patient experience, and \$0.40 max 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. Top performing group received \$1.68 PMPM</p>	<p>For 8 clinical measures scored on a Relative Improvement basis, groups were paid on a sliding scale based on their quartile placement (25th, 50th, and 75th quartiles)</p> <p>All patient experience and 2 clinical measures were scored on an Absolute Achievement basis. Groups in the 50th, 70th, 85th and 95th percentiles were paid based on a sliding scale</p>	No	<p>Yes, percentile ranking based on sliding scale</p> <p>Clinical: 100% awarded for 75th percentile or higher; 50% awarded for 50th to 74th percentile. No bonus if below 50th percentile</p> <p>Patient experience: 100% awarded for 75th to 100th percentile, 50% awarded for 50th to 74th percentile. No bonus for below 50th percentile</p> <p>IT: 100% for 2 activities in each of two measures; 75% for 2 activities in one measure and 1 activity in the other measure; 50% awarded for 1 activity in each measure</p> <p>Maximum PMPM of \$1.00</p>

PAYMENT METHODOLOGY (CONTINUED)

	Aetna	Blue Cross	Blue Shield	CIGNA	Health Net	PacifiCare	Western Health Advantage
Criteria for physician group to be eligible for incentive payment	<p>Meet IHA 3.25 PMPY encounter threshold</p> <p>Participate in PAS and have a response rate of 25% or higher, as determined by NCQA for reporting</p> <p>Signed delegation agreements</p> <p>Valid signed contract in measurement year and at payout</p> <p>Be in good standing with Aetna on all contract provisions</p>	<p>Signed contract; all criteria clearly outlined in the contract</p>	<p>Encounter threshold of 2.7 E&M visits PMPY, excluding E&M visits with an acute inpatient facility place of service</p> <p>Signed contract in measurement year and at time of payout</p>	<p>Used IHA 3.25 PMPY encounter threshold to qualify for clinical measures</p> <p>Must participate in PAS</p> <p>Group must be effective with Cigna for entire measurement year</p>	<p>Rewarded groups with 2.70-2.84 E&M encounters PMPY with 50% of the award they earned; groups with 2.85-2.99 with 75% and groups with 3.0 or higher with 100% of the reward they earned</p> <p>Open to all physician groups in HMO and POS network.</p> <p>Signed contract in measurement year and at time of payout</p>	<p>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>	<p>Used IHA 3.25 PMPY encounter threshold</p>

ADOPTION OF UNIFORM INTEGRATED HEALTHCARE ASSOCIATION (IHA) MEASUREMENT SET
For California Commercial HMO and POS
For 2005 Measurement Year (2006 payout)

Clinical Measures

	Aetna	Blue Cross	Blue Shield	CIGNA	Health Net (160 of 400 pts)	PacifiCare	Western Health Advantage
Childhood Immunizations (VZV and MMR)	Yes – 2% each and .625% each for Relative Improvement	Yes – 3.125% each	Yes – 2.5% each	Yes – 2.78% each	Yes – 2.5% each (20 pts combined)	Yes – 6.25% (Modified HEDIS method)	Yes – 5.55%
Cervical Cancer Screening	Yes – 4% and 1.250% for Relative Improvement	Yes – 6.25%	Yes – 5%	Yes – 5.55%	Yes – 5% (20 pts)	Yes – 6.25%	Yes – 5.55%
Breast Cancer Screening	Yes – 4% and 1.250% for Relative Improvement	Yes – 6.25%	Yes – 5%	Yes – 5.55%	Yes – 5% (20 pts)	Yes – 6.25%	Yes – 5.55%
Asthma Management	Yes – 4%	Yes – 6.25%	Yes – 5%	Yes – 5.55%	Yes – 5% (20 pts)	Yes – 6.25%	Yes – 5.55%
HbA1c Screening	Yes – 4% and 1.250% for Relative Improvement	Yes – 6.25%	Yes – 5%	Yes – 2.78%	Yes – 5% (20 pts)	Yes – 6.25%	Yes – 2.78%
LDL Screening	Yes – 4% and 1.250% for Relative Improvement	Yes – 6.25%	Yes – 5%	Yes – 2.78%	Yes – 5% (20 pts)	Yes – 6.25%	Yes – 2.78%
Chlamydia Screening	Yes – 4% and 1.250% for Relative Improvement	Yes – 6.25%	Yes – 5%	Yes – 5.55%	Yes – 5% (20 pts)	Yes – 6.25%	Yes – 5.55%
HbA1c Poor Control	Yes – 4% and 1.250% for Relative Improvement	No	Yes – 5%	Yes – 2.78%	Yes – 5% (20 pts)	Yes – 6.25%	Yes – 2.78%
Diabetes Care: LDL <130	Yes – 4% and 1.250% for Relative Improvement	No	Yes – 5%	Yes – 2.78%	Yes – 5% (20 pts)	Yes – 6.25%	Yes – 2.78%
Upper Respiratory Infection (new for MY 2005)	Yes – 4%	Yes – 6.25%	Yes – 5%	Yes – 5.55%	Yes 5% (20 pts)	Yes – 6.25%	Yes – 5.55%

ADOPTION OF IHA MEASUREMENT SET (CONTINUED)

Clinical Measures (continued)

	Aetna	Blue Cross	Blue Shield	CIGNA	Health Net	PacifiCare	Western Health Advantage
Other clinical measures	None	None	None	Yes – Nephropathy Monitoring for Diabetic Patients – 5.55%	None	1) Anti-depressant Medication Mgmt (Effective Continuation Phase Treatment) 2) Potentially Avoidable Hospitalizations 3) Inpatient Readmission 4) Use of Preferred Antibiotics	None
Total # Clinical Measures	10	8	10	11	10	14 total, 10 of which overlap with IHA	10
Other comments:	Use IHA weighting (50% clinical; 40% performance, 10% improvement)	Accounts for 42% of payout for IHA measures	Use IHA weighting (50% clinical)	Use IHA weighting (50% clinical)	Use IHA weighting (50% clinical)	Accounts for 62.5% of payout for IHA measures	Accounts for 44% of payouts for IHA measures

Patient Experience Measures

	Aetna	Blue Cross	Blue Shield	CIGNA	Health Net (160 of 400 pts)	PacifiCare	Western Health Advantage
Specialty care	Yes – 6% (3% problem seeing specialist, 3% rating of specialist)	Yes – 10%	Yes – 6%	Yes – 6%	Yes – 6% (24 pts)	Yes – 6.25%	Yes – 6.66%
Timely access to care	Yes – 6%	Yes – 10%	Yes – 6%	Yes – 6%	Yes – 6% (24 pts)	Yes – 6.25%	Yes – 6.66%
Doctor - patient communication	Yes – 6%	Yes – 10%	Yes – 6%	Yes – 6%	Yes – 6% (24 pts)	Yes – 6.25%	Yes – 6.66%
Overall ratings of care	Yes – 6% (3% rating of all health care, 3% rating of personal doctor)	Yes – 10%	Yes – 6%	Yes – 6%	Yes – 6% (24 pts)	Yes – 6.25%	Yes – 6.66%
Care Coordination	Yes – 6%	Yes – 10%	Yes – 6%	Yes – 6%	Yes – 6% (24 pts)	No	Yes – 6.66%

ADOPTION OF UNIFORM IHA MEASUREMENT SET (CONTINUED)

Information Technology Measures (continued)

	Aetna	Blue Cross	Blue Shield	CIGNA	Health Net (80 of 400 pts)	PacifiCare	Western Health Advantage
Other comments:	Used IHA weighting (20% IT)	Did not reward IT domain (0%)	Used IHA weighting (20% IT; 4 activities weighted equally at 5% each)	Used IHA weighting (20% IT; 4 activities weighted equally at 5% each). The breakdown of the reward payment is as follows: 5% if group meets 1 activity in either Measure 1 or 2 10% if group meets 2 activities in either Measure 1 or 2 15% if group meets 3 activities, 1 must be in Measure 2 20% if group meet 4 activities, 2 must be in Measure 2	Used IHA weighting (20% IT)	Used own weighting 6.25% each, 12.5% total	Used own weighting (22% IT; 4 activities of which at least 2 are in measure 2 (electronic decision support at the point of care) 100% for 2 activities in each of two measures; 75% for 2 activities in one measure and 1 activity in the other measure; 50% awarded for 1 activity in each measure

Physician Incentive Bonus

	Aetna	Blue Cross	Blue Shield	CIGNA	Health Net	PacifiCare	Western Health Advantage
MD-level quality measurement and incentives	Yes An additional 10% of the total reward earned from the other domains combined	Yes Accounts for 15.5% of payout for IHA measures	No	Yes An additional 10% of the total reward earned from the other domains combined	Yes An additional 10% of the total reward earned from the other domains combined	No	Yes Up to 10% credit towards any deficit in other measures

ADOPTION OF UNIFORM IHA MEASUREMENT SET (CONTINUED)

Other Performance Measures

	Aetna	Blue Cross	Blue Shield	CIGNA	Health Net	PacifiCare	Western Health Advantage
Note:	<p>Shared risk – engage physician groups in managing hospital care to further mutual aim of affordable, accessible health care. Physician groups shared in benefits and savings produced</p> <p>\$3.9 M paid in 2006</p>	<p>For MY 2005, the non-IHA BCC performance incentive measures were as follows:</p> <p>1) Annual audit – 10%</p> <p>2) Grievances and appeals – 21%</p> <p>3) Encounter data – 10%</p> <p>4) Clinical efficiency – 26%</p> <p>5) Generic prescribing – 32%</p> <p>\$40 M paid in 2006 (\$13 M Generics, \$27 M on others)</p>	<p>All provider groups participated in the IHA Pay for Performance Program. In addition, some groups participated in programs with the following measures:</p> <p>1) Managing hospital and out-of-network care (Shared Savings Program)</p> <p>2) Maintaining Hospitalist Program</p> <p>3) Managing utilization</p> <p>\$18.2 M paid in 2006</p>	<p>Annual encounter data submissions and quarterly open panel rewards</p> <p>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</p> <p>2) Open panel – groups earned \$0.10 PMPM for having >90% PCP Open Panel (group must have minimum of 10 PCPs to qualify for this reward)</p> <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. \$1.3 M paid in 2006</p>	<p>Generic substitution – Rewarded groups that showed improvement in generic prescribing above other groups. Payments based on portion of savings accrued. Of the 100 groups invited to participate in 2005, 79 accepted</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</p> <p>Avoided Hospital Admissions - Savings sharing program for the use of home IV infusion in lieu of hospitalizations</p> <p>\$12 M paid in 2006 for Generic Substitution, Shared Risk and Avoided Hospital Admissions Programs</p>	<p>PacifiCare’s QIP payout includes IHA and non-IHA measures. The non-IHA QIP measures includes four composite measures from its Hospital Quality Index:</p> <p>1) Appropriate Care 2) Patient Safety 3) Patient Satisfaction 4) Utilization</p> <p>\$2.9M paid for non-IHA QIP measures</p> <p>Other Incentive Programs:</p> <p>1) Pharmacy Incentive Program – \$5 M 2) Hospital and Other Incentive Programs – \$4.2 M 3) Cap Guarantee – \$0.4 M 3) Mammography Program – \$0.4 M 4) Generic Pharmacy Incentive Program – \$0.5 M</p> <p>\$10.5 M paid in 2006 for total non-QIP incentive program</p>	<p>Four “administrative quality data” metrics, equally weighted</p> <p>1) % of PCP practices open to new WHA members</p> <p>2) encounter data submission timeliness and completeness</p> <p>3) Timeliness of notification of physician terminations</p> <p>4) % of eligible members enrolled in Q-Med disease management program</p> <p>\$50,628 paid in 2006</p> <p>Attaining NCQA’s Diabetes Physician Recognition Award earns up to 10% credit toward any deficit in other measures</p>

**USE OF AGGREGATED DATASET
For California Commercial HMO and POS
For 2005 Measurement Year (2006 payout)**

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

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.