Med-QUEST Division
2026 Pay-for-Performance Hospital Quality Program
January 23, 2026

Med-QUEST Division, DHS

Caveats and Limitations

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Agenda

1. Hospital P4P Program Background
2. 2026 Hospital P4P Program Key Changes Memorandum Overview
3. 2026 Hospital P4P Measures
4. Next Steps
5. Q&A

HOSPITAL P4P
PROGRAM BACKGROUND

MQD Quality Strategy Goals & Objectives

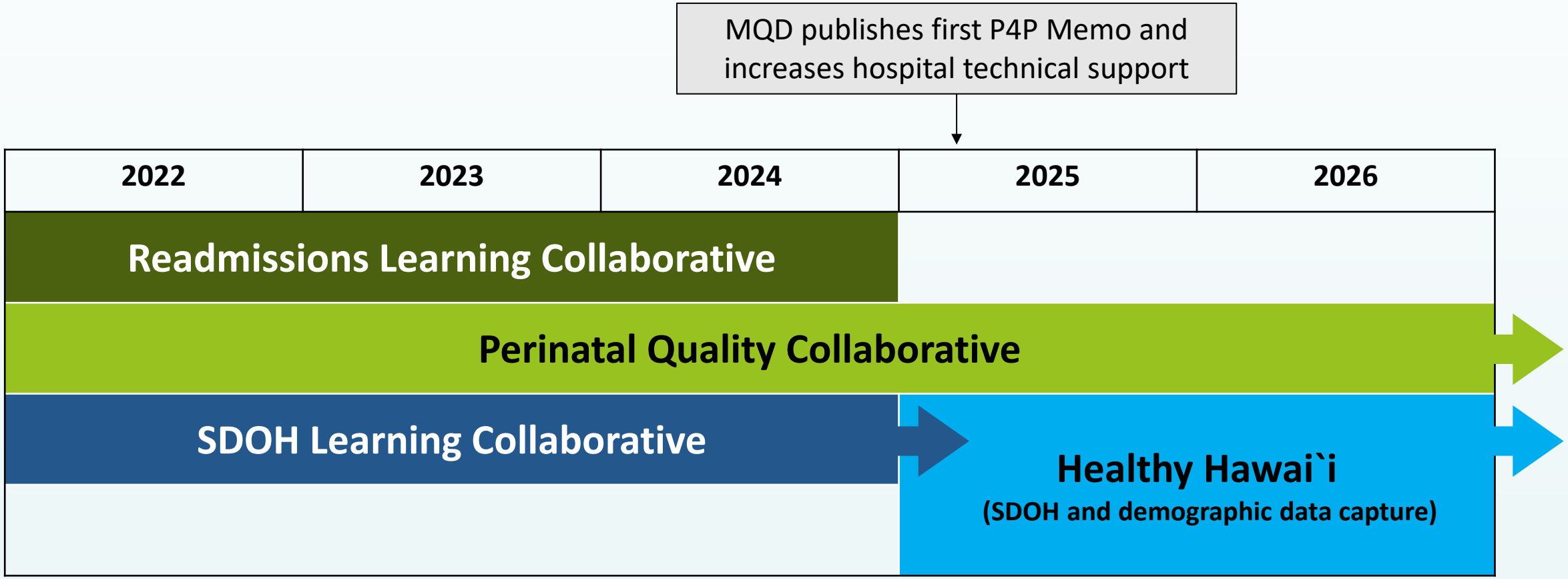
As required by federal regulations, hospital state directed payments are expected to advance specific goals and objectives from Med-QUEST Division's (MQD's) Hawai'i Quality Strategy.

New federal rules reflect increased scrutiny of state-directed payments and emphasis on quality improvement.

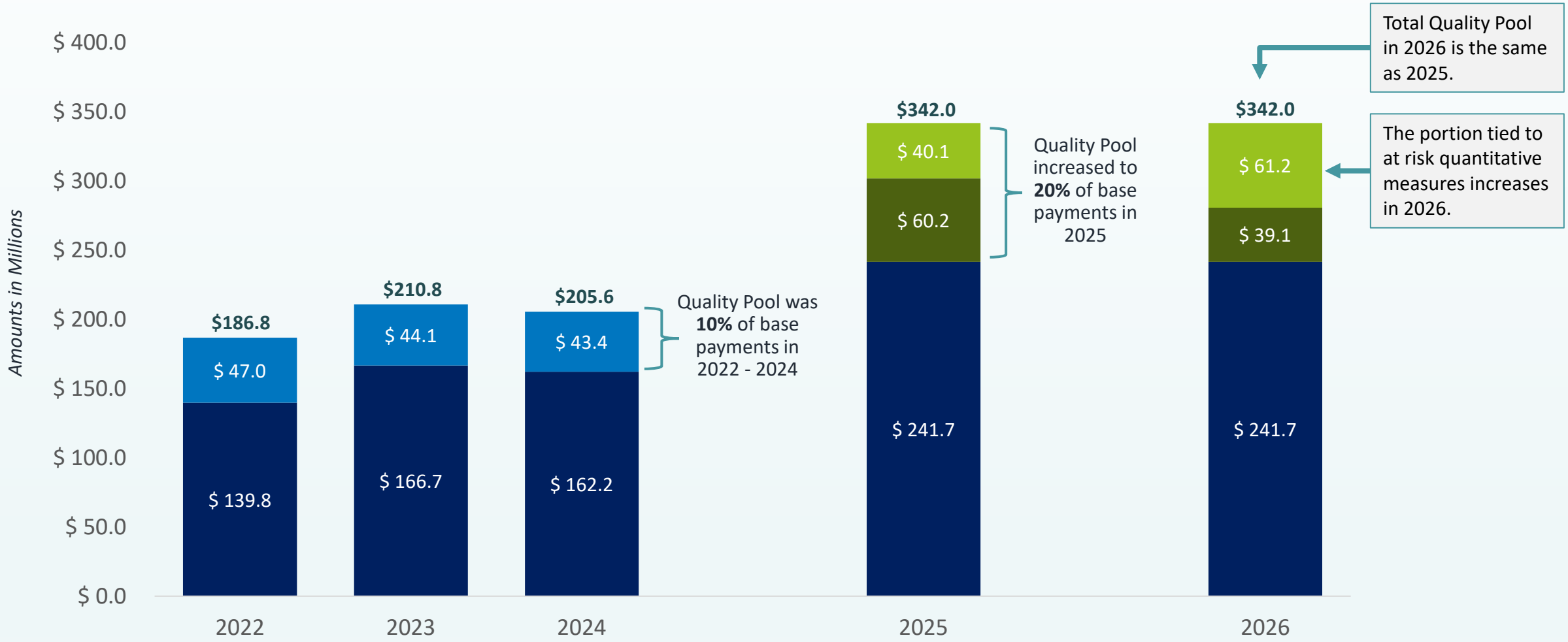
CMS expects performance on quality measures to improve over time.

Sources: 42 CFR 438.6(c)(2)(ii)(C); Quality Strategy

Hospital P4P Program Collaborative Work History



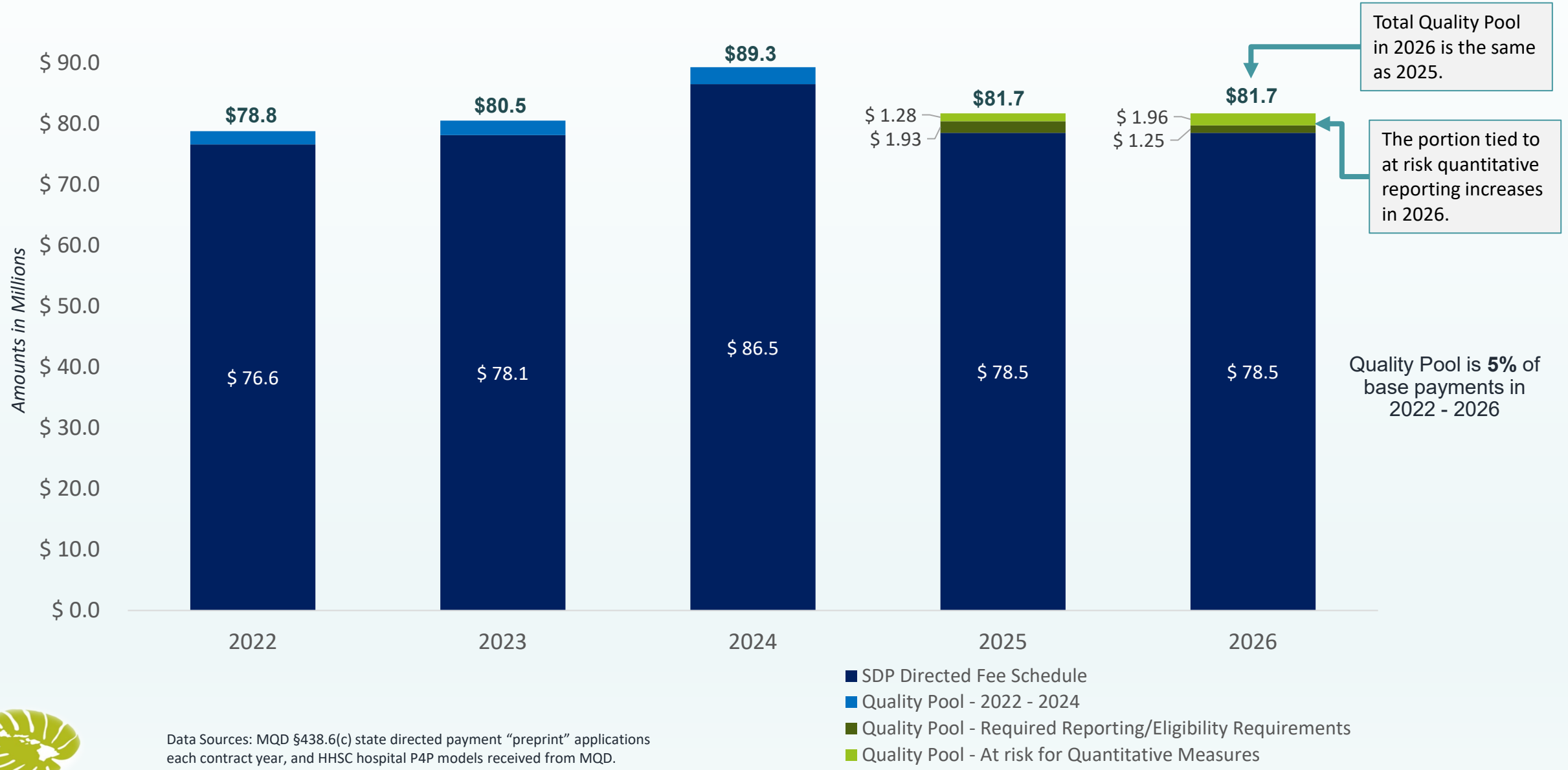
Private Hospital Access and Quality Pool



*Quality Pool Payments 2022 – 2024 had some dollars at risk for quantitative measures, variable by hospital. For example, a private hospital with OB had 6% of the hospitals' 2024 quality pool at risk based on performance on a measure related to ED utilization (20% of pool with a measure specific floor of 70%.)

Data Sources: MQD §438.6(c) state directed payment "preprint" applications each contract year, and HHSC hospital P4P models received from MQD.

HHSC Hospital Directed Payments and Quality Pool



Data Sources: MQD §438.6(c) state directed payment "preprint" applications each contract year, and HHSC hospital P4P models received from MQD.

MQD's Hospital P4P 2026 Development Process

August 2025	November 2025	December 2025	Today
Preliminary 2026 proposal shared with HAH	MQD hosted a series of workgroup meetings with hospitals to discuss the proposal and receive feedback	A draft of the 2026 memo reflecting hospital input to date was shared with hospitals on December 22nd, 2025	Review the memo with hospitals and receive final input before issuing a final memo

Med-QUEST Division

2026 HOSPITAL P4P PROGRAM MEMORANDUM KEY CHANGES OVERVIEW

Measure Specific Eligibility Requirements

Hospitals must complete specified activities during the year to be eligible for performance payments for measures with eligibility requirements.

Measure	Eligibility Requirements
1. Reducing ED Visits for Medicaid Managed Care Members with 4 or more visits	No
2. Reduce Hospital-Wide Readmission Rates for Medicaid Managed Care Members	No
3. OP-18 Time from ED Admit to Discharge	No
4. Hawai`i AIM: Percent of Pregnant and Postpartum People with SUD who Received or Were Referred to Recovery Treatment Services (NEW)	**Yes**
5. Healthy Hawai`i: HRSN Screening Rate	**Yes**
6. Measures Specific to Rehab Hospital	**Yes**
7. Safe Use of Opioids - Concurrent Prescribing	No

Correction

Interim Payments Requirements

To receive an interim payment a hospital must meet specified milestones.
If a hospital does not meet these milestones, interim payments will be delayed.

First Interim Payment

Fall 2026

Completion of the following activities (if applicable to hospital type) by **August 31st, 2026**

- Submit baseline data for Measure 7 Safe Use of Opioids.
- Submit baseline data for Measure 4 Percent of Pregnant and Postpartum People with SUD who Received or Were Referred to Recovery Treatment Services.
- Submit two quarterly HRSN Supplemental Data Files as described in Measure 5.b.i.
- Completion of eligibility requirements 5.a.i and 5.a.ii by the prescribed deadline.

Second Interim Payment

Winter 2026/2027

Completion of the following activities (if applicable to hospital type) by **November 30th, 2026**

- Submit three quarterly HRSN Supplemental Data Files as described in Measure 5.b.i.
- Include REaL data in Q3 HRSN Supplemental Data File Submission as described in Measure 5.b.ii.

NOTE: Individual milestones may have deadlines that are earlier than the interim payment deadline. These milestone deadlines are set to ensure that a hospital is on track to meet all program requirements at the end of the year.

Other Key Changes

- Updated scoring methodology for Measure 1 ED Visits for hospitals that serve a higher percentage of people who screen positive for housing instability
- More measure details added to the memorandum
- Quantitative measure changes
  - Percent of Pregnant and Postpartum People with SUD who Received or were Referred for Recovery Treatment Services ***NEW***
  - Safe Use of Opioids – Concurrent Prescribing ***NEW***
  - HRSN Screening (Continuation of HRSN Collaborative Measures)

2026 HOSPITAL P4P MEASURES

Measure 1: Reduce ED Visits for Medicaid Managed Care Members with 4 or More ED Visits

Private and HHSC Hospitals with OB, Private and HHSC Hospitals without OB

- New alternate payment scale for hospitals with higher rates of housing insecurity
- Minor specification changes
- Data will be aggregated by HAH/Laulima and calculated by a vendor

Reporting Activity	Due Date	Delivered By	Data Source	Tied to Interim Payments
MP Q1 (1/1/26 - 3/31/26) & FFQP (4/1/2025 - 3/31/2026) Data Reporting	06/30/2026	HAH	DataGen	N
MP Q2 (4/1/26 - 6/30/26) & FFQP (7/1/2025 - 6/30/2026) Data Reporting	09/30/2026	HAH	DataGen	N
MP Q3 (7/1/26 - 9/30/26) & FFQP (10/1/2025 - 9/30/2026) Data Reporting	12/31/2026	HAH	DataGen	N
MP Q4 (10/1/26 - 12/31/26) & FFQP (1/1/2026 - 12/31/2026) Data Reporting	03/31/2027	HAH	DataGen	N
MP Annual (1/1/26 - 12/31/26) Data Reporting	03/31/2027	HAH	DataGen	N

Measure 1: Reduce ED Visits for Medicaid Managed Care Members with 4 or More ED Visits (2 of 2)

Private and HHSC Hospitals with OB, Private and HHSC Hospitals without OB

Hospitals with an adult housing insecurity rate that is equal to or greater than the median reported adult housing insecurity rate will earn payments based on an alternate rate sliding scale.

- The median housing insecurity rate will be determined using results from the 2025 HRSN supplemental data file.
- If 2025 results cannot be used, MQD will consider using the self-reported HRSN screening results reported to MQD for the 2024 program year.

Example Standard and Alternate Scale		
Standard 2026 Rate	**Alternate 2026 Rate**	**Payment**
35.0%	37.5%	0%
30.0%	32.5%	25%
25.0%	27.5%	50%
20.0%	22.5%	75%
15.0%	17.5%	100%
13.0%	15.5%	110%

Excerpt for illustration purposes - see memo for full scales

Measure 2: Reduce Hospital-Wide Readmission Rates for Medicaid Managed Care Members

Private and HHSC Hospitals with OB, Private and HHSC Hospitals without OB

- Minor specification changes.
- No change to target setting and payment methodology.
- Data will be aggregated by HAH/Laulima and calculated by a vendor.
- The Hospital Wide Readmission (HWR) measure will still be used for 2026. However, MQD will do parallel calculations using the Plan All Cause Readmissions (PCR) measure and possibly change in 2027.
- Rehab reporting will only be based on a companion measure.

Reporting Activity	Due Date	Delivered By	Data Source	Tied to Interim Payments
Q1 (01/1/26 - 03/31/26) Data Reporting	06/30/2026	HAH	DataGen	N
Q2 (04/1/26 - 06/30/26) Data Reporting	09/30/2026	HAH	DataGen	N
Q3 (07/1/26 - 09/30/26) Data Reporting	12/31/2026	HAH	DataGen	N
Q4 (10/1/26 - 12/31/26) Data Reporting	03/31/2027	HAH	DataGen	N
Annual Report (1/1/26 - 12/31/26) Data Reporting	03/31/2027	HAH	DataGen	N

Measure 3: OP-18 Time from ED Admit to Discharge

Private and HHSC Critical Access Hospitals

- Requires data specific to **Medicaid managed care** and a **calendar year measurement** period.
- Hospitals will report data to MQD.

Reporting Activity	Due Date	Delivered By	Data Source	Tied to Interim Payments
Annual (1/1/26 - 12/31/26) Data Reporting	03/31/2027	Hospitals	Hospitals	N

Measure 4: Hawai`i AIM: Percent of Pregnant and Postpartum People with SUD who Received or Were Referred to Recovery Treatment Services (1 of 2)

Private and HHSC Hospitals with OB

- New measure will be tracked and reported by hospitals.
- Measure will be specific to Medicaid Managed Care.

Reporting Activity	Due Date	Delivered By	Data Source	Tied to Interim Payments
Baseline (1/1/25 - 12/31/25) Data Reporting	08/31/26	Hospitals	Perinatal Quality Collaborative	Y - Fall 2026
Medicaid Data for Perinatal Bundles	03/31/27	Hospitals	Perinatal Quality Collaborative	N
CY 2026 Progress Report	03/31/27	Hospitals	Perinatal Quality Collaborative	N

Measure 4: Hawai`i AIM: Percent of Pregnant and Postpartum People with SUD who Received or Were Referred to Recovery Treatment Services (2 of 2)

Private and HHSC Hospitals with OB

Eligibility Requirements:

- 4.a: Hospitals must actively participate in **80%** of the Hawai'i Perinatal Quality Collaborative (PQC) meetings.
- 4.b: **Quarterly check-ins** with the PQC Program Manager to discuss any implementation challenges and success stories.
- 4.c: Submission of Medicaid data for the hemorrhage, hypertension, and care for pregnant/postpartum people with substance use disorder bundles.
  - Based on hospital feedback, postpartum discharge transition will no longer be required.
- 4.d: Hospitals must submit a CY 2026 progress summary report by **3/31/2027.**

- *If eligibility requirements **are met**, a hospital will earn 65%, 80% or 100% depending on 2026 Medicaid managed care performance.*
- *If eligibility requirements **are not met**, a hospital will earn 0% payment.*

Measure 5: Healthy Hawai`i: HRSN Screening Rate (1 of 3)

Private and HHSC Hospitals with OB, Private and HHSC Hospitals without OB, Critical Access Hospitals

- Measure is modified as compared to the specifications used in 2024
  - Members must have received **all 5 screenings** either during the reporting period, or **within 365 days** of the date of discharge (inpatient) or date of service (outpatient) to be included in the numerator.
- Rates will be calculated by MQD using the member level Hospital Supplemental Data Files that include HRSN screening results.

Measure 5: Healthy Hawai`i: HRSN Screening Rate (2 of 3)

Private and HHSC Hospitals with OB, Private and HHSC Hospitals without OB, Critical Access Hospitals

Eligibility Requirements

- 5.a.i – 5.a.v Activities related to IHI Health Equity Assessment.
- 5.b.i Submit four quarterly Hospital Supplemental Data Files that include HRSN screening results for housing, food, transportation, utilities, and safety.
- 5.b.ii Beginning in the 3rd quarter of 2026, include member level screening results for Race, Ethnicity, and Language (REaL) data.
    - MQD will review each hospitals Electronic Health Record (E.H.R.) system to confirm alignment with Office of Management and Budget (OMB) standards described in Appendix A (2025 and 2026.)

- *If eligibility requirements **are met**, a hospital will earn 65%, 75%, 85% or 100% depending on 2026 Medicaid managed care performance.*
- *If eligibility requirements **are not met**, a hospital will earn 0% payment.*

Measure 5: Healthy Hawai`i: HRSN Screening Rate (3 of 3)

Private and HHSC Hospitals with OB, Private and HHSC Hospitals without OB, Critical Access Hospitals

Reporting Activity	Due Date	Delivered By	Data Source	Tied to Interim Payments
5.a.i. Domain Selection	03/30/26	Hospitals	Hospitals	**Y - Fall 2026**
5.a.ii. Domain Element Implementation	03/30/26	Hospitals	Hospitals	**Y - Fall 2026**
5.a.iii. Domain and Element Data Reporting (5/1/26 - 12/31/26)	01/30/27	Hospitals	Hospitals	**N**
5.a.iv. Updated Roadmap	12/31/26	Hospitals	Hospitals	**N**
5.b.i Q1 (1/1/26 - 3/31/26) HRSN Data Reporting	04/30/26	Hospitals	Hospital EMR	**Y - Fall 2026**
5.b.i. Q2 (4/1/26 - 6/30/26) HRSN Data Reporting	07/30/26	Hospitals	Hospital EMR	**Y - Fall 2026**
5.b.ii. Q3 (7/1/26 - 9/30/26) HRSN Data Reporting w/ Appendix A & C REaL	11/02/26	Hospitals	Hospital EMR	**Y - Winter 2026/2027**
5.b.ii. Q4 (10/1/26 - 12/31/26) HRSN Data Reporting w/ Appendix A & C REaL	02/01/27	Hospitals	Hospital EMR	**Y - Winter 2026/2027**

Measure 6: Measures Specific to Rehab Hospital

Rehab Hospitals

- Measure 6 is similar to the measure in 2025 with some minor modifications.
- The main change is that the hospital must meet **all elements of eligibility requirements** in measures 5.a. and 5.b.ii. and readmissions reporting to earn any payment described above.
- Data submission should only include the Medicaid Managed Care population.

Reporting Activity	Due Date	Delivered By	Data Source	Tied to Interim Payments
Annual Report	3/31/2027	Hospitals	Hospitals	N

- *If eligibility requirements **are met**, a hospital will earn 50%, 75%, 100% or 110% depending on 2026 Medicaid managed care performance.*
- *If eligibility requirements **are not met**, a hospital will earn 0% payment.*

Measure 7: Safe Use of Opioids - Concurrent Prescribing

All Hospitals

- New measure for the 2026 P4P program.
- The goal is of this measure is to help reduce unintentional overdose deaths that can come from the prescribing of concurrent opioids or opioids and benzodiazepines.
- This measure applies to adult Medicaid managed care members (ages 18+) who receive opioids and/or benzodiazepines during an inpatient hospitalization.
- Hospitals will track this measure using their own EMR data specific to inpatient hospitalizations for their Medicaid managed care population (ages 18+).

Reporting Activity	Due Date	Delivered By	Data Source	Tied to Interim Payments
Baseline (1/1/25 - 12/31/25) Data Reporting	8/31/2026	Hospitals	Hospital EMR	Y - Fall 2026
Annual (1/1/26 - 12/31/26) Data Reporting	3/31/2026	Hospitals	Hospital EMR	N

Formal Requests for Exemptions/Exceptions

All Hospitals

Deadline Extensions (Eligibility-Based Measures)

- If a hospital cannot meet a specified deadline, it may request an extension of up to 90 days.
- Hospitals requesting an extension may experience a delay in final payments to confirm eligibility requirements are met.
- Extensions beyond 90 days may be considered in extenuating circumstances (e.g., natural disasters).
- Questions or requests: MQDCSO_Inquiries@dhs.hawaii.gov.

Exceptions / Exemptions

- Hospitals demonstrating good faith efforts may formally request exceptions or exemptions from specific requirements.
- Requests must be submitted using an MQD-provided template.
- Approval is at MQD's sole discretion and may include corrective actions to achieve compliance.
- Questions or requests: MQDCSO_Inquiries@dhs.hawaii.gov.

NEXT STEPS

Next Steps for 2026 Hospital P4P Program

January 2026

- MQD will review hospital feedback and issue a final memorandum
- MQD and HAH are working with DataGen to approve final specifications for Measures 1 (ED Visits) and 2 (Readmissions) in 2026

Ongoing

- Workgroup meetings focused on 2026 implementation, 2027 planning, and best practices learning series

QUESTIONS


Mahalo!