



STATE OF HAWAII  
**DEPARTMENT OF HUMAN SERVICES**


Med-QUEST Division  
Health Care Services Branch  
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October 26, 2022

MEMORANDUM

MEMO NO.  
QI-2220A  
[Replaces QI-2220]

TO: QUEST Integration (QI) Health Plans

FROM: Judy Mohr Peterson, PhD   
Med-QUEST Division Administrator

SUBJECT: MANAGED CARE ORGANIZATION PAY FOR PERFORMANCE GUIDANCE FOR MEASUREMENT YEARS 2021 AND 2022

This memo replaces QI-2220 which was issued on October 25, 2022.

The purpose of this memorandum is to provide guidance and description of mechanism through which health plan performance will be evaluated, scored, and final payments will be calculated for the Pay for Performance (P4P) program.

The P4P program will assess QUEST Integration Health plan performance on key Quality Improvement indicators for their associated Managed Care populations, as outlined in the QI Contract (RFP-MQD-2021-008).

The Health Plans will be measured in accordance with NCQA HEDIS timeframes. Withhold amounts will be calculated based on a percentage of premium for member months attributed to the health plan in the measurement year.

Tables 1 and 2 below show the P4P measures for Measurement Year (MY) 2021 and 2022 which were selected in alignment with Med-QUEST's Quality Improvement Strategy and relevance to the QUEST Integration managed care populations.

Type A Distribution applies to health plans with ABD membership less than 25 percent while Type B Distribution applies to health plans with ABD membership greater than or equal to 25 percent.

**Table 1 MY2021**

Measure	Specification	MY2021 (1 <sup>st</sup> Half)	MY2021 (1 <sup>st</sup> Half)	MY2021 (2 <sup>nd</sup> half)	MY2021 (2 <sup>nd</sup> half)
		Type A distribution	Type B distribution	Type A distribution	Type B distribution
Hemoglobin A1c Control for Patients With Diabetes —HbA1C Control (< 8.0%)	HEDIS	18.4%	26.4%	16.4%	23.6%
Follow-Up After Hospitalization for Mental Illness—7-Day Follow-Up	HEDIS	22.4%	22.4%	20.0%	20.0%
Prenatal and Postpartum Care—Timeliness of Prenatal Care	HEDIS	14.4%	14.4%	12.8%	12.8%
Prenatal and Postpartum Care—Postpartum Care	HEDIS	14.4%	14.4%	12.8%	12.8%
Well Child Visits in the First 30 Months of Life—6+ Visits in the First 15 months	HEDIS	22.4%	14.4%	20.0%	12.8%
Telehealth	State Defined	8.0%	8.0%	8.0%	8.0%
Vaccine Hesitancy	State Defined	----	----	10.0%	10.0%
<b>Total</b>		<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

The Telehealth and Vaccine Hesitancy measures will be scored using a simple “*pass or fail*” criteria. To satisfy the Telehealth measure, health plans are to submit one final report containing:

- A detailed narrative of what all plans have collectively achieved with regards to provider education and telehealth implementation through Q1 2022
- Telehealth utilization metrics for 2020 & 2021

To satisfy the Vaccine Hesitancy measure, health plans are to collaborate and develop a training module to provide education for primary care providers in addressing vaccine hesitancy to increase rates of COVID-19 and other vaccinations.

**Table 2 MY2022**

Measure	Specification	MY2022	MY2022
		Type A distribution	Type B distribution
Hemoglobin A1c Control for Patients With Diabetes—HbA1C Control (< 8.0%)	HEDIS	18.4%	26.4%
Follow-Up After Hospitalization for Mental Illness—7-Day Follow-Up	HEDIS	22.4%	22.4%
Prenatal and Postpartum Care—Timeliness of Prenatal Care	HEDIS	14.4%	14.4%
Prenatal and Postpartum Care—Postpartum Care	HEDIS	14.4%	14.4%
Well Child Visits in the First 30 Months of Life—6+ Visits in the First 15 months	HEDIS	22.4%	14.4%
Vaccine Hesitancy Training	State Defined	8.0%	8.0%
<b>Total</b>		<b>100%</b>	<b>100%</b>

For MY2022, Telehealth measure was removed, and health plans are to continue the work on Vaccine Hesitancy measure. To satisfy this measure, Kaiser health plan would need to have 100 PCP providers trained by the end of 2022. While Non-Kaiser health plans would need to have a combined 400 PCP providers trained by the end of 2022. (*PCPs are defined as all providers identified as PCPs for 10 or more Medicaid beneficiaries served by the MCO*).

**Methodology**

Measures will be scored based on ten milestones between a minimum performance standard and the performance measure target. Health plans will earn P4P funds based on achieving performance milestones until they meet or exceed the performance measure target. Please refer to Table 3 for a complete list of milestones and associated P4P values.

The minimum performance standard for HEDIS measures is the NCQA Medicaid Quality Compass 25<sup>th</sup> percentile. Scores below the 25<sup>th</sup> percentile will earn zero percent of the applicable P4P funds. The performance measure target for HEDIS measures is the NCQA Medicaid Quality Compass 75<sup>th</sup> percentile. Scores that meet or exceed the 75<sup>th</sup> percentile will earn 100 percent of the applicable P4P funds.

The version of NCQA’s Quality Compass used for target setting will be the version released by NCQA after the HEDIS performance measure submission is finalized on June 15<sup>th</sup>. (i.e., Measurement Year 2021 data is finalized on June 15<sup>th</sup> of 2022 and is used to create the Quality Compass data released in the Fall of 2022).

**High Performance Bonus for HEDIS Measures**

Two bonus milestones will be available for high performing plans with scores above the NCQA Quality Compass 75<sup>th</sup> percentile. Please refer to Table 3 for a complete list of milestones and P4P values. Please note that total earnings for all measures in the P4P program for a health plan cannot exceed 100 percent of the total program value. Bonus earnings above 100 percent of an individual measure’s value will be capped once a health plan cumulatively earns 100 percent of the total program value.

**Table 3**

MILESTONE	Performance Measure Scoring Criteria	Value Earned
Below Minimum	Score is below NCQA’s Quality Compass 25 <sup>th</sup> percentile	0%
1	Score meets or exceeds NCQA’s Quality Compass 25 <sup>th</sup> percentile	10%
2	Score meets or exceeds one third of the distance between NC	20%
3	Score meets or exceeds two thirds of the distance between NCQA’s Quality Compass 25 <sup>th</sup> percentile and 50 <sup>th</sup> percentile	30%
4	Score meets or exceeds NCQA’s Quality Compass 50 <sup>th</sup> percentile	40%
5	Score meets or exceeds one sixth of the distance between NCQA’s Quality Compass 50 <sup>th</sup> percentile and 75 <sup>th</sup> percentile	50%
6	Score meets or exceeds one third of the distance between NCQA’s Quality Compass 50 <sup>th</sup> percentile and 75 <sup>th</sup> percentile	60%
7	Score meets or exceeds on half of the distance between NCQA’s Quality Compass 50 <sup>th</sup> percentile and 75 <sup>th</sup> percentile	70%
8	Score meets or exceeds two thirds of the distance between NCQA’s Quality Compass 50 <sup>th</sup> percentile and 75 <sup>th</sup> percentile	80%
9	Score meets or exceeds five sixths of the distance between NCQA’s Quality Compass 50 <sup>th</sup> percentile and 75 <sup>th</sup> percentile	90%
10	Score meets or exceeds NCQA’s Quality Compass 75 <sup>th</sup> percentile	100%
11 (BONUS)	Score meets or exceeds one half the distance between NCQA’s Quality Compass 75 <sup>th</sup> percentile and 90 <sup>th</sup> percentile	110%
12 (BONUS)	Score meets or exceeds NCQA’s Quality Compass 90 <sup>th</sup> percentile	120%

### **Improvement Bonus for HEDIS Measures**

Health plans that make significant improvements in a measurement year may be eligible for bonus funding.

#### **Criteria for the Improvement Bonus**

1. The plan must achieve a score above the Minimum Performance Standard to be eligible.
  - a. Please refer to *Sample Calculations for HEDIS Measures: Scenario 1* for an example.
2. If a plan improves by the value of a full milestone from their prior year baseline, they will be awarded an additional 5 percent retention.
  - a. Please refer to *Sample Calculations for HEDIS Measures: Scenario 3* for an example.
3. If a plan improves by the value of two full milestone from their prior year baseline, they will be awarded an additional 10 percent retention. 10 percent is the maximum amount that can be earned as an Improvement Bonus for a single measure.
  - a. Please refer to *Sample Calculations for HEDIS Measures: Scenario 4* for an example.
4. The Improvement Bonus is capped when a health plan earns 100 percent of the measure's value. The Improvement Bonus cannot generate earnings above 100 percent of the measure's value.
  - a. Please refer to *Sample Calculations for HEDIS Measures: Scenario 5* for an example.

#### **Calculation of Milestones Improved**

1. Baseline Milestone - Determine the milestone of the baseline score (prior year) according to the current year targets.
2. Improvement Target
  - a. **5 Percent Bonus** - Determine the gap between the Baseline Milestone and the next higher milestone. This is the amount a plan must improve by to earn the 5 percent bonus.
    - i. Please refer to *Sample Calculations for HEDIS Measures: Scenario 3* for an example.
  - b. **10 Percent Bonus** - Determine the gap between the Baseline Milestone and the milestone 2 levels above. This is the amount a plan must improve by to earn the 10 percent bonus.
    - i. Please refer to *Sample Calculations for HEDIS Measures: Scenario 4* for an example.
  - c. Note: If the baseline score was below the Minimum Performance Standard, use the gap between Level 1 and Level 2 to determine the Improvement Target.

- Compare the number of percentage points improved over prior year to the Improvement Targets to determine if an Improvement Bonus was earned.

**Sample HEDIS Measure Calculations**

Scenario 1 – Low Score	
<b>Baseline Score:</b>	<b>28% (below Minimum)</b>
<b>Measurement Score:</b>	<b>37% (below Minimum)</b>
<b>Improvement:</b>	<b>9 percentage points</b>
<b>Improvement Bonus:</b>	<b>No</b>
<b>Total Earnings:</b>	<b>0%</b>
<b>Rationale:</b> While this health plan made a large improvement of 9 percentage points over the prior year, they did not achieve the minimum performance standard of 40% (HEDIS 25 <sup>th</sup> percentile). Therefore, no earnings were awarded for this measure.	

Scenario 2 – Small Improvement	
<b>Baseline Score:</b>	<b>57.1% (Level 6)</b>
<b>Measurement Score:</b>	<b>58.4% (Level 6)</b>
<b>Improvement:</b>	<b>1.3 percentage points</b>
<b>Improvement Bonus:</b>	<b>No</b>
<b>Total Earnings:</b>	<b>60%</b>
<b>Rationale:</b> This health plan improved by 1.3 percentage points over prior year and exceeded the Level 6 target earning 60 percent of the measure value. They did not improve enough to earn an improvement bonus (gap between level 6 and 7 was 2.5 points, improvement was only 1.3 points.)	

	Percentile	Milestone	Value
	<25th	<40.0%	0%
1	25th	40.0%	10%
2	1/3 gap to 50th	44.0%	20%
3	2/3 gap to 50th	48.0%	30%
4	50th	52.0%	40%
5	1/6 gap to 75th	54.5%	50%
6	2/6 gap to 75th	57.0%	60%
7	3/6 gap to 75th	59.5%	70%
8	4/6 gap to 75th	62.0%	80%
9	5/6 gap to 75th	64.5%	90%
10	75th	67.0%	100%
11	1/2 gap to 90th	75.1%	110%
12	90th	83.2%	120%

	Percentile	Milestone	Value
	<25th	<40.0%	0%
1	25th	40.0%	10%
2	1/3 gap to 50th	44.0%	20%
3	2/3 gap to 50th	48.0%	30%
4	50th	52.0%	40%
5	1/6 gap to 75th	54.5%	50%
6	2/6 gap to 75th	57.0%	60%
7	3/6 gap to 75th	59.5%	70%
8	4/6 gap to 75th	62.0%	80%
9	5/6 gap to 75th	64.5%	90%
10	75th	67.0%	100%
11	1/2 gap to 90th	75.1%	110%
12	90th	83.2%	120%

<b>Scenario 3 – Improvement Bonus</b>	
<b>Baseline Score:</b>	<b>45.2% (Level 2)</b>
<b>Measurement Score:</b>	<b>49.7% (Level 3)</b>
<b>Improvement:</b>	<b>4.5 percentage points</b>
<b>Improvement Bonus:</b>	<b>5%</b>
<b>Total Earnings:</b>	<b>35% (30% + 5% bonus)</b>
<p><b>Rationale:</b> This health plan improved by 4.5 percentage points over prior year and exceeded the Level 3 target earning 30 percent of the measure value. They also earned a 5 percent improvement bonus for improving more than the value of 1 milestone (gap between level 2 and 3 was 4 points, improvement was 4.5 points.)</p>	
<b>Scenario 4 – Max Improvement Bonus</b>	
<b>Baseline Score:</b>	<b>49.0% (Level 3)</b>
<b>Measurement Score:</b>	<b>57.1% (Level 6)</b>
<b>Improvement:</b>	<b>8.1 percentage points</b>
<b>Improvement Bonus:</b>	<b>10%</b>
<b>Total Earnings:</b>	<b>70% (60% + 10% bonus)</b>
<p><b>Rationale:</b> This health plan improved by 8.1 percentage points over prior year and exceeded the Level 6 target earning 60 percent of the measure value. They also earned the maximum improvement bonus of 10 percent for improving more than the value of 2 milestone (gap between level 3 and 5 was 6.5 points, improvement was 8.1 points.)</p>	

	<b>Percentile</b>	<b>Milestone</b>	<b>Value</b>
	<25th	<40.0%	0%
1	25th	40.0%	10%
2	1/3 gap to 50th	44.0%	20%
3	2/3 gap to 50th	48.0%	30%
4	50th	52.0%	40%
5	1/6 gap to 75th	54.5%	50%
6	2/6 gap to 75th	57.0%	60%
7	3/6 gap to 75th	59.5%	70%
8	4/6 gap to 75th	62.0%	80%
9	5/6 gap to 75th	64.5%	90%
10	75th	67.0%	100%
11	1/2 gap to 90th	75.1%	110%
12	90th	83.2%	120%
	<b>Percentile</b>	<b>Milestone</b>	<b>Value</b>
	<25th	<40.0%	0%
1	25th	40.0%	10%
2	1/3 gap to 50th	44.0%	20%
3	2/3 gap to 50th	48.0%	30%
4	50th	52.0%	40%
5	1/6 gap to 75th	54.5%	50%
6	2/6 gap to 75th	57.0%	60%
7	3/6 gap to 75th	59.5%	70%
8	4/6 gap to 75th	62.0%	80%
9	5/6 gap to 75th	64.5%	90%
10	75th	67.0%	100%
11	1/2 gap to 90th	75.1%	110%
12	90th	83.2%	120%

Scenario 5 – Achieved Performance Target	
<b>Baseline Score:</b>	<b>62.5% (Level 8)</b>
<b>Measurement Score:</b>	<b>67.6% (Level 10)</b>
<b>Improvement:</b>	<b>5.1 percentage points</b>
<b>Improvement Bonus:</b>	<b>No</b>
<b>Total Earnings:</b>	<b>100%</b>
<p><b>Rationale:</b> This health plan improved by 5.1 percentage points over prior year and exceeded the Level 10 target earning 100 percent of the measure value. They did not earn an improvement bonus despite improving more than the value of 2 milestones because the improvement bonus is capped at 100 percent.</p>	
Scenario 6 – High Performance	
<b>Baseline Score:</b>	<b>65.6% (Level 9)</b>
<b>Measurement Score:</b>	<b>75.7% (Level 6)</b>
<b>Improvement:</b>	<b>10.1 percentage points</b>
<b>Improvement Bonus:</b>	<b>No</b>
<b>Total Earnings:</b>	<b>110%</b>
<p><b>Rationale:</b> This health plan improved by 10.1 percentage points over prior year and exceeded the Level 11 target earning 110 percent of the measure value. They were not eligible for an improvement bonus despite their large improvement because the improvement bonus is capped at 100 percent.</p>	

	Percentile	Milestone	Value
	<25th	<40.0%	0%
1	25th	40.0%	10%
2	1/3 gap to 50th	44.0%	20%
3	2/3 gap to 50th	48.0%	30%
4	50th	52.0%	40%
5	1/6 gap to 75th	54.5%	50%
6	2/6 gap to 75th	57.0%	60%
7	3/6 gap to 75th	59.5%	70%
8	4/6 gap to 75th	62.0%	80%
9	5/6 gap to 75th	64.5%	90%
10	75th	67.0%	100%
11	1/2 gap to 90th	75.1%	110%
12	90th	83.2%	120%
	Percentile	Milestone	Value
	<25th	<40.0%	0%
1	25th	40.0%	10%
2	1/3 gap to 50th	44.0%	20%
3	2/3 gap to 50th	48.0%	30%
4	50th	52.0%	40%
5	1/6 gap to 75th	54.5%	50%
6	2/6 gap to 75th	57.0%	60%
7	3/6 gap to 75th	59.5%	70%
8	4/6 gap to 75th	62.0%	80%
9	5/6 gap to 75th	64.5%	90%
10	75th	67.0%	100%
11	1/2 gap to 90th	75.1%	110%
12	90th	83.2%	120%

**P4P Payment Calculations**

Once the measures are scored for the measurement period, the measures are weighted to determine the value of each measure as a percentage of the total P4P program value for a health plan. A weight will be assigned to each measure to determine its value relative to the total value of the P4P program.



Weighting are based on the number of measures and the percent of ABD members in a health plan’s total population. The intent is to align the P4P program more closely to the population served by the health plan. Health plans with a Percent of ABD Membership less than 25 percent will have additional weight on the child specific measures, and health plans with a Percent of ABD Membership greater than or equal to 25 percent will have additional weight shifted to chronic conditions measures.

P4P earnings are calculated according to the following steps:

1. Score each measure according to the milestone and improvement bonus methodologies
2. Apply the appropriate weight to each measure based on Percent of ABD Membership and number of measures in the measurement period.
3. Add the weighted value of each measure together into a total percentage earned for the measurement period.
4. Multiply the total percentage earned by the P4P withhold amount to determine total earnings.

**Milestone Calculations for HEDIS Measures**

Table 4 contains the equations for calculating the ten P4P milestones and two bonus milestones for HEDIS measures.

**Table 4— HEDIS Milestone Calculations**

Milestone	Performance Measure Scoring Criteria	Milestone Calculation
1	Score meets or exceeds NCQA’s Quality Compass 25 <sup>th</sup> percentile	= 25 <sup>th</sup> Percentile
2	Score meets or exceeds one third of the distance between NCQA’s Quality Compass 25 <sup>th</sup> percentile and 50 <sup>th</sup> percentile	$= 25th + (1 \times \frac{(50th - 25th)}{3})$
3	Score meets or exceeds two thirds of the distance between NCQA’s Quality Compass 25 <sup>th</sup> percentile and 50 <sup>th</sup> percentile	$= 25th + (2 \times \frac{(50th - 25th)}{3})$
4	Score meets or exceeds NCQA’s Quality Compass 50 <sup>th</sup> percentile	= 50 <sup>th</sup> Percentile
5	Score meets or exceeds one sixth of the distance between NCQA’s Quality Compass 50 <sup>th</sup> percentile and 75 <sup>th</sup> percentile	$= 50th + (1 \times \frac{(75th - 50th)}{6})$
6	Score meets or exceeds one third of the distance between NCQA’s Quality Compass 50 <sup>th</sup> percentile and 75 <sup>th</sup> percentile	$= 50th + (2 \times \frac{(75th - 50th)}{6})$
7	Score meets or exceeds on half of the distance between NCQA’s Quality Compass 50 <sup>th</sup> percentile and 75 <sup>th</sup> percentile	$= 50th + (3 \times \frac{(75th - 50th)}{6})$

Milestone	Performance Measure Scoring Criteria	Milestone Calculation
8	Score meets or exceeds two thirds of the distance between NCQA's Quality Compass 50 <sup>th</sup> percentile and 75 <sup>th</sup> percentile	$= 50th + \left( 4 \times \frac{(75th - 50th)}{6} \right)$
9	Score meets or exceeds five sixths of the distance between NCQA's Quality Compass 50 <sup>th</sup> percentile and 75 <sup>th</sup> percentile	$= 50th + \left( 5 \times \frac{(75th - 50th)}{6} \right)$
10	Score meets or exceeds NCQA's Quality Compass 75 <sup>th</sup> percentile	$= 75th \text{ Percentile}$
11 (Bonus)	Score meets or exceeds one half the distance between NCQA's Quality Compass 75 <sup>th</sup> percentile and 90 <sup>th</sup> percentile	$= 75th + \left( 1 \times \frac{(90th - 75th)}{2} \right)$
12 (Bonus)	Score meets or exceeds NCQA's Quality Compass 90 <sup>th</sup> percentile	$= 90th \text{ Percentile}$

If you have any questions, please contact Mr. Jon Fujii, Health Care Services Branch Administrator by email at [jfujii@dhs.hawaii.gov](mailto:jfujii@dhs.hawaii.gov).