



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

Med-QUEST Division
Health Care Services Branch
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October 31, 2022

MEMORANDUM

MEMO NO.
QI-2221

TO: QUEST Integration (QI) Health Plans

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

SUBJECT: MANAGED CARE ORGANIZATION (MCO) PAY FOR PERFORMANCE GUIDANCE FOR MEASUREMENT YEAR 2023 AND MEASUREMENT YEAR 2026

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 MCO Pay for Performance (P4P) program.

The P4P measures were selected in alignment with Med-QUEST's Quality Improvement Strategy and relevance to the QUEST Integration managed care populations. MQD reserves the right to update or change the measure list as well as the number of total measures included in the P4P program due to measure revisions or retirements, as strategic priorities change, or as statewide performance goals for measures are reached.

Table 1 displays the performance measures included in the P4P program starting MY2023. Please note the following important elements of this list:

- There will be one or more annual process measures announced by Med-QUEST prior to the start of each measurement year, starting MY2024.
- There will be one or more Long Term Services and Supports (LTSS) measures incorporated into the P4P program starting in MY 2023.

Table 1— P4P Performance Measures

Measure	Specification
Hemoglobin A1c Control for Patients With Diabetes —HbA1C Control (< 8.0%)	HEDIS
Follow-Up After Hospitalization for Mental Illness—7-Day Follow-Up	HEDIS
Prenatal and Postpartum Care—Timeliness of Prenatal Care	HEDIS
Prenatal and Postpartum Care—Postpartum Care	HEDIS
Well Child Visits in the First 30 Months of Life—6+ Visits in the First 15 months	HEDIS
Process Measure - To Be Announced Annually*	TBD
Plan All-Cause Readmissions—O/E Ratio	HEDIS
Childhood Immunization Status—Combination 3	HEDIS
Child and Adolescent Well-Care Visits—Total	HEDIS
Asthma Medication Ratio—Total	HEDIS
Long-Term Services and Supports (LTSS) Comprehensive Care Plan and Update—Core Elements	HEDIS

*Process Measure will be added to the P4P program starting Measurement Year 2024. Med-QUEST will announce the details of this measure prior to the start of the measurement year.

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.

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 2 for a complete list of milestones and associated P4P values.

Performance Targets for HEDIS Measures

The minimum performance standard for HEDIS measures is the NCQA Quality Compass 25th percentile. Scores below the 25th percentile will earn zero percent of the applicable P4P funds.

The performance measure target for HEDIS measures is the NCQA Quality Compass 75th percentile. Scores that meet or exceed the 75th 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 15th. (i.e., Measurement Year

2021 data is finalized on June 15th of 2022 and is used to create the Quality Compass data released in the Fall of 2022.)

If NCQA Quality Compass benchmarks are not available for a P4P measure, Med-QUEST will provide an alternate set of performance targets for evaluating P4P achievement.

Performance Targets for Non-HEDIS and Custom Measures

Non-HEDIS or custom performance measures are chosen annually and subject to change. The measure details, specifications, minimum performance standard and performance measure target will be published annually by Med-QUEST in a separate memo for each measurement year.

High Performance Bonus for HEDIS Measures

Two bonus milestones will be available for high performing plans with scores above the NCQA Quality Compass 75th percentile. Please refer to Table 2 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 2 – P4P Performance Measure Scoring

Milestone	Performance Measure Scoring Criteria	Value Earned
Below Minimum	Score is below NCQA's Quality Compass 25 th percentile	0%
1	Score meets or exceeds NCQA's Quality Compass 25 th percentile	10%
2	Score meets or exceeds one third of the distance between NCQA's Quality Compass 25 th percentile and 50 th percentile	20%
3	Score meets or exceeds one third of the distance between NCQA's Quality Compass 25 th percentile and 50 th percentile	30%
4	Score meets or exceeds NCQA's Quality Compass 50 th percentile	40%
5	Score meets or exceeds one sixth of the distance between NCQA's Quality Compass 50 th percentile and 75 th percentile	50%
6	Score meets or exceeds one sixth of the distance between NCQA's Quality Compass 50 th percentile and 75 th percentile	60%
7	Score meets or exceeds one half of the distance between NCQA's Quality Compass 50 th percentile and 75 th percentile	70%
8	Score meets or exceeds two thirds of the distance between NCQA's Quality Compass 50 th percentile and 75 th percentile	80%
9	Score meets or exceeds five sixth of the distance between NCQA's Quality Compass 50 th percentile and 75 th percentile	90%
10	Score meets or exceeds NCQA's Quality Compass 75 th percentile	100%
11 (Bonus)	Score meets or exceeds one half of the distance between NCQA's Quality Compass 75 th percentile and 90 th percentile	110%
12 (Bonus)	Score meets or exceeds NCQA's Quality Compass 90 th 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.
3. 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	
Baseline Score:	28% (below Minimum)
Measurement Score:	37% (below Minimum)
Improvement:	9 percentage points
Improvement Bonus:	No
Total Earnings:	0%
<p>Rationale: 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 25th percentile). Therefore, no earnings were awarded for this measure.</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%

Scenario 2 – Small Improvement	
Baseline Score:	57.1% (Level 6)
Measurement Score:	58.4% (Level 6)
Improvement:	1.3 percentage points
Improvement Bonus:	No
Total Earnings:	60%
<p>Rationale: 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.)</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%

Scenario 3 – Improvement Bonus	
Baseline Score:	45.2% (Level 2)
Measurement Score:	49.7% (Level 3)
Improvement:	4.5 percentage points
Improvement Bonus:	5%
Total Earnings:	35% (30% + 5% bonus)
<p>Rationale: 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>	
Scenario 4 – Max Improvement Bonus	
Baseline Score:	49.0% (Level 3)
Measurement Score:	57.1% (Level 6)
Improvement:	8.1 percentage points
Improvement Bonus:	10%
Total Earnings:	70% (60% + 10% bonus)
<p>Rationale: 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>	
Scenario 5 – Achieved Performance Target	
Baseline Score:	62.5% (Level 8)
Measurement Score:	67.6% (Level 10)
Improvement:	5.1 percentage points
Improvement Bonus:	No
Total Earnings:	100%
<p>Rationale: 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>	

	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%

	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%

Scenario 6 – High Performance	
Baseline Score:	65.6% (Level 9)
Measurement Score:	75.7% (Level 11)
Improvement:	10.1 percentage points
Improvement Bonus:	No
Total Earnings:	110%
Rationale: 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.	

	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 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. If any measures are not applicable for the entire measurement year, the measure year will be divided into sections based on the number of measures applicable to that timeframe and calculated separately. Then the P4P earnings for each timeframe are added together at the end of the calculation process to determine the total annual earnings.

Measure Weighting

A weight will be assigned to each measure to determine its value relative to the total value of the P4P program. Weighting is 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 (Type A distribution) will have additional weight on the child specific measures. While health plans with a Percent of ABD Membership greater than or equal to 25 percent (Type B distribution) will have additional weight shifted to chronic conditions measures.

$$\text{Percent of ABD Membership} = \frac{\text{ABD Member Months}}{\text{Total Member Months}}$$

Final P4P Earnings Determination

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

Conditional Methodology

Conditional methodology is designed to mitigate potential situations and challenges that could disrupt the P4P program. These extra methodologies only apply when the scenarios they are designed to mitigate are encountered.

Performance Measure Changes

Med-QUEST intends for this P4P methodology to remain in force for multiple years to streamline the P4P program and minimize delays in release of methodology, program participation, and results calculations. However, there are scenarios where Med-QUEST may opt to change one or more of the measures in the P4P program.

Conditions for changing P4P measures

1. A measure is no longer available due to reasons including retirement by the measure steward, changes in methodology, changes in clinical guidelines, or changes in healthcare policy and practice.
2. A measure is no longer appropriate for the P4P program due to reasons including changes in methodology, changes in clinical guidelines, or changes in healthcare policy and practice.
3. Health plans are performing well collectively on a measure and have resolved the health concerns or improved the health outcomes the measure was selected to address.
4. A measure no longer meets the needs of the Med-QUEST Quality Improvement Strategy.
5. A new measure that better meets the needs of the Med-QUEST Quality Improvement Strategy is identified.
6. A public health emergency and/or other emergency event has taken place, and this caused a measure(s) to no longer be appropriate for the P4P program, or a new or alternate measure(s) was identified as a priority.

Alternate Measures

Med-QUEST will attempt to make needed measure changes prior to October 20th of the year prior to the Measurement Year. If a measure must be replaced during an active P4P program due to unforeseen circumstances, Med-QUEST has identified several backup measures that would be used to fulfill the program.

1. Immunizations for Adolescents (IMA) – Combination 2
2. Cervical Cancer Screening
3. Concurrent Use of Opioids and Benzodiazepines

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 th percentile	= 25 th Percentile
2	Score meets or exceeds one third of the distance between NCQA's Quality Compass 25 th percentile and 50 th percentile	$= 25th + (1 \times \frac{(50th - 25th)}{3})$
3	Score meets or exceeds two thirds of the distance between NCQA's Quality Compass 25 th percentile and 50 th percentile	$= 25th + (2 \times \frac{(50th - 25th)}{3})$
4	Score meets or exceeds NCQA's Quality Compass 50 th percentile	= 50 th Percentile
5	Score meets or exceeds one sixth of the distance between NCQA's Quality Compass 50 th percentile and 75 th percentile	$= 50th + (1 \times \frac{(75th - 50th)}{6})$
6	Score meets or exceeds one third of the distance between NCQA's Quality Compass 50 th percentile and 75 th percentile	$= 50th + (2 \times \frac{(75th - 50th)}{6})$
7	Score meets or exceeds on half of the distance between NCQA's Quality Compass 50 th percentile and 75 th percentile	$= 50th + (3 \times \frac{(75th - 50th)}{6})$
8	Score meets or exceeds two thirds of the distance between NCQA's Quality Compass 50 th percentile and 75 th percentile	$= 50th + (4 \times \frac{(75th - 50th)}{6})$
9	Score meets or exceeds five sixths of the distance between NCQA's Quality Compass 50 th percentile and 75 th percentile	$= 50th + (5 \times \frac{(75th - 50th)}{6})$
10	Score meets or exceeds NCQA's Quality Compass 75 th percentile	= 75 th Percentile

11 (Bonus)	Score meets or exceeds one half the distance between NCQA's Quality Compass 75 th percentile and 90 th percentile	$= 75th + (1 \times \frac{(90th - 75th)}{2})$
12 (Bonus)	Score meets or exceeds NCQA's Quality Compass 90 th percentile	$= 90th \text{ Percentile}$

If you have any questions, please contact Mr. Jon Fujii, Health Care Services Branch Administrator via email at jfujii@dhs.hawaii.gov.