

Project Overview

The Virginia Department of Medical Assistance Services (DMAS) contracted with Health Services Advisory Group, Inc. (HSAG) to establish and implement a scoring mechanism, and calculate scores for the managed care Performance Incentive Awards (PIA) Program. For the PIA, Managed Care Organizations' (MCOs') performance will be evaluated on three administrative measures and three Health Care Effectiveness Data and Information Set (HEDIS[®]) measures.¹ HSAG is responsible for collecting MCOs' validated administrative and audited HEDIS measure rates, deriving PIA scores for each measure, and calculating the quality awards or penalties for each MCO. The following sections provide the PIA calculation methodology for the pilot year. This methodology incorporates measure scoring guidelines presented in the *Virginia Medicaid and FAMIS Performance Incentive Awards (PIA) Program Technical Specifications, Version 1.0*.

Performance Measures

DMAS selected the following three administrative measures for the PIA program:

- ◆ Assessments of Foster Care Population
- ◆ MCO Claims Processing
- ◆ Monthly Reporting Timeliness and Accuracy

DMAS selected the following three HEDIS measures for the PIA program:

- ◆ Child Immunization Status – Combination 3
- ◆ Controlling High Blood Pressure
- ◆ Timeliness of Prenatal Care

Population

The PIA will assess MCOs' performance based on both the Virginia Family Access to Medical Insurance Security (FAMIS) and Medallion 3.0 populations. The PIA results and the measure rates used to derive the PIA results will be combined for the FAMIS and Medallion 3.0 programs.

¹ HEDIS[®] is a registered trademark of the National Committee for Quality Assurance (NCQA).

Performance Period

In 2015, measurement rates will serve as informational data only (i.e., the MCOs will not be subject to quality awards or penalties). Table 1 summarizes the measurement periods for each PIA measure in fiscal year (FY) 2015 (i.e., July 1, 2014 – June 30, 2015).

Table 1—PIA Measurement Periods for Pilot Year (FY 2015)	
Measure	Measurement Period
Administrative Measures	
Assessments of Foster Care Population	July 1, 2014 – June 30, 2015
MCO Claims Processing	
Monthly Report Timeliness and Accuracy	
HEDIS Measures	
Childhood Immunization Status – Combination 3	January 1, 2014 – December 31, 2014
Controlling High Blood Pressure	
Timeliness of Prenatal Care	

Data Collection

Administrative Measures

HSAG is responsible for validating two administrative PIA measures: Assessments of Foster Care Population and MCO Claims Processing. DMAS is responsible for validating the third administrative measure, Monthly Reporting Timeliness and Accuracy. HSAG will perform validation in accordance with the External Quality Review Organization (EQRO) protocol for performance measure validation (PMV), which HSAG performs under Task G.2 (Performance Incentive Measures Validation). Following validation, HSAG will provide the true audited rates for two administrative measures to DMAS.

HEDIS Measures

The HEDIS Interactive Data Submission System (IDSS) files for the HEDIS measure rates for the PIA calculation will be audited as required by the National Committee for Quality Assurance (NCQA). The auditor-locked IDSS files containing the HEDIS measure rates will be provided to HSAG by the MCOs.

PIA Calculation

The following sections provide a detailed description and examples of the PIA scoring and funds allocation models. In the Appendix, a flow diagram is provided to illustrate this process.

Scoring Model

With receipt of validated administrative and audited HEDIS measure rates, each measure will be scored and weighted appropriately prior to calculating the quality awards or penalties for each MCO. Measure rates with a “Reportable (R)” audit result (i.e., the plan produced a reportable rate for the measure in alignment with the technical specifications) will be included in the PIA calculation. Measure rates with a “Not Reportable (NR)” audit result (i.e., the plan produced a rate that was materially biased, or the plan chose not to report the measure) will receive a score of 0. Only MCOs that have enough members for reporting HEDIS scores to NCQA will be included in the PIA.

For HEDIS measures, the MCO’s score from the HEDIS IDSS file will be compared to national Medicaid percentile scores obtained from Quality Compass. If an MCO does not have a sufficient number of members in the denominator (i.e., 30 members) reported for any of the three HEDIS measures, the MCO will not be included in the PIA. However, if an MCO’s HEDIS rates are not included in the PIA calculation, the administrative measures will still be subject to PMV.

Measure Scoring

Table 2 presents the possible scores for each PIA administrative measure based on MCOs’ performance. Exact percentages will be used with no rounding, and no scores will be dropped.

Table 2—PIA Administrative Measure Scoring	
Criteria	Score
Assessments of Foster Care Population	
MCO final annual percentage \geq 85%	3
MCO final annual percentage \geq 60% and $<$ 85%	2
MCO final annual percentage \geq 40% and $<$ 60%	1
MCO final annual percentage $<$ 40%	0
MCO Claims Processing	
Monthly Rate (for each numerator calculation)	
MCO percent of claims processed within 30 days from receipt \geq 90%	1
MCO percent of claims processed within 90 days from receipt \geq 99%	1
MCO percent of claims processed over 365 days from receipt = 0%	1
Annual Rate	
MCO meets all standards for every month (i.e., 36 total) during the annual reporting period	3
MCO meets between 33 and 35 standards (out of 36 total) during the annual reporting period	2
MCO meets between 30 and 32 standards (out of 36 total) during the annual reporting period	1

Table 2—PIA Administrative Measure Scoring	
Criteria	Score
MCO meets fewer than 30 standards (out of 36 total) during the annual reporting period	0
Monthly Report Timeliness and Accuracy*	
MCO annual average is ≥ 91	3
MCO annual average is ≥ 81 and < 91	2
MCO annual average is ≥ 71 and < 81	1
MCO annual average is < 71	0
*Please note, this measure does not require HSAG validation. HSAG will obtain the scoring results from DMAS.	

Table 3 presents the possible scores for each PIA HEDIS measure based on MCOs’ performance. Exact percentages will be used with no rounding, and no scores will be dropped.

Table 3—PIA HEDIS Measure Scoring	
Criteria	Score
Childhood Immunization Status – Combination 3	
MCO rate is ≥ 90 th percentile of National Medicaid Quality Compass data	3
MCO rate is ≥ 75 th percentile and < 90 th percentile of National Medicaid Quality Compass data	2
MCO rate is ≥ 50 th percentile and < 75 th percentile of National Medicaid Quality Compass data	1
MCO rate is < 50 th percentile of National Medicaid Quality Compass data	0
Controlling High Blood Pressure	
MCO rate is ≥ 90 th percentile of National Quality Compass data	3
MCO rate is ≥ 75 th percentile and < 90 th percentile of National Quality Compass data	2
MCO rate is ≥ 50 th percentile and < 75 th percentile of National Quality Compass data	1
MCO rate is < 50 th percentile of National Quality Compass data	0
Timeliness of Prenatal Care	
MCO rate is ≥ 90 th percentile of National Quality Compass data	3
MCO rate is ≥ 75 th percentile and < 90 th percentile of National Quality Compass data	2
MCO rate is ≥ 50 th percentile and < 75 th percentile of National Quality Compass data	1
MCO rate is < 50 th percentile of National Quality Compass data	0

Measure Weighting

Once measure scores are derived for each MCO, the appropriate measure weights will be applied. Table 4 displays the measure weights for the six PIA measures.

Table 4—PIA Measure Weighting	
Measure	Measure Weight
Administrative Measures	
Assessments of Foster Care Population	12%
MCO Claims Processing	12%
Monthly Report Timeliness and Accuracy	10%
HEDIS Measures	
Childhood Immunization Status – Combination 3	22%
Controlling High Blood Pressure	22%
Timeliness of Prenatal Care	22%

Using the table above, weighted scores will be calculated for each measure, and then each MCO’s sum total of weighted scores will be determined. Table 5 provides an example of how MCOs’ weighted score sum, statewide average, and difference from the average scores are derived. There are currently six MCOs eligible for the PIA calculation; however, adding or subtracting plans from the calculation does not change or affect the methodology used, and the total dollar amount for awards will always be equal to the total dollar amount for penalties ensuring budget neutrality for DMAS. For ease of reference, the following example only includes three MCOs. Also, all data presented in the table below do not represent actual data or results.

Table 5—PIA Measure Weighting and Calculation							
EXAMPLE USING MOCK DATA							
	Measure Weight	MCO A Measure Scores	MCO A Weighted Score (MCO Score × Measure Weight)	MCO B Measure Scores	MCO B Weighted Score (MCO Score × Measure Weight)	MCO C Measure Scores	MCO C Weighted Score (MCO Score × Measure Weight)
Administrative Measures							
Assessments of Foster Care Population	12%	2	0.24	3	0.36	1	0.12
MCO Claims Processing	12%	2	0.24	2	0.24	0	0.00
Monthly Report Timeliness and Accuracy	10%	1	0.10	3	0.30	3	0.30
HEDIS Measures							
Childhood Immunization Status – Combination 3	22%	3	0.66	3	0.66	0	0.00
Controlling High Blood Pressure	22%	2	0.44	3	0.66	1	0.22
Timeliness of Prenatal Care	22%	2	0.44	1	0.22	0	0.00
Calculations							
Weighted Score Sum			2.12		2.44		0.64
Statewide Average			1.733		1.733		1.733
Difference from Average			0.387		0.707		-1.093

The statewide average is calculated by summing each MCO’s weighted score sum and dividing by the total number of MCOs. For example, the statewide average in Table 5 is equal to 1.733. Once the statewide average is derived, then it is used to determine each MCO’s difference from the average. For example, the statewide average (i.e., 1.733) is subtracted from MCO A’s weighted score sum of 2.12 to derive 0.387 as MCO A’s difference from the average. The difference from average can be a positive or negative number (e.g., 0.387 for MCO A and -1.093 for MCO C in Table 5) indicating if the MCO’s weighted score sum is above (positive) or below (negative) the statewide average.

Funds Allocation Model

The positive or negative funds allocation model will use the MCO’s weighted score sum to allocate funds among MCOs. In addition, the funds allocation model was developed to ensure the total dollar amount for awards will always be equal to the total dollar amount for penalties to ensure budget neutrality for DMAS.

Percentage Award/Penalty

The MCO’s weighted score sum is used to determine the Percentage Award/Penalty for each MCO. If an MCO’s weighted score sum is above or below the statewide average, it is awarded or penalized, respectively. If an MCO’s weighted score is equal to the statewide average, then there will be no award or penalty. The amount of the award or penalty is independent of the statewide average, and is instead based on the percentage of the Max Possible Score (i.e., the highest possible measure score = 3) an MCO achieved.

If an MCO’s difference from statewide average calculation is positive, then the MCO’s Percentage Award is calculated by the following equation:

$$\text{Percentage Award} = \text{Weighted Score Sum} \div \text{Max Possible Score}$$

Table 6 below demonstrates an example of the funds allocation model using the same three MCOs presented in Table 5. All data presented in the table below do not represent actual data or results.

Table 6—PIA Funds Allocation EXAMPLE USING MOCK DATA								
MCO Name	Total Capitation Payment	Maximum At-Risk Amount (Total Capitation Payment × 0.15%)	Percentage Award/ Penalty	Max Award/ Penalty	Max Award	Max Penalty	Final Award	Final Penalty
MCO A	\$635,790,000.00	\$953,685.00	70.67%	\$673,937.40	\$673,937.40	-	\$275,660.64	-
MCO B	\$436,300,000.00	\$654,450.00	81.33%	\$532,286.00	\$532,286.00	-	\$217,720.96	-
MCO C	\$418,120,000.00	\$627,180.00	-78.67%	\$(493,381.60)	-	\$(493,381.60)	-	\$(493,381.60)
Sum					\$1,206,223.40	\$(493,381.60)	\$493,381.60	\$(493,381.60)

For example, according to Table 5, MCO B has a weighted score sum of 2.44. For MCO B, the percentage award is equal to 2.44 divided by 3. This means MCO B has an 81.33 percent award

(i.e., the MCO is eligible to receive 81.33 percent of their maximum at-risk amount as an award), as shown in Table 6. If an MCO’s difference from the statewide average calculation is negative, then the MCO’s Percentage Penalty is calculated by the following equation:

$$\text{Percentage Penalty} = (\text{Weighted Score Sum} - \text{Max Possible Score}) \div \text{Max Possible Score}$$

For example, according to Table 5, MCO C has a weighted score sum of 0.64. MCO C’s percent penalty is equal to 0.64 minus 3 divided by 3. This means MCO C has a 78.67 percent penalty (i.e., the MCO could be penalized at up to 78.67 percent of their maximum at-risk amount), as shown in Table 6.

Once the Percentage/Award Penalty is determined, then the result is multiplied by the maximum at-risk amount (0.15% multiplied by the total capitation payments). This calculation determines the MCO’s maximum award (Max Award) or maximum penalty (Max Penalty). Please note, the total capitation payment will be determined 4 months after the end of FY 2015 (i.e., October 2015) in order to allow for 3 months of claims run-out.

The data in Table 6 demonstrates how the MCO’s Max Award or Max Penalty are calculated. If the total capitation payment amount for MCO B is approximately \$436,000,000, then $\$436,000,000 \times 0.15\% \times 81.33\%$ is approximately \$532,000. This means MCO B has a Max Award of approximately \$532,000. If the total capitation payment amount for MCO C is \$418,000,000, then $\$418,000,000 \times 0.15\% \times (-78.67\%)$ is approximately -\$493,000. This means MCO C has a Max Penalty of approximately \$493,000.

Final Award

If the Max Award amounts exceed the Max Penalty amounts, then the penalties do not fully fund the awards and excess awards will need to be reduced to achieve budget neutrality. In the event that awards are reduced, each MCO will receive an award that is the same percentage of the new reduced amount as they would have received had the full award amount been budget neutral. To achieve this, the reduction is calculated by the following equation:

$$\text{MCO Final Award} = (\text{Max Penalty Total} \div \text{Max Award Total}) \times \text{MCO Max Award}$$

In the example provided in Table 6, the penalties do not fully fund the awards for MCO A and MCO B. As a result, the award for both MCO A and MCO B has to be reduced in order to ensure the Max Penalty Sum is able to fund the Max Award Sum. For this example, MCO B’s Final Award would be calculated as:

$$\text{MCO B Final Award} = [(\$493,381.60 \div \$1,206,223.40)] \times \$532,286.00$$

MCO B’s final award is equal to \$217,720.96. The same equation is used to calculate MCO A’s final award, which is equal to \$275,660.64. The calculation of the final award ensures that the awards are equal to the penalties.

Final Penalty

If the Max Penalty amounts exceed the Max Award amounts, then the awards do not fully claim the penalties and excess penalties will need to be reduced to achieve budget neutrality. In the event

that penalties are reduced, each MCO will have a penalty that is the same percentage of the new reduced amount as they would have received had the full penalty amount been budget neutral. To achieve this, the reduction is calculated by the following equation:

$$MCO \text{ Final Penalty} = (Max \text{ Award Total} \div Max \text{ Penalty Total}) \times MCO \text{ Max Penalty}$$

Although the example in Table 6 does not demonstrate a situation when the awards are less than the penalties, the same principles would apply if the penalties are less than the awards.

Pilot Evaluation

For the pilot year, percentage award/penalty will not impact payment. MCOs will not be subject to quality awards or penalties. Preliminary results will be provided to MCOs for feedback and questions. Further, the pilot year serves as an opportunity for the MCOs, DMAS, and HSAG to collaborate and identify opportunities for improvement (e.g., PIA methodology modifications, PIA evaluation process, etc.). The PIA program may be modified prior to the subsequent PIA calculations the next year.

Deliverables

HSAG will provide DMAS with the following deliverables:

- ◆ Annual Medicaid MCO report (Microsoft Word document) containing PIA scores and calculated award/penalty amounts for each MCO.
- ◆ Funds Allocation Excel spreadsheet containing PIA scores and the calculations for the award/penalty amounts for each MCO.

PIA Flow Diagram

The following figure presents an overview of the PIA calculation process.

