South Carolina
DEPARTMENT OF HEALTH AND HUMAN SERVICES
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www.scdhhs.gov
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MEDICAID BULLETIN

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TO: **All Medicaid Providers**

SUBJECT: **Managed Care Withholds and Incentives Initiative**

The South Carolina Department of Health and Human Services (SCDHHS) in collaboration with our Coordinated Care Improvement Group has identified and targeted key withhold and incentive categories to assist us in measuring and supporting quality outcomes.

Quality delivery of health care becomes even more important as Medicaid consumes a greater portion of state general fund expenditures with more individuals enrolled in the health care program. Implementation of pay-for-performance withholds and incentives program in the coordinated care delivery model allows for establishment of actuarially-sound capitation rates and validation of the delivery of managed health care services to support quality outcomes. Withholds and Incentives are applicable to specified providers and Health Plans (MCOs and MHNs).

Attached is a brief summary of the categories included in this initiative. Specific details can be found at https://msp.scdhhs.gov/managedcare by clicking on MCO Contract/P&P then click Policies and Procedures Guide-July 2012. This information can be found in Appendix 5, page 117.

Please refer any questions or concerns regarding this bulletin to the Provider Service Center at 1-888-289-0709. Thank you for your continued support of the South Carolina Medicaid program.

/s/
Anthony E. Keck
Director

Attachment

Withholds and Incentives in the Coordinated Care Model

Quality delivery of health care becomes even more important as Medicaid expands and consumes a greater portion of state general fund expenditures with more individuals enrolled in the health care program. Implementation of a pay-for-performance withholds and incentives program in the coordinated care delivery model allows for establishment of actuarially-sound capitation rates and validation of the delivery of managed health care services to support quality outcomes. Withholds are specific to the Managed Care Organizations (MCOs). Incentives are specific to both primary care providers and the Health Plans (MCOs and MHNs).

Withholds

Approximately $16 million annual withhold from capitation payments (1.0% of total payment).
(1%) July 1, 2012 – December 31, 2012 (Year-1) - Approximately $8 million
(1.5%) January 1, 2013 – December 31, 2013 (Year-2) - Approximately $24 million
Individual MCOs must meet certain measures in order to qualify for participation in a bonus fund. To receive a return of the withholds in any measurement category in Year-1, the MCO must improve one standard deviation in 10 measurements. For Year-2, MCOs must improve one standard deviation in 16 measurements.

4 Key Categories of Measurement:

Prevention and Screening

- 0.25% withhold for these measures
- MCO must demonstrate improvement of one standard deviation in the chosen measurement in at least 3 of 5 following measures:
  - Lead screening in children
  - Breast cancer screening
  - Well child visits in the first 15 months of life
  - Well child visits in the 3rd, 4th, 5th and 6th year of life
  - Adolescent well care visit **(Mandatory measurement)**

Chronic Disease and Behavioral Health

- 0.25% withhold for these measures
- MCO must demonstrate improvement of one standard deviation in the chosen measurement in at least 2 of 4 following measures:
  - Medicaid management for people with Asthma
  - Appropriate testing for children with pharyngitis
  - Follow-up care-children prescribed ADHD medication
  - Follow-up care after hospitalization for mental illness

Access and Availability

- 0.25% withhold for these measures
- MCO must demonstrate improvement of one standard deviation in the chosen measurement in at least 3 of 4 following measures:
  - Adult access to preventive/ambulatory health services
  - Children and adolescents' access to PCPs
  - Prenatal and Postpartum Care
  - Number of Screening, Brief Intervention, Referral and Treatment (SBIRT) Screenings

CAHPS – Consumer Experience and Satisfaction

- 0.25% withhold for these measures
- MCO must demonstrate improvement of one standard deviation in the chosen measurement in at least 2 of 4 following measures below:
  - Get Needed Care
  - Get Care Quickly
  - How Well Doctors Communicate
  - Customer Service

Incentives

1.0% of capitation payments will be allocated 7/1/12 – 6/30/13 with an estimated impact of $16 million. Incentives are in addition to the capitation payments to the Health Plans (MCOs and MHNs) and will be paid quarterly or semi-annually.

5 Key Categories Targeted with Incentive Funding:

Patient Centered Medical Homes:

- Per Member Per Month (PMPM) payments will be dispersed to the Health Plans (MCOs and MHNs) and the Health Plans will pay primary care providers in four payment levels.
- Four Payment Levels will be applied:
  Application Period: $0.50 Provider/$.10 Health Plan
  - Level 1 Certification: $1.00 Provider/$0.15 Health Plan
  - Level 2 certification: $1.50 Provider/$0.20 Health Plan
  - Level 3 certification: $2.00 Provider/$0.25 Health Plan
- Payments will be paid quarterly to the Health Plans based on certified enrollment counts from the Health Plans and verified through the number of PCMH practices NCQA certified, as well as, other accrediting bodies that we may deem credible. Medicaid ID numbers will be compiled to all practices with an NCQA certification and matched to patients enrolled in those practices for determination of payment.
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Birth Outcomes Initiatives:

- Screening, Brief Intervention, Referral and Treatment (SBIRT)
  - $20 paid to the MCOs for completion of risk assessment. This will be tracked through the monthly reports generated by the MCOs on SBIRT activities and verified through the internal claims analysis process and will be paid quarterly.
- Centering Program
  - $150 to providers paid through the MCOs / $50 to the MCOs for each patient with 5+centering visits. This will be verified by a standardized quarterly report submitted by the MCO Health Plans confirming patient attendance to centering sessions.
- Nurse Family Partnership
  - Incentive payment is made to the MCO Health Plans using data reported on a quarterly basis. The Health Plans will be reimbursed $250 per quarter for each recipient enrolled in a Nurse Family Partnership program, up to a maximum of $2,000 per recipient over an 8 quarter period.

- Decrease in Prematurity or Low Birth Weight (LBW) Newborns
  - $100,000 per 6 month period will be paid directly to the MCOs. Baseline data from the CHAMPIONS BOI report for each hospital will be associated with Medicaid beneficiaries enrolled in each plan and compared quarterly with changes in the number of premature and low birth weight children. Prematurity is defined as any birth prior to 37 weeks. Low birth weight babies are defined as any birth of less than 5.5 pounds. The baseline for this quality incentive will use data from claims/encounters in FY 2011 to establish an aggregate rate per 1,000 members enrolled in the plan. SCDHHS or its designee will evaluate the MCO's performance through its claims/encounter data and as verified by the SCDHEC Birth Record links to FY 2011 Medicaid data. The MCOs will not have to submit any data information. An aggregate score will be calculated reflecting a 6-month and an annual rate. The targeted reduction is an annual 5% decrease in Premature or LBW rate for the MCO. It is anticipated that the calculations will be determined within 90 days of the completion of each 6 month cycle and payment will be made to the MCOs within 30 days of completion of the calculations.