



## **Qualified Health Plan Contracting for 2023-2025**

### **Modeling Potential Quality Transformation Initiative (QTI) Payment and Timing**

**January 28, 2022**

The Quality Transformation Initiative (QTI) being considered by Covered California is a quality improvement fund payment program intended to improve quality and reduce health disparities to ensure Covered California Enrollees and all Californians receive high-quality, equitable care.

This document outlines the proposed structure of the quality improvement fund payment and models the payment for currently contracted Qualified Health Plan (QHP) issuers based on the most recent reported performance period. The modeling uses Measurement Year 2020 Quality Rating System (QRS) measure scores for those QHPs with reportable scores, QRS national percentiles for Measurement Year 2020 as the benchmark, and Plan Year 2020 premiums for each QHP.

This document also describes the potential timeline for the quality improvement fund payment program (Table 6). As detailed in that timeline, in the event the Quality Transformation Initiative were adopted by the Board, the current proposal is that the first performance year for which QHPs would be subject to making quality improvement fund payments would be Measurement Year 2023, which would use QRS national percentiles for Measurement Year 2021 or Measurement Year 2022, depending on the measure, as the “benchmark year” to calculate relative performance.

Covered California has released a draft contract language of the Quality Transformation Initiative for public comment (see Attachment 4 - Quality Transformation Initiative). This modeling document is intended to support review of the draft contract language. Covered California welcomes comments on both the draft contract language and this document. Please submit comments to [PMDContractsUnit@covered.ca.gov](mailto:PMDContractsUnit@covered.ca.gov) by Friday, February 11<sup>th</sup>, 2022 using the public comment template distributed via email.

### **Quality Improvement Fund Payment Proposal**

The amount of the quality improvement fund payment would be determined by QHP performance on each QTI measure, with the payment rate determined by the QHPs level of performance for that measure. As currently proposed, percentiles would be based on national QRS percentiles and will be fixed throughout the three-year contract period using national performance in Measurement Year 2021 (or Measurement Year 2022 for Childhood Immunization Status Combo 10) to allow for improvement over time against a static norm.

For the 2023-2025 contract, the current proposal is for there to be four core measures included in the QTI measure set:

- Comprehensive Diabetes Care: Hemoglobin A1c (HbA1c) Control (<8.0%) (NQF #0575);
- Controlling High Blood Pressure (NQF #0018);
- Colorectal Cancer Screening (NQF #0034); and
- Childhood Immunization Status (Combo 10) (NQF #0038).

Each measure would be stratified by race/ethnicity for purposes of reporting, but there would be no quality improvement fund payments tied to health disparities reduction performance in the initial years of the contract period. As national benchmarks are established, disparities reduction would be tied to quality improvement fund payments, either as an amendment to the 2025 contract year or commencing 2026 for the next contract cycle. Similarly, two behavioral health measures are proposed for inclusion in the QTI for reporting, but are not tied to quality improvement fund payments for the 2023-2025 contract. These measures would potentially be tied to quality improvement fund payments as benchmarks are established in future contract periods.

### **Quality Improvement Fund Payment Structure and Modeling**

Table 1 through Table 5 below model the quality improvement fund payment amount and the effective per member per month (PMPM) payment amount for each QHP using the proposed structure of the payment described below.

- Table 1. Covered California Modeling of Potential Quality Improvement Fund Payments for Four QTI Measures (based on 2020 Measurement Year and 2020 Percentiles as the Performance Benchmark) reflects the total payment by QHP across all four core measures
- Tables 2 through 5: reflect the granular payment information by QHP for each of the four measures in the QTI measure set
- Table 6. Covered California Modeling of Potential Quality Improvement Fund Payments as Percent of Premium for Four QTI Measures reflects modeling of total payment by QHP as a percent of premium across all four core measures

The modeling uses Measurement Year 2020 Quality Rating System (QRS) measure scores and QRS national percentiles for Measurement Year 2020 as the benchmark, and Plan Year 2020 premiums for each QHP. It should be noted that Measurement Year 2020 scores are lower than historical performance due to the impact of COVID-19 on access to care, quality, and data collection. Covered California anticipates measure scores for 2023 to be higher and the quality improvement fund payments may be lower compared to the current modeling.

The modeling uses a maximum one percent (1%) of total gross premium per product to determine the quality improvement fund payment. However, the proposed maximum quality

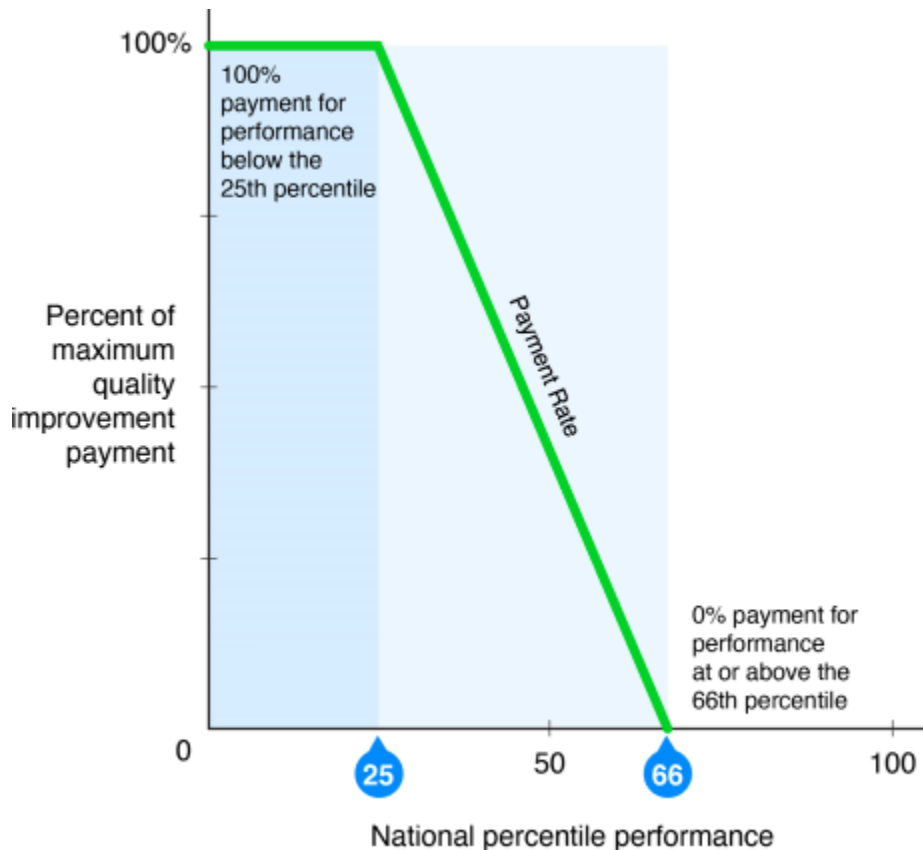
improvement fund payment will be somewhat lower in Measurement Year 2023 – 0.8% of premium – due to additional performance guarantees with 0.2% of premium at risk as detailed in the draft 2023 – 2025 Attachment 2 – Performance Standards with Penalties. The total amount of quality improvement fund payment plus performance standards at risk would increase to 2% of total gross premium per product in Measurement Year 2024, increasing by 1% per year up to 3% in 2025, the last year of the current contract period. Covered California proposes to increase the total amount of quality improvement fund payment plus performance standards at risk to 4% in 2026.

Covered California is proposing the following quality improvement payment structure:

- Full per measure payment if the measure score is below the 25<sup>th</sup> percentile
- Per measure payment at a declining constant linear rate for each measure score between the 25<sup>th</sup> and 65.9<sup>th</sup> percentile
- No payment if the measure score is at or above the 66<sup>th</sup> percentile

This payment structure would be applied for each QTI measure. Graph 1. Quality Improvement Fund Payment Structure displays the slope of the quality improvement fund payment based on performance compared to the national percentiles.

**Graph 1: Quality Improvement Fund Payment Structure**



**Table 1: Covered California Modeling of Potential Quality Improvement Fund Payments for Four QTI Measures (based on 2020 Measurement Year and 2020 Percentiles as the Performance Benchmark)**

	25th to 66th Percentile	
	QTI Transfer Amount	QTI PMPM Effective
<b>Anthem EPO</b>	\$4,927,691	\$4.73
<b>Blue Shield HMO</b>	\$2,787,981	\$2.29
<b>Blue Shield PPO</b>	\$21,097,959	\$2.95
<b>CCHP HMO</b>	\$410,403	\$3.37
<b>Health Net EPO</b>	\$51,018	\$2.40
<b>Health Net HMO</b>	\$5,287,218	\$2.17
<b>Health Net PPO</b>	\$1,909,596	\$2.31
<b>Kaiser HMO</b>	\$4,642,766	\$0.53
<b>LA Care HMO</b>	\$2,840,200	\$2.92
<b>Molina Healthcare HMO</b>	\$1,918,236	\$3.54
<b>Oscar Health Plan EPO</b>	\$2,813,530	\$2.39
<b>Sharp Health Plan HMO</b>	\$0	\$0.00
<b>Valley Health Plan HMO</b>	\$841,140	\$3.08
<b>Western Health Advantage HMO</b>	\$451,206	\$3.31
<b>Total Potential Quality Improvement Fund Payment</b>	<b>\$49,978,943</b>	<b>\$1.99</b>

Note: The modeling uses a maximum one percent (1%) of total gross premium per product to determine the quality improvement fund payment. However, the proposed maximum quality improvement fund payment will be somewhat lower in Measurement Year 2023 – 0.8% of premium.

**Table 2: Modeling for Comprehensive Diabetes Care: Hemoglobin A1c (HbA1c) Control (<8.0%) (NQF #0575) (based on 2020 Measurement Year and 2020 Percentiles as the Performance Benchmark)**

	25th to 66th Percentile	
	QTI Transfer Amount	QTI PMPM Effective
<b>Anthem EPO</b>	\$1,129,557	\$1.08
<b>Blue Shield HMO</b>	\$0	\$0.00
<b>Blue Shield PPO</b>	\$3,298,501	\$0.46
<b>CCHP HMO</b>	\$0	\$0.00
<b>Health Net EPO</b>	\$0	\$0.00
<b>Health Net HMO</b>	\$0	\$0.00
<b>Health Net PPO</b>	\$0	\$0.00
<b>Kaiser HMO</b>	\$0	\$0.00
<b>LA Care HMO</b>	\$836,648	\$0.86
<b>Molina Healthcare HMO</b>	\$247,514	\$0.46
<b>Oscar Health Plan EPO</b>	\$455,823	\$0.39
<b>Sharp Health Plan HMO</b>	\$0	\$0.00
<b>Valley Health Plan HMO</b>	\$0	\$0.00
<b>Western Health Advantage HMO</b>	\$196,973	\$1.45
<b>Total Potential Quality Improvement Fund Payment</b>	<b>\$6,165,016</b>	<b>\$0.25</b>

Note: The modeling uses a maximum one percent (1%) of total gross premium per product to determine the quality improvement fund payment. However, the proposed maximum quality improvement fund payment will be somewhat lower in Measurement Year 2023 – 0.8% of premium.

**Table 3: Modeling for Controlling High Blood Pressure (NQF #0018) (based on 2020 Measurement Year and 2020 Percentiles as the Performance Benchmark)**

	25th to 66th Percentile	
	QTI Transfer Amount	QTI PMPM Effective
<b>Anthem EPO</b>	\$1,016,601	\$0.98
<b>Blue Shield HMO</b>	\$747,995	\$0.61
<b>Blue Shield PPO</b>	\$6,223,587	\$0.87
<b>CCHP HMO</b>	\$205,201	\$1.68
<b>Health Net EPO</b>	\$18,270	\$0.86
<b>Health Net HMO</b>	\$913,498	\$0.37
<b>Health Net PPO</b>	\$636,532	\$0.77
<b>Kaiser HMO</b>	\$4,642,766	\$0.53
<b>LA Care HMO</b>	\$902,699	\$0.93
<b>Molina Healthcare HMO</b>	\$295,642	\$0.55
<b>Oscar Health Plan EPO</b>	\$785,902	\$0.67
<b>Sharp Health Plan HMO</b>	\$0	\$0.00
<b>Valley Health Plan HMO</b>	\$420,570	\$1.54
<b>Western Health Advantage HMO</b>	\$64,131	\$0.47
<b>Total Potential Quality Improvement Fund Payment</b>	\$16,873,394	\$0.67

Note: The modeling uses a maximum one percent (1%) of total gross premium per product to determine the quality improvement fund payment. However, the proposed maximum quality improvement fund payment will be somewhat lower in Measurement Year 2023 – 0.8% of premium.

**Table 4: Modeling for Colorectal Cancer Screening (NQF #0034) (based on 2020 Measurement Year and 2020 Percentiles as the Performance Benchmark)**

	25th to 66th Percentile	
	QTI Transfer Amount	QTI PMPM Effective
<b>Anthem EPO</b>	\$1,411,946	\$1.36
<b>Blue Shield HMO</b>	\$1,359,991	\$1.12
<b>Blue Shield PPO</b>	\$6,223,587	\$0.87
<b>CCHP HMO</b>	\$205,201	\$1.68
<b>Health Net EPO</b>	\$32,748	\$1.54
<b>Health Net HMO</b>	\$1,743,951	\$0.72
<b>Health Net PPO</b>	\$636,532	\$0.77
<b>Kaiser HMO</b>	\$0	\$0.00
<b>LA Care HMO</b>	\$1,100,853	\$1.13
<b>Molina Healthcare HMO</b>	\$687,540	\$1.27
<b>Oscar Health Plan EPO</b>	\$785,902	\$0.67
<b>Sharp Health Plan HMO</b>	\$0	\$0.00
<b>Valley Health Plan HMO</b>	\$420,570	\$1.54
<b>Western Health Advantage HMO</b>	\$190,102	\$1.40
<b>Total Potential Quality Improvement Fund Payment</b>	\$14,798,923	\$0.59

Note: The modeling uses a maximum one percent (1%) of total gross premium per product to determine the quality improvement fund payment. However, the proposed maximum quality improvement fund payment will be somewhat lower in Measurement Year 2023 – 0.8% of premium.

**Table 5: Modeling for Childhood Immunization Status (Combo 3)\* (NQF #0038) (based on 2020 Measurement Year and 2020 Percentiles as the Performance Benchmark)**

	25th to 66th Percentile	
	QTI Transfer Amount	QTI PMPM Effective
<b>Anthem EPO</b>	\$1,369,587	\$1.31
<b>Blue Shield HMO</b>	\$679,995	\$0.56
<b>Blue Shield PPO</b>	\$5,352,285	\$0.75
<b>CCHP HMO</b>	NR	NR
<b>Health Net EPO</b>	NR	NR
<b>Health Net HMO</b>	\$2,629,768	\$1.08
<b>Health Net PPO</b>	\$636,532	\$0.77
<b>Kaiser HMO</b>	\$0	\$0.00
<b>LA Care HMO</b>	\$0	\$0.00
<b>Molina Healthcare HMO</b>	\$687,540	\$1.27
<b>Oscar Health Plan EPO</b>	\$785,902	\$0.67
<b>Sharp Health Plan HMO</b>	\$0	\$0.00
<b>Valley Health Plan HMO</b>	NR	NR
<b>Western Health Advantage HMO</b>	NR	NR
<b>Total Potential Quality Improvement Fund Payment</b>	\$12,141,610	\$0.48

Note: The modeling uses a maximum one percent (1%) of total gross premium per product to determine the quality improvement fund payment. However, the proposed maximum quality improvement fund payment will be somewhat lower in Measurement Year 2023 – 0.8% of premium.

\*The modeling uses Childhood Immunization Status Combo 3, which is the current QRS childhood immunization measure in use.



**Table 6. Covered California Modeling of Potential Quality Improvement Fund Payments as Percent of Premium for Four QTI Measures (based on 2020 Measurement Year and 2020 Percentiles as the Performance Benchmark)**

	<b>25th to 66th Percentile</b>
	<b>% Premium (Total IND Market)</b>
<b>Anthem EPO</b>	0.87
<b>Blue Shield HMO</b>	0.51
<b>Blue Shield PPO</b>	0.85
<b>CCHP HMO</b>	0.67
<b>Health Net EPO</b>	0.49
<b>Health Net HMO</b>	0.48
<b>Health Net PPO</b>	0.75
<b>Kaiser HMO</b>	0.13
<b>LA Care HMO</b>	0.65
<b>Molina Healthcare HMO</b>	0.70
<b>Oscar Health Plan EPO</b>	0.90
<b>Sharp Health Plan HMO</b>	0.00
<b>Valley Health Plan HMO</b>	0.67
<b>Western Health Advantage HMO</b>	0.66
<b>Total Potential Quality Improvement Fund Payment</b>	0.51

Note: The modeling uses a maximum one percent (1%) of total gross premium per product to determine the quality improvement fund payment. However, the proposed maximum quality improvement fund payment will be somewhat lower in Measurement Year 2023 – 0.8% of premium.

**Potential Quality Transformation Initiative Timeline**

Table 7. Potential Timeline for Implementation of the Quality Transformation Improvement Measure Set Assessment and Quality Improvement Fund Payment describes the proposed timeline for the assessment of the QTI measure set and quality improvement fund payments.

**Table 7. Potential Timeline for Implementation of the Quality Transformation Improvement Measure Set Assessment and Quality Improvement Fund Payment**

Benchmark Measurement Year	Measurement Year	QHPs Submit Data to CMS QRS and Covered CA	Payment Calculated by Covered CA	Review by QHP Issuers	Public Announcement of Payment	QHPs Submit Funds to Covered CA or Third Party
2021	2023	June 15, 2024	July 2024	August 2024	September 2024	Fall 2024
2021	2024	June 15, 2025	July 2025	August 2025	September 2025	Fall 2025
2021	2025	June 15, 2026	July 2026	August 2026	September 2026	Fall 2026

Note: New entrants will be required to submit measure data to Covered California during their initial years of operation to be assessed for QTI performance starting with Measurement Year 2023.

The timeline in Table 7 corresponds to CMS’ timeline of releasing QRS program details through call letters and determining measure scores and percentiles. Any changes to QRS measures will be discussed with QHP issuers following the release of the draft call letter in February or March. Covered California will communicate regularly with QHPs regarding each step of the timeline in Table 7 and each milestone in the CMS QRS timeline.

The following is the general timeline for QRS:

- February-March: CMS releases QRS Draft Call Letter
- June 15: QHPs submit QRS scores to CMS
- Summer: CMS releases QRS Final Call Letter
- Early August: QRS preliminary scores and percentiles released to QHPs and state-based marketplaces (SBMs)
- August-September: 30-day QHP review and confirmation or correction of QRS scores
- October: QRS final scores and percentiles released