



Plan Management Advisory Workgroup Meeting

July 9, 2020

AGENDA

Time	Topic	Presenter
10:00 – 10:10	Welcome and Agenda Review	Rob Spector James DeBenedetti
10:10 – 11:10	Quality Transformation Fund Purpose and Principles	James DeBenedetti Margareta Brandt
11:10 – 11:40	Quality Transformation Fund Development Update	Margareta Brandt
11:40 – 12:00	Open Forum	All

Quality Transformation Fund Goals and Principles and Covered California Measure Criteria

James DeBenedetti
Margareta Brandt

COVERED CALIFORNIA QUALITY TRANSFORMATION FUND OVERVIEW

- **Covered California is proposing to implement a Quality Transformation Fund (QTF) to penalize plans based on quality performance.**
 - Penalty assessments will be based on quality performance; penalty may be up to 4% of premium, phased in over time.
 - Example: Year 1 – 1%, Year 2 – 2%, Year 3 – 3%, Year 4 – 4%. In this example, hypothetically this leads to a premium increase or decrease of \$18 per member per month (based on 4% of the 2020 Statewide Average Premium of \$445).
 - Plans that perform well will retain their premiums; poor performing plans on key quality metrics are assessed based on a percent of premium – the assessments from poor performing plans will establish a fund to support systemwide quality improvement and delivery system reform.
 - Material improvement by a plan may offset some or all of the penalty assessed for that year.
- Covered California is proposing to develop the measures and methodology for the QTF to pilot in 2022 with no funds at risk and implement the first year of money at risk in 2023.
- The QTF measures and methodology will not be detailed in the 2022 amendment but issuers will be expected to participate in the pilot. Covered California will publish the QTF measures and methodology separately from the contract.

QUALITY TRANSFORMATION FUND GOALS

Covered California has established a vision of ensuring that Covered California enrollees receive the best possible care at the lowest possible cost, working to achieve the best possible health and care for all Californians and establishing a process to ensure continual improvement of California's health care system. The Quality Transformation Fund is intended to help achieve this vision through four broad goals:

- 1) Strengthening the incentives for health plans to provide the best possible care by creating a more compelling “business case for quality”;
- 2) Encouraging enrollees to choose higher performing plans (further strengthening the incentive for plans to improve);
- 3) Creating a fund that provides transformative investments to improve care for all, reduce disparities and narrow the gap in quality across providers; and
- 4) Selecting “core measures” aligned to the extent possible with other major purchasers to more effectively signal critical areas of attention for the delivery system.

QTF DESIGN PRINCIPLES AND RATIONALE (1 OF 2)

The following are an initial set of principles intended to guide the development of the program's structure and elements.

Design Principles	Rationale
1. A financial penalty will be the primary incentive.	Behavioral economics suggests that losses are felt more powerfully than gains. Higher performing plans can both avoid the penalty and gain enrollment by having a comparatively more favorable price.
2. A high standard of performance is expected. Plans that do not achieve a high standard will be subject to the penalty.	Without a high standard, only the lowest performing plans will be motivated to improve. The credibility of the program to promote excellent performance is also important.
3. Reward improvement by decreasing the size of the penalty at higher levels of performance.	Recognizing and rewarding improvement motivates all plans subject to the penalty to improve.
4. Reward attainment more than improvement.	Excellence is the goal, so it should be rewarded more than improvement.
5. Quality improvement gains that can offset poor performance are attainable but substantial.	Substantial reductions in the penalty require substantial gains in performance.

QTF DESIGN PRINCIPLES AND RATIONALE (2 OF 2)

Design Principles	Rationale
6. Plans should be held to the same standards.	All enrollees deserve to receive the same high level of quality; plans should be treated equally. Design needs to consider approaches to account for populations served and regional variations.
7. Plan performance is based on a focused set of quality measures that are selected based on the Covered California measures and measures set criteria.	The credibility and effectiveness of the program depends upon the measure set and the individual measures within it.
8. Circumstances beyond the control of the plans should be considered.	Some adjustment for regional or population differences may be needed to preserve access to coverage throughout the state.
9. Funds derived from the financial penalty will be used to support improvement rather than rewards for high performance.	Transformational improvement requires investment.
10. The quality improvement programs supported by the fund should include a focus on populations most threatened by poor quality care and on reducing disparities in health and care.	Low-resourced providers and those serving disadvantaged populations are more challenged to improve care. Fund investments will be focused on improving care where it is needed most.
11. The program should also support delivery system reforms demonstrated to improve care.	Delivery and payment reforms may have longer term and more sustained impact on quality – and may affect care not well measured by currently endorsed quality measures.

MEASURE SET AND MEASURE CRITERIA

Covered California will use criteria to guide the development of measure sets and in selecting individual measures for a measure set. In applying these criteria across its performance initiatives, including the Quality Transformation Fund, Covered California may prioritize certain criteria for a given initiative.

The **measures set criteria** will guide the selection of measure sets that – as a group – are used in Covered California’s efforts to measure the performance of the health care system, hold providers, health plans and Covered California itself accountable for performance and to support improvement.

The **individual measures criteria** are applied to each candidate measure to guide the selection of measures for inclusion in a measure set.

The following are examples of where measure sets and individual measures will be used:

- Engaging DHCS, CalPERS, IHA, PBGH and others in measures alignment for various needs including payment, improvement and accountability;
- Inclusion and weighting of measures for use in the Quality Transformation Fund (QTF);
- Selecting health disparities measures;
- Advocating with CMS for Quality Rating System (QRS) measure set changes; and
- Identification of measures gaps for which measures and measurement collection systems need to be developed.

MEASURE SET CRITERIA (1 OF 2)

1. The primary purpose of the measure set is to hold Covered California's QHP issuers accountable. The measure set also must recognize that care often is delivered by issuers' contracted health systems and other providers. Because of this, Covered California seeks measures that are aligned with and hold providers accountable for quality of care at several levels within health systems, including:
 - a) ACOs and Integrated Delivery Systems
 - b) Hospitals
 - c) Medical Groups, IPAs, and Practice Providers
2. The measure set should include measures that provide as complete a picture as possible of each of Covered California's prioritized quality domains:
 1. Individualized, equitable care
 2. Health promotion and prevention
 3. Behavioral health
 4. Acute, chronic and other conditions
 5. Complex care

Measure set composition should be balanced by drawing measures from a number of the Institute of Medicine (IOM) six aims of health care quality: safety, timeliness, effectiveness, efficiency, equity and patient-centeredness.

Weights may be applied to reflect the relative impact of particular measures on these aims and their importance to Covered California's enrolled population.

MEASURE SET CRITERIA (2 OF 2)

3. Eligible quality measures are not restricted to those currently in use in the CMS-approved Quality Rating System (QRS). The individual measures criteria guide the assessment of non-QRS measures with a particular emphasis on:
 - a) Measure impact: compelling rationale explains the opportunity to improve value
 - b) Measure burden: consider the measurement cost and the expected return on investment for such work – the extent to which a measure is already in wide use is a key consideration
 - c) Measure alignment with California or national purchasers or measurement systems (e.g. DHCS, CalPERS, IHA, NCQA, CMS)
 - d) Measure endorsement per a national entity (e.g. NQF, PQA) or sponsored by a national measurement program (e.g. NCQA, CMS, AHRQ)

The measure set will evolve. Though developmental measures or measures that are not widely used are not candidates for immediate use in a Covered California measures set, Covered California expects to collaborate with other purchasers to advance the use of new measures through measures piloting and other efforts. To be adopted for use in measure sets, such measures should meet both measure set and measure criteria.

4. Measure sets may reflect the assessment of performance in ambulatory, hospital, or any other setting contracted by plans as determined by the purpose of that measures set.
5. Measures should represent performance in adult and child populations.

INDIVIDUAL MEASURES CRITERIA (1 OF 2)

Each individual measure candidate for a given measure set is evaluated using the following measure-level criteria:

1. Measure importance:

- Target population: represents (1) a significant percentage of enrollees or (2) a small proportion of the population where the health burden or impact on those affected is high relative to other populations;
- Evidence that the measure captures events that directly impact care or health; and
- Health system cost: the cost of care for the target population is documented and material (either relative to total cost of care or to the cost for the population affected).

2. Measure efficiency: measure redundancy should be avoided to ensure impact is distinct from existing measure(s).

3. Measure is actionable: it is useful for holding providers or health plans accountable and for improvement or to inform consumer choice in health plan selection.

INDIVIDUAL MEASURES CRITERIA (2 OF 2)

4. Measure is meaningful: it is responsive to enrollee priorities and transparent and understandable in a way that may increase enrollee confidence in the quality of care they are receiving.
5. Measure indicates improvement opportunity:
 - There is a gap between actual and achievable performance; and
 - Performance variation exists among accountable entities.
6. Measure is feasible and limits burden:
 - Preference for data collection that is part of normal care delivery processes and does not entail additional work by clinicians or staff in providers' offices;
 - Source data is captured in existing information systems and there is an existing measurement system to collect data, construct measure and report results;
 - Measure has technical specifications for the target accountable unit;
 - Sufficient sample sizes are available to produce valid and reliable measures; and
 - Easily interpretable for primary audience(s).

NEXT STEPS FOR QTF DEVELOPMENT

- Gather feedback on QTF Goals, Design Principles, and Measure Criteria
 - Please send feedback to margareta.brandt@covered.ca.gov by Friday July 24th.
- Develop proposed QTF Measure Set using the Covered California Measure Set and Measure Criteria
- Develop proposal for performance evaluation or scoring methodology (the amount of penalty a plan will pay based on their performance on the measure set)
- Model the financial impact to plans and consumers based on the performance evaluation proposal
- Model the enrollment impact to plans based on the penalty assessment
- Develop a proposal for how the funds from penalty assessments will be collected and distributed to providers to support quality improvement and delivery system reform
- Feedback will be collected related to each of these components of QTF development

Appendix

QTF Background

SAMPLE QUALITY METRICS AND SCORING

Measures that matter – outcomes focused measurement.

Sample measure sets as based on our Experience Report:

1. Rating of All Health Care
2. Rating of Health Plan
3. Breast Cancer Screening Ages 50-74*
4. Cervical Cancer Screening Ages 21-64*
5. Colorectal Cancer Screening Ages 50-75*
6. Controlling High Blood Pressure*
7. Diabetes: Hemoglobin A1c (HbA1c) Control (<8%)*
8. Alcohol & Drug Disorders: Initiation & Engagement Ages 13+
9. Antidepressant Medication Management*
10. Follow-up After Hospitalization for Mental Illness
11. All-Cause Hospital Readmissions*
12. Care Coordination*
13. Access to Care*

**Integrated Healthcare Association AMP Measures*

New measures may add to or replace old measures based on better data collection methods or increased industry acceptance of a new metric. Potential candidates include:

- Risky behaviors (e.g., smoking, obesity)
- Health Equity (e.g., diabetes HbA1c<8 gap narrowed or other measure emphasized in efforts to address disparities)
- Network (e.g., advanced primary care, # outliers cost/quality)
- Payment (e.g., primary care spend target, hospital payments)

QUALITY METRICS AND SCORING – IMPLEMENTATION ISSUES AND CONSIDERATIONS

Suggestions for improving the structure of the Quality Transformation Fund:

- Phased in timing, up to 4% premium at risk, etc.

Need to develop criteria for selection of measures and how applied:

- Are there any measures that should be added to the list of 13 priority measures?
- Are there any measures that should be removed from the list?
- Should some measures be weighted more than others? If so, which measures?
- Is performance based on absolute scores or compared to a national average?
- How to best align with other purchasers?
- Does this apply to on and off exchange consumers?

Other considerations:

- Measurement year and payment year need to be determined in manner that allows for appropriate budgeting and understanding of price position.
- Given that the Quality Transformation Fund would be administered on a rating region basis, how to address issues such as the fact quality performance is generally not measured by region?
- How can plans use the Quality Transformation Fund to move underlying provider contracts toward higher quality performance?

Open Forum

THANK YOU