

New Maternity APM Design Review Team

Session 4 - Target Setting and Reward Structure

July 25, 2024



Our Mission:

Improving health care equity, access and outcomes for the people we serve while saving Coloradans money on health care and driving value for Colorado.



Agenda

1. Welcome and Updates
2. Session 3 Recap (June 27, Quality Measurement)
3. Target Setting: Guiding Principles and Thresholds
4. Break
5. Reward Between Thresholds
6. Looking Ahead

Today's Objectives

1. Review discussion and feedback from the previous Design Review Team (DRT) session (June 27, Quality Measurement)
2. Review and discuss two options for target setting (how we set targets for metrics tied to payment to help measure the success of the new Maternity APM's goals and objectives)

1. Welcome and Updates

The Maternity APM Team



Kathleen Le
Maternity Lead



Anoushka Milliar
Maternity Co-Lead



Lauren Bell
Design Review Team
Lead Facilitator



Kimberly Phu
Design Review Team
Supporting Facilitator



Suman Mathur
Design Review Team
Supporting Facilitator



Katey Ortlieb
Maternity Support Team Lead



Francois de Brantes
Maternity Support Team Co-Lead



Aaron Beckert
Maternity Support Team



Lyle Roddey
Maternity Support Team



Icebreaker:
What's an Olympic sport that doesn't exist that should?



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Update to DRT Meeting Schedule and Topics

- DRTs will be extended to ensure ample time to discuss target setting (today), and the quality and payment models

Date	APM Framework Component	Maternity DRT Topic (Subcomponent)
May 23	DRT Kick-off	How will we interact? What is the DRT? What are the expectations? Why are we creating a new maternity APM? What is the “North Star” goal?
June 13	Goals and Objectives	What are we trying to achieve through the maternity APM?
June 27	Quality Measurement	How will performance be measured to align with the program goals?
Today!	Target Setting	How will performance be measured?
August 8	Quality Model	How will performance be measured?
August 22	Payment Model	How will providers be paid?
September 12	Performance Improvement and Program Sustainability	What information is needed for providers to be successful? What types of support will be needed to sustain the program?
September 19	Calendar Hold (Use If Needed)	N/A

2. Session 3 Recap (June 27, Quality Measurement)

Feedback from DRT Session 3

- DRT members generally agreed proposed measures were impactful and feasible.
- All comments have been reviewed by the HCPF Maternity APM Team and tagged for further discussion; no feedback has been disregarded.
- The HCPF Maternity Team may reach out for further insight or feedback.
- Suggestions applicable across all APM programs have been shared with other workstreams for further discussion.

Approval of DRT 3 Meeting Minutes

By end of day Friday, July 26, please email the Stakeholder Engagement team at HCPF_VBPStakeholderEngagement@state.co.us with:

- Any proposed changes to the meeting minutes, for example correcting misinterpreted comments
- Any objections to posting a de-identified, abbreviated version of the minutes to the Maternity APM website (publicly accessible)



Questions?



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3. Target Setting: Guiding Principles and Thresholds



DRT Session #4

Today's Session

- Target setting and reward structure

Covered in Future Sessions

- Measure selection process for tying measures to payment
- Payment model and mechanisms
- Performance improvement
- Program sustainability

Not Covered in DRT Sessions

- Program eligibility
- Attribution methods
- Reimbursement rates

Mapping It Together

Goals and Objectives (Discussed in DRT #2)



How does quality impact payment?

Quality Targets

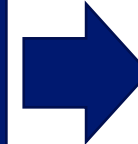
Where the Department aims for performance in the future

(e.g., 75th percentile of a national Medicaid benchmark)



Reward Structure

The way in which financial incentives are structured to support achievement of the Department's Quality Goals



Incentive Payments

Payment contingent on meeting standards on certain quality measures tied to payment

Level-Setting: Thinking Outside of the "Close the Gap" Methodology

- "Close the Gap" is the current methodology for existing value based payment programs administered by HCPF (e.g. APM 1).
- HCPF is considering other methodologies for new or re-designed value based payment programs.
- These may consider looking at absolute performance rather than improvement. The following examples consider an absolute performance NOT improvement (aka "closing the gap").

Guiding Principles

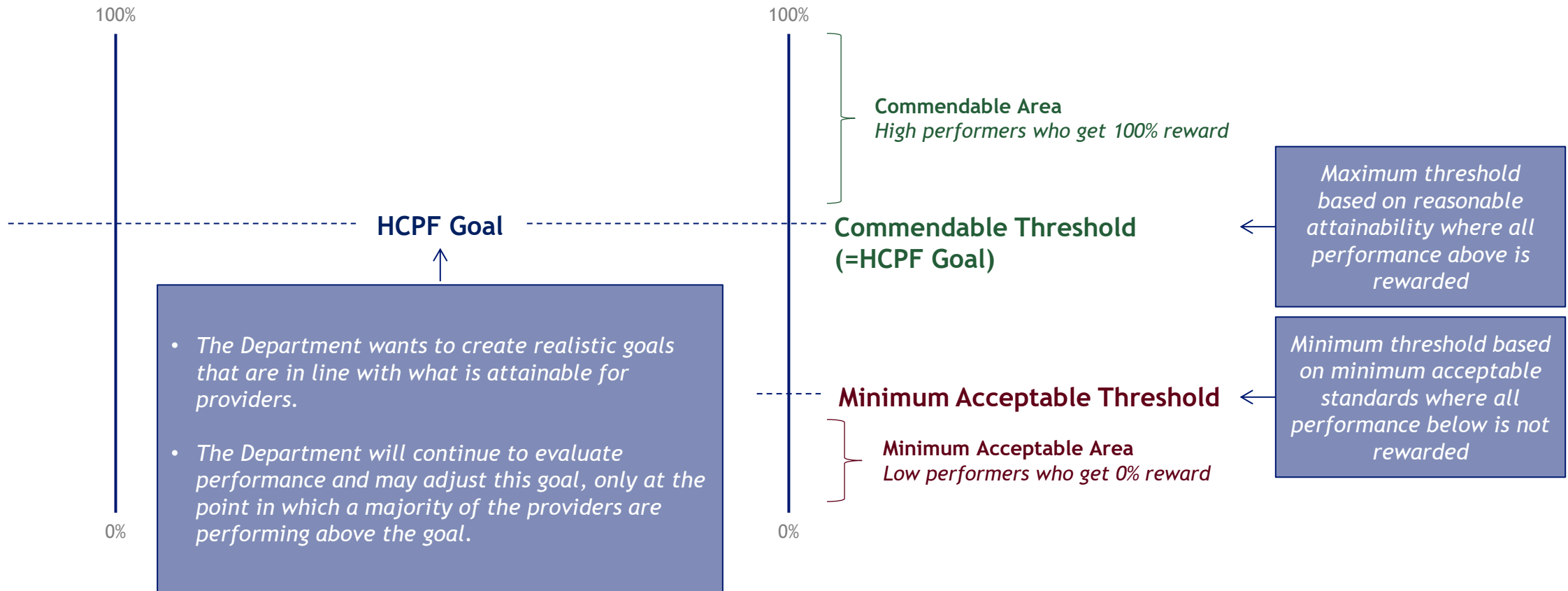
Guiding Principles for Reward Structure

1. **Supports High Performance**: The reward approach should reward those that are already high performers to stay at that level or, if possible, to improve and encourage those that are not high performers to continuously improve.
2. **Makes Rewards Achievable**: The reward structure supports a system where participants feel that achieving rewards is within reach based on where performance currently stands.
3. **Scales the Size of the Reward to Effort**: Rewards should be reflective of the level of effort required to improve.
4. **Supports Predictability**: The level of anticipated reward needs to be predictable for period of time.
5. **Draws from Evidence-Based Observations**: The ability to improve and get closer to targets is supported by national, state and regional benchmarks when available.

Key Components of Any Reward Structure

Quality Goals

Reward Structure



Setting Thresholds

Threshold Setting Example

Example Performance Breakout			
	> Minimum Acceptable Threshold	> Commendable Threshold	Total Eligible
Providers	221 (80%)	39 (14%)	276
Members Served	751 (64%)	94 (8%)	1,173

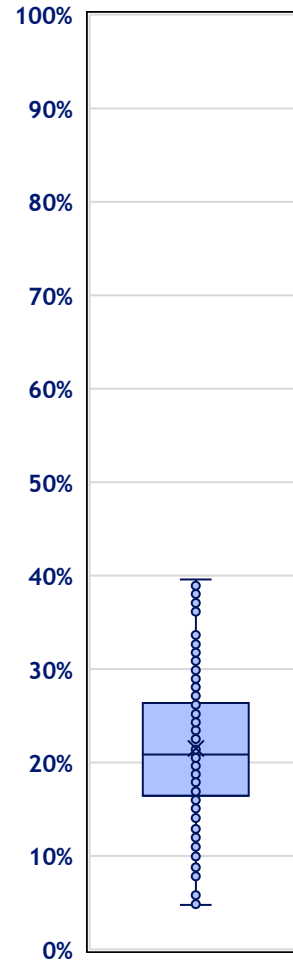
Note: % of total eligible providers and attributed members

Commendable Threshold = 30%

Colorado FFS Health First Median Performance = 22%

Minimum Acceptable Threshold = 15%

Example Measure 1



Commendable Area = 30% and above
High performers who get 100% reward

Minimum Acceptable Area = 14.9% and below
Low performers who get 0% reward

Activity: Commendable and Minimum Acceptable Thresholds

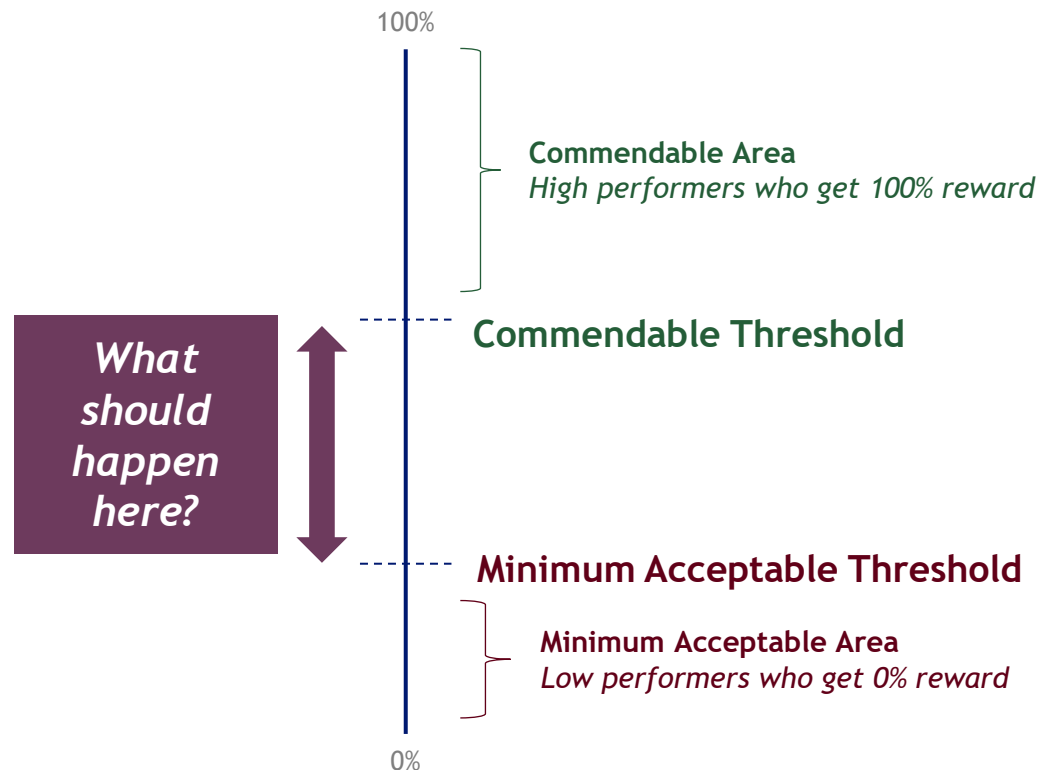
Share Out

- In general, is there a performance level that justifies providers receiving the **full (100%)** reward?
- In general, is there a performance level that is inadequately low where **no reward (0%)** should be given to providers?

4. Break

5. Reward Between Thresholds

Reward Between Commendable and Acceptable Thresholds



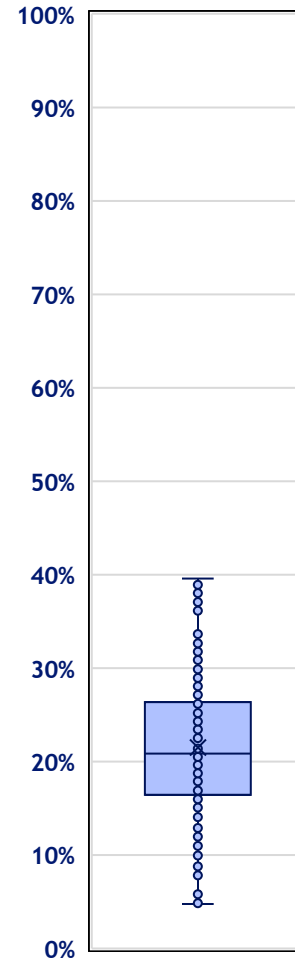
- We are going to present **two potential options** on how to scale rewards between the minimum and commendable threshold:
 - **Option 1: Tiering**
 - **Option 2: Sliding Scale**
- To simplify, the goal is to use a **consistent reward methodology across all measures**

Option 1: Tiering

Example Measure 1

Payments earned are tiered based on performance levels

Commendable Threshold = 30%
Current Median Performance = 22%
Minimum Acceptable Threshold = 15%



Above Commendable Threshold ($\geq 30\%$)
get 100% payment

Tier 2 (22%-29%) get 67% payment

Tier 1 (15%-21%) get 33% payment

Example Performance Calculation: Tiering

Example Measure 1 Parameters

	Minimum Threshold	Tier 1	Tier 2	Commendable Threshold
Performance Rate	<15%	15-21%	22-29%	30+%
Weight	0%	33%	67%	100%
Points Earned	0 pts	33 pts	67 pts	100 pts

Provider Performance Calculations for Example Measure 1

	Performance Rate	Threshold/Tier Met (From Measure Parameter Table above)	Points Awarded (From 'Points Earned' in Table above)
Practice A	12%	Below Minimum Threshold	0 points
Practice B	21%	Tier 1	33 points
Practice C	24%	Tier 2	67 points
Practice D	27%	Tier 2	67 points
Practice E	30%	Commendable Threshold	100 points

Tiering Reward: Potential Benefits and Drawbacks

Potential Benefits:

- **Simplicity:** Straightforward categories clear goals for providers
- **Motivation:** Clear goals for providers to aim for at the next highest tier

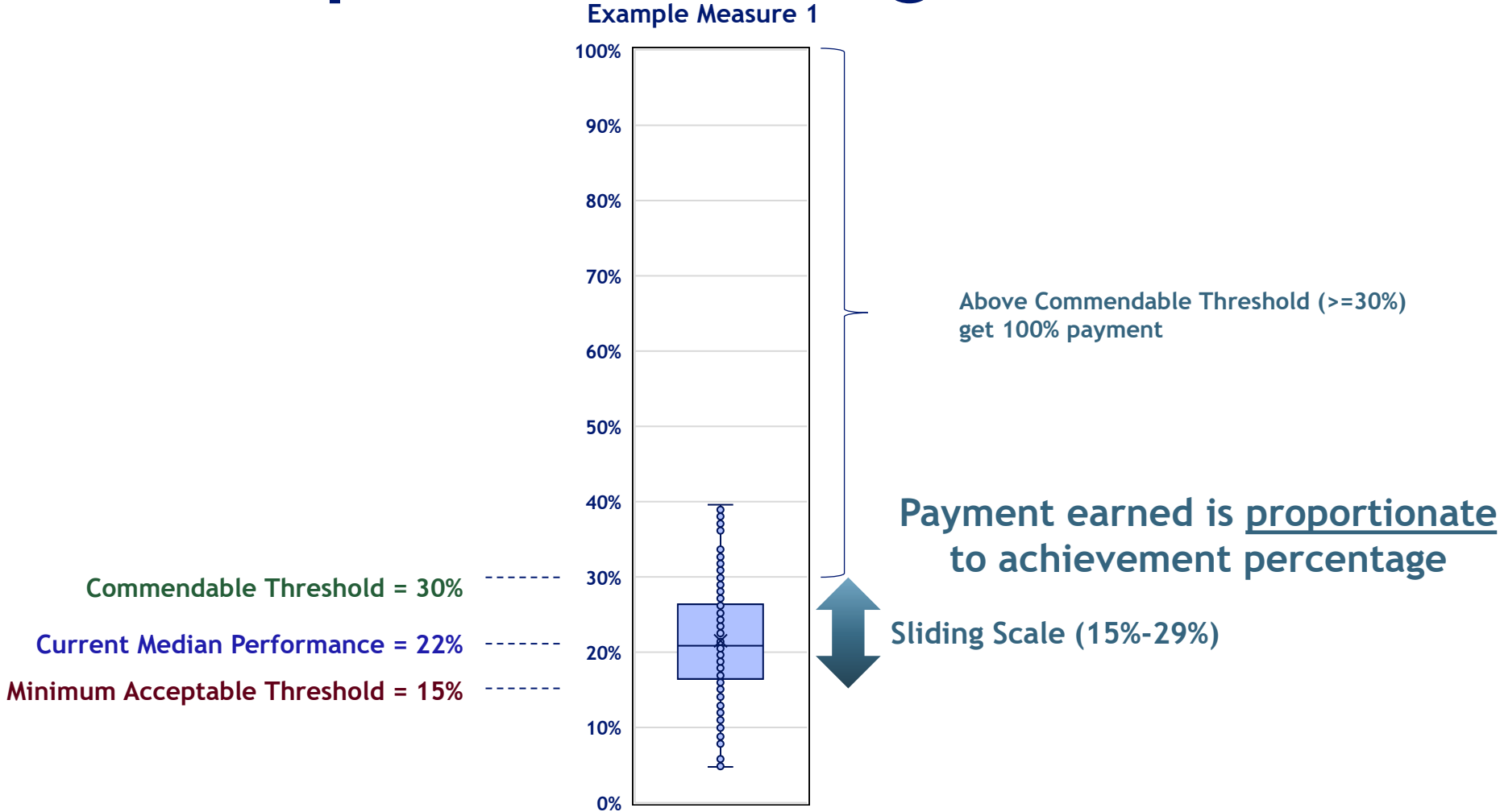
Potential Drawbacks:

- **Inflexibility:** Variances in provider performance within the same tier are not reflected in payment
- **Rounding:** Providers near a tier cutoff could experience payout fluctuations year to year

Questions for consideration - Tiering:

- Is there another component that should be included?
- Are there any unintended consequences?
 - Should there be a buffer that prevents year to year backsliding to a lower tier?
 - If so, how much should that buffer account for?

Option 2: Sliding Scale



*Based on measure eligible Fee-for-Service Health First Colorado Members (e.g., excludes CHP+ and Managed Care Populations) and providers with a denominator of 30+.

Example Performance Calculation: Sliding Scale

Example Measure 1 Parameters

Minimum Threshold	Commendable Threshold	Difference (Commendable - Minimum)	Total Possible Measure Points
15%	30%	15%	100

Provider Performance Calculations for Example Measure 1

	Performance Rate	Normalized Score* = (Performance Rate - Minimum Threshold)/Difference <small>*Converts performance rate to a number between 0 and 1</small>	Points Awarded = Normalized Score * Total Points
Practice A	12%	Below Minimum Threshold (15%)	0 points
Practice B	21%	$(21\% - 15\%) / 15\% = 40\%$	$40\% * 100 = 40$ points
Practice C	24%	$(24\% - 15\%) / 15\% = 60\%$	$60\% * 100 = 60$ points
Practice D	27%	$(27\% - 15\%) / 15\% = 80\%$	$80\% * 100 = 80$ points
Practice E	30%	Commendable Threshold (30%)	100 points

Sliding Scale Reward: Potential Benefits and Drawbacks



Potential Benefits:

- **Flexibility:** Variances in provider performance are directly reflected in payment
- **Encouragement:** Minor improvements in performance can result in a higher payout year to year

Potential Drawbacks:

- **Complexity:** It may be more challenging to calculate each provider individually
- **Uncertainty:** Potential payouts are less predictable
- **Potential Backsliding:** Small declines in performance will be reflected in payment

Questions for consideration - Sliding Scale:

- Is there another component that should be included?
- Are there any unintended consequences?
- Should there be a buffer that limits the amount that a provider can backslide?
 - If so, how much should that buffer account for?

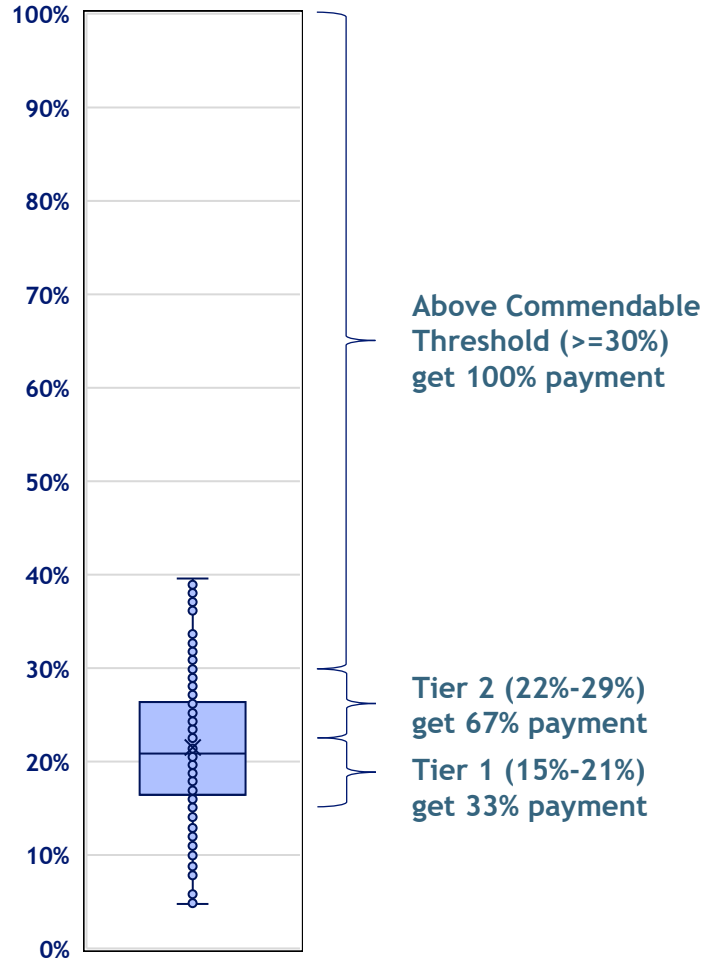
Example Payment Variance: Tiering vs Sliding Scale

Provider Performance Calculations for Example Measure 1

	Performance Rate	Tiering Points Awarded	Tiering Payment (Max \$25K)	Sliding Scale Points Awarded	Sliding Scale Payment (Max \$25K)
Practice A	12%	0 points	\$0	0 points	\$0
Practice B	21%	33 points	\$8,250	40 points	\$10,000
Practice C	24%	67 points	\$16,750	60 points	\$15,000
Practice D	27%	67 points	\$16,750	80 points	\$20,000
Practice E	30%	100 points	\$25,000	100 points	\$25,000

Tiering

Payments earned are tiered based on performance levels



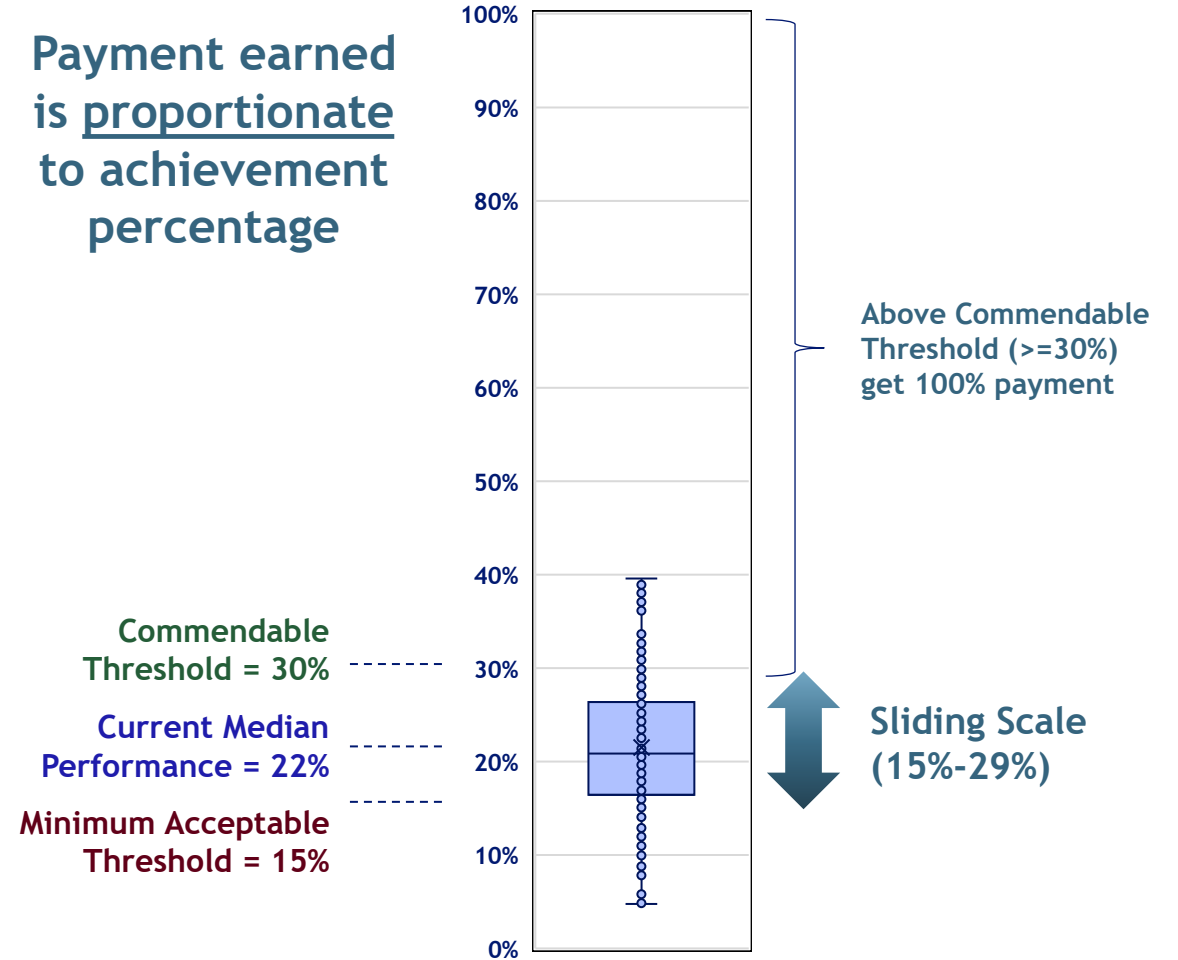
Commendable Threshold = 30%

Current Median Performance = 22%

Minimum Acceptable Threshold = 15%

Sliding Scale

Payment earned is proportionate to achievement percentage



Commendable Threshold = 30%

Current Median Performance = 22%

Minimum Acceptable Threshold = 15%

Above Commendable Threshold (>=30%) get 100% payment

Sliding Scale (15%-29%)

Activity: Tiering and Sliding Scale

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- Do you prefer a Tiering or Sliding Scale reward method?

Share Out

- For those that answered Tiering, why?
- For those that answered Sliding Scale, why?

Performance Determines Level of Payment Across Multiple Measures

Example Scorecard for Quality Payment

Measure	Points Awarded	Maximum Points
Example Measure 1	33	100
Example Measure 2	67	100
Total Points:	100	200

Maximum Eligible Incentives	\$50,000
Practice's Total Points	100
Maximum Possible Points	200
% of Total	$100/200 = 50\%$
Reward Payout to Practice B	$(\\$50,000 \times 50\%) = \\$25,000$

6. Looking Ahead

Up Next

- **Optional Office Hours:** TBD
- **Next DRT Session:** Thursday, August 8 from 7:30-9:30 a.m.
- **Topic:** Payment
- **Resources:** To be sent via email

For questions or to provide written feedback, please email
HCPF_VBPStakeholderEngagement@state.co.us

Thank you!