

APPENDIX 2
Incentive Payments
RFP # 710-22-0034

**235.000 Performance Based Incentive Payment Methodology —
Exclusions from the Calculation of Emergency Department
Utilization and Acute Hospital Utilization**

Emergency Department Utilization (EDU) — HEDIS² Exclusions

1. Emergency Department visits that result in an inpatient stay
2. A principal diagnosis of mental health or chemical dependency
3. Psychiatry
4. Electroconvulsive therapy
5. Hospice beneficiaries

Acute Hospital Utilization (AHU) — HEDIS² Exclusions

1. Nonacute inpatient stay
2. A principal diagnosis of mental health, chemical dependency, or intentional self-harm
3. A principal diagnosis of live-born infant
4. A maternity-related or specific weeks of gestation principal diagnosis
5. A maternity-related stay
6. Inpatient and observation stays with a discharge for death
7. Hospice beneficiaries

PCMH Program-specific Exclusions

1. Newborn Intensive Care Unit (NICU) stay
2. Provider types excluded from total cost of care
3. Medically Frail beneficiaries
4. Physician excluded beneficiaries
5. Unknown gender

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237.000 Performance Based Incentive Payment Amounts

Percentile of performance and incentive bonus³

- [Acute Hospital Utilization \(AHU\)](#)
 - Shared Performance Entities that are in the top 10th percentile for lowest AHU rates can receive up to \$12 times the number of attributed member months
 - Shared Performance Entities that fall within the top 11th to 35th percentiles for lowest AHU rates can receive up to \$6 times the number of attributed member months
- [Emergency Department Utilization \(EDU\)](#)
 - Shared Performance Entities that are in the top 10th percentile for lowest EDU rates can receive up to \$8 times the number of attributed member months
 - Shared Performance Entities that fall within the top 11th to 35th percentiles for lowest EDU rates can receive up to \$4 times the number of attributed member months
- [Focus Measure](#)
 - Shared Performance Entities that are in the top 10th percentile for highest Focus Measure rates can receive up to \$5 times the number of attributed member months
 - Shared Performance Entities that fall within the top 11th to 35th percentiles for highest Focus Measure rates can receive up to \$2.50 times the number of attributed member months
- Reconsideration for [AHU, EDU, and Focus Measures](#) will be performed during Q3 of the 2023 performance period. The [Q3 2023](#) quarterly report will identify providers' current standing and a [PBIP reconsideration application in the PCMH Provider Portal](#) will identify those beneficiaries and events counted in these three measures. Requests for reconsideration on these measures will be accepted after [Q3 2023](#) reports are posted to the PCMH portal, and such reconsideration requests must follow the guidance in the [PCMH Provider Manual](#). (Sections 235.000, 236.000, 244.000)

³ The total of Performance Based Incentive Payment (PBIP) amounts must not exceed equal Medicaid's allotted dollar amount for total payout. If the total of PBIP amounts exceed Medicaid's allotted dollar amount for total payout, all PBIP amounts will be adjusted accordingly.

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An overview of the payment calculation is broken into multiple pieces:

- Determination of eligibility to be in the PBIP payments:
 - Calculation of all of the quality metrics to determine if the individual PCMH meets the necessary 2/3 passing rate (i.e., metrics that the PCMH has met the required denominator size)
 - Determination if they meet the measurement year's CORE metrics
 - Determination if meeting the PSA criteria
- PBIP for the AHU and EDU metrics
 - Develop and run advanced risk adjustment models for the individual AHU & EDU metrics to determine the expected number of events based on the patient
 - For each PCMH, calculate the ratio of expected to actual events for the AHU & EDU metrics
 - Based upon the previous bullet's calculation, rank the PCMHs and then put them into either the top 10%, 11-35% or over 35% categories
 - Calculate each PCMHs member months
 - Based on the PCMH ranked category, the payout is member months X metric ranking payment
- PBIP for the focus metric
 - For each PCMH, calculate the focus metric
 - Based upon the previous bullet's calculation, rank the PCMHs and then put them into either the top 10%, 11-35% or over 35% categories
 - Calculate each PCMHs member months
 - Based on the PCMH ranked category, the payout is member months X metric ranking payment