



**NEW HAMPSHIRE DEPARTMENT OF HEALTH AND HUMAN SERVICES (DHHS)
MEDICAID CARE MANAGEMENT PROGRAM**

Reference Number	19-0028
Authorized by	Henry Lipman, Medicaid Director
Division/Office/Bureau	Division of Medicaid Services
Issue Date	8/19/2019
Effective Date	9/1/2019
Subject	Withhold and Incentive Guidance for Agreement Year 1
Description	Guidance for Medicaid Care Management (MCM) Withhold and Incentive Program Services in the MCM Contract (RFP-2019-OMS-02-MANAG-02) approved by the Governor and Executive Council in March 2019. Reference attached <i>MCM Services Contract, Exhibit A, Section 5.4</i>

1. Background

- 1.1. This Withhold and Incentive Program Policy (or, “Policy”) applies to all Managed Care Organizations (MCOs) participating in the Medicaid Care Management (MCM) program as of September 1, 2019, consistent with the requirements outlined in Section 5.4 (MCM Withhold and Incentive Program) of the MCM Agreement.
- 1.2. Effective July 1, 2020 (effective for the period beginning September 1, 2019) after the completion of each Agreement year, an actuarially sound withhold¹ percentage of each MCO’s risk adjusted capitation payment net of directed payments to the MCO shall be calculated as having been withheld by DHHS. On the basis of the MCO’s performance, as determined under this policy, unearned withhold in full or in part is subject to recoupment by DHHS to be used to finance an Incentive Pool.
- 1.3. The Policy is in effect for state fiscal year 2020, with primary measurement covering the data period January 1, 2020 to June 30, 2020 (with lookback periods as specified in the measure descriptions). As required by federal regulations, this Policy and all Minimum Performance Standards are subject to review and certification by DHHS’s actuaries.
- 1.4. As often as once annually, DHHS plans to reassess and modify the MCM Withhold and Incentive Program. The performance metrics, populations, and individual metrics described in this Policy are developed by DHHS. DHHS may at its discretion take into account input from a workgroup consisting of members from DHHS and each MCO. Final policy decision will be made exclusively by DHHS. Each MCO shall comply with all subsequent changes specified by DHHS.
- 1.5. Final decisions regarding the MCM Withhold and Incentive Program will be made exclusively by DHHS. Which shall include but not be limited to selecting Performance

¹ DHHS will pay to MCOs participating in the MCM program the full Capitation Payment, as described in the MCM Agreement, without withholding any dollars from the premium during the agreement year.

Measures and Performance Categories, setting Annual Goals and Minimum Performance Standards, and determining the Earned Withholds, Incentive Pool, Incentive Payments,

- 1.6. The MCM Withhold and Incentive Program is based on a Withhold applied to the capitation payments made by DHHS to MCOs participating in the MCM program. The goal of the MCM Withhold and Incentive Program is to establish incentives in addition to those outlined in the MCM Agreement for meeting performance requirements and priorities established by DHHS.
- 1.7. The MCM Withhold and Incentive Program requires MCOs to meet a minimum performance standard for measures in three priority Performance Categories – Quality Improvement, Care Management, and Behavioral Health. Upon satisfying the minimum performance standard, MCOs will become eligible to earn back withheld capitation payments based on their performance against DHHS Annual Goals in each of the three Performance Categories. In addition, if one or more MCO fails to earn back its full withhold, those unearned dollars will be used to finance an incentive pool that is available for additional incentive payments to be made to high-performing MCO(s).

2. Definitions

2.1. Annual Goal

A standard determined for each performance measure that exceeds the Minimum Performance Standard, and represent the Department’s desired level of performance for each measure.

2.2. Earned Withhold

Earned Withhold means the amount of the Withhold returned to the MCO. The amount is determined based on (1) the MCO achieving Minimum Performance Standards and (2) the MCO’s gap between Minimum Performance Standards and Annual Goals. The Earned Withhold will not to exceed 100% of the MCO’s withheld risk-adjusted capitation payment amount. The Earned Withhold excludes Performance Incentive Payments.

2.3. Earned Withhold Performance Point Scale

Scale used to quantify the MCOs gap between Minimum Performance Standards and Annual Goals.

2.4. Incentive Payment

The amount of an incentive pool awarded to the MCO based on the MCO’s exceeding Annual Goals described in this Policy, not to exceed 5% of the MCO’s qualifying capitation revenue.

2.5. Incentive Pool

The amount available for an Incentive Payment for each Performance Category resulting from at least one other MCO not earning the maximum Earned Withhold from that Performance Category.

2.6. Minimum Performance Standard

A standard determined for each performance measure that represents the minimum performance result allowed to still be eligible for an Earned Withhold.

2.7. Performance Categories

A grouping of performance measures. Current categories are: Quality Improvement, Care Management, and Behavioral Health.

2.8. Performance Measure

Performance Measure means the indicators selected for use in determining the Earned Withhold and/or Incentive Payment to be made to each MCO.

2.9. Withhold

Withhold means a specified percentage of an MCO's gross capitation payments, excluding directed payments (as identified by DHHS).

3. Determining the Withhold.

- 3.1. The total Withhold amount to be recouped by DHHS is equal to two percent (2%) of the risk adjusted capitation payments made by DHHS for enrollees in the MCM program for the capitation service periods during the primary measurement period, net of directed payments that are approved by the Center for Medicare and Medicaid Services.
- 3.2. Withhold percentages will not be applied to directed payments, including directed payments to Community Mental Health Programs (CMHPs), and any other payments otherwise identified by DHHS as a directed payment.

4. Performance Measures and Performance Categories.

- 4.1. The MCO's performance will be assessed in three (3) Performance Categories: Quality Improvement, Care Management, and Behavioral Health.
- 4.2. DHHS will annually select Performance Measures, Performance Categories, and Performance Standards.
- 4.3. DHHS reserves the right to eliminate a particular Performance Measure for use in this Policy.
- 4.4. DHHS reserves the right to exclude a particular MCO from one or more Performance Measure(s) used in this Policy based on the MCO having a denominator of less than 100² for the measure, or other reasons determined by DHHS.
- 4.5. In the event that the MCO is excluded from all performance measures in a Performance Category DHHS will remove the MCO's Withhold amount for that Performance Category.
- 4.6. The methods and procedures used for data sources, validation, and tabulation of results are described in Appendix C, attached to this document. Risk adjustment methods for specific Performance Measures will be considered and utilized, if deemed appropriate by DHHS.
- 4.7. Performance measures will include the eligible populations of Standard Medicaid Managed Care and Granite Advantage Health Plan Members.

² The denominator unit will be variable depending on the performance measure. It may include but not be limited to members or events such as utilization of a service.

5. Earned Withhold

5.1. MCOs are able to earn a portion or all of the withhold back based on performance in each of the Performance Categories. The maximum Earned Withhold in each category is outlined in Figure A below.

Figure A. Performance Category Percentage of Total Withhold

Performance Category	Percentage of Maximum Withhold to be Earned Back
Quality Improvement	50%
Care Management	25%
Behavioral Health	25%
Total	100%

5.2. Qualifying for an Earned Withhold

- 5.2.1. To qualify for an Earned Withhold in each Performance Category, the MCO shall meet the Minimum Performance Standard for each measure within the corresponding Performance Category.
- 5.2.2. Minimum Performance Standards in SFY 2020 are calculated based on the MCOs prior performance when available.
- 5.2.3. Failure to meet the Minimum Performance Standard for a Performance Measure will disqualify the MCO from receiving any Earned Withhold in the corresponding Performance Category. See Figure B below for SFY 2020 Performance Categories, Performance Measures, and Standards.

Figure B. SFY 2020 Performance Categories, Performance Measures, and Standards.

Performance Category	Performance Measure	Minimum Performance Standard	Annual Goal	Numerator Change for Annual Goal
Quality Improvement	Percent of All Members with Polypharmacy, without an Annual Review on File, who had Monthly Outreach to Complete a Comprehensive Medication Review and Counseling (see Appendix B for measure details)	75.0%	90.0%	N/A
	Submission of a plan that addresses opportunities to decrease unnecessary use of the emergency department relative to low acuity non-emergent visit (see Appendix B for measure details)	DHHS approved plan	DHHS approved plan	N/A
	Submission of a plan that addresses opportunities to reduce preventable inpatient admissions (see Appendix B for measure details)	DHHS approved plan	DHHS approved plan	N/A
Care Management	Percent of pregnant women who are referred to Care Management within six months prior to delivery. (see Appendix B for measure details)	85.3%	87.3%	N/A

Performance Category	Performance Measure	Minimum Performance Standard	Annual Goal	Numerator Change for Annual Goal
Behavioral Health ³	Follow-Up After Emergency Department Visit for Alcohol and Other Drug Abuse or Dependence – 7 Day (HEDIS-FUA) (see Appendix B for measure details)	20.7%	25.7%	36
	Metabolic Monitoring for Children on Antipsychotics (HEDIS-APM) (see Appendix B for measure details)	31.3%	36.3%	52

5.3. *Earned Withhold Calculation*

- 5.3.1. Earned Withhold amounts will be determined for each Performance Category in which the MCO qualifies to receive an Earned Withhold.
- 5.3.2. The Earned Withhold amount for each Performance Category will be determined by assigning points to each Performance Measure.
- 5.3.3. Each Performance Measure will be scored from 0 to 3 as determined by the gap between the corresponding Minimum Performance Standard and the Annual Goal. See Figure C below for the point scale.

Figure C. Earned Withhold Performance Point Scale

Range	Points
Minimum Performance Standard to Less Than 1/3 of Filled Gap to Annual Goal	0
1/3 to Less Than 2/3 of Gap to Annual Goal	1
2/3 to Less Than Annual Goal	2
Annual Goal or Greater	3

- 5.3.4. A total score for each Performance Category will be calculated by totaling the points of the corresponding Performance Measures.
- 5.3.5. The maximum point total for each Performance Category will be divided by the MCOs total points for the corresponding Performance Category to determine the percent of total possible points for each Performance Category.
- 5.3.6. The Earned Withhold for each Performance Category will be calculated as the total maximum withhold amount in dollars for each Performance Category times the percent of total possible points in each Performance Category.
- 5.3.7. DHHS will have the sole discretion about whether an MCO has met the Minimum Performance Standard or Annual Goal on a Performance Measure.
- 5.3.8. See Appendix A for an example of how an Earned Withhold is calculated.

6. Incentive Payment Performance Bonus

- 6.1. In the event that any MCO does not reach the maximum Earned Withhold payment described in Section 5 of this Policy, DHHS shall use the unearned Withhold funds to

³ Behavioral Health Minimum Performance Standards and Annual Goals are based on MCO HEDIS data for calendar year 2018.

fund an Incentive Pool through which high performing MCOs may earn an Incentive Payment.

6.2. The total Incentive Pool will be calculated by subtracting the total Earned Withhold payments for all MCOs from the total Withhold for all MCOs.

6.3. The Total Incentive Pool will be calculated at the Performance Category level so that unearned Withhold funds from a Performance Category can only be used for Incentive Payments for the same Performance Category.

6.4. *Qualifying for Incentive Payment Performance Bonus*

6.4.1. To qualify for an Incentive Payment in a Performance Category:

6.4.1.1. An MCO must meet Minimum Performance Standards across all Performance Measures;

6.4.1.2. An MCO must meet the Annual Goals for all Performance Measures within the Performance Category; and

6.4.1.3. There must be Incentive Pool funding available for the Performance Category.

6.5. *Calculating the Incentive Payment Performance Bonus*

6.5.1. DHHS will calculate an Incentive Payment for MCOs meeting the conditions of 6.4 above for each Performance Category in which Incentive Pool funding is available.

6.5.2. For each Performance Category DHHS will separately assess each Performance Measure within the category. Where MCO performance for any of the Performance Measures examined exceeds the Annual Goal by more than a relative 5%, the MCO will be eligible for an Incentive Payment for that Performance Measure.

6.5.3. Total available Incentive Payment funds will be equally allocated between each Performance Measure in a Performance Category that has Incentive Pool funding available.

6.5.4. The payment will be calculated by multiplying five times the MCO's relative performance above the Annual Goal, times the available Incentive Pool for the Performance Category.

6.5.5. When more than one MCO is eligible for an Incentive Payment for the same Performance Category, DHHS may adjust the multiplier in 6.5.4 above to prevent the total Performance Incentive payments from exceeding the Incentive Pool for the category.

6.6. In the event that the Incentive Pool funds are not fully expended, the balance in each category will roll over to the Incentive Pool in the following year.

6.7. See Appendix A for an example of how an Incentive Payment is calculated.

7. DHHS Payment Mechanics

7.1. DHHS will pay to MCOs participating in the MCM program the full Capitation Payment, as described in the MCM Agreement, without withholding any dollars from the premium during the contract year.

- 7.2. The Withhold amount may be adjusted by DHHS, if necessary, for the elimination of a particular measure or the elimination of an MCO from a particular measure as indicated in Section 3.1 of this Policy.
- 7.3. An MCO may earn less than, equal to, or more than the MCO's contribution to the Withhold, provided that no MCO's total revenue is greater than 105% of the MCO's qualifying capitation revenue in accordance with federal regulation.
- 7.4. Between one (1) and three (3) months after the DHHS Withhold performance report for the measurement year has been issued, DHHS shall tabulate and report to each MCO its performance and the dollar amount of the Earned Withhold and Incentive Payment. DHHS will recoup from or make payment to the MCO as follows:
- 7.5. If DHHS determines that the MCO has achieved the maximum Earned Withhold, the MCO will not owe payment to DHHS and may retain the Withhold (there is no financial exchange).
- 7.6. If DHHS determines that the MCO has earned less than 100% of the Earned Withhold, the MCO will owe to DHHS the dollar amount of the Withhold less the value of the Earned Withhold.
- 7.7. If DHHS determines that the MCO has earned an Incentive Payment that, when combined with the MCO's Earned Withhold payment is greater than the value of the Withhold, DHHS will owe to the MCO the sum of the Earned Withhold and Incentive Payment, less the value of the Withhold.
- 7.8. If the MCO's performance results in the MCO owing payment to DHHS, the MCO shall make during the subsequent contract year a lump sum payment in the amount of the Withhold less the value of the Earned Withhold. If the MCO's performance results in an Incentive Payment that is greater than the value of the Withhold, DHHS shall make during the subsequent contract year a lump sum payment that is the sum of the Earned Withhold and Incentive Payment, less the value of the Withhold (provided that no MCO's total revenue is greater than 105% of the MCO's qualifying capitation revenue).
- 7.9. Included in DHHS's report to each MCO regarding its performance and the dollar amount of the Earned Withhold and Incentive Payment, DHHS will provide a written deadline for the MCO's review and comment. Upon completion of the review period, DHHS will evaluate all MCO comments and address any issues as warranted as determined by DHHS.
- 7.10. If feasible based on DHHS discretion, DHHS will provide the MCOs a mid-point assessment based on available performance data.

8. Performance Measure Specifications

- 8.1. DHHS will determine the responsible party for calculating each performance measure as indicated in Appendix B.
- 8.2. DHHS will finalize and include detailed specifications for each performance measure in Appendix B.
- 8.3. DHHS will clarify the process for submitting performance measures in Appendix B to the withhold and incentive guidance.
- 8.4. In the event of selecting standard measures (e.g. HEDIS), DHHS will clarify if the performance measure will need to be calculated using a current specification, a prior year's specification, or both.

Appendix A: Example Scenario for Earned Withhold and Performance Incentive

The following example will demonstrate how the Earned Withhold and Performance Incentive is calculated. The scenario uses an MCO with a withhold of \$1,000,000.00 which is not representative of a likely withhold amount, but is used for the ease of demonstration.

Figure D. below shows the maximum Earned Withhold for each Performance Category.

Figure D. Example of Maximum Earned Withhold By Performance Category for a \$1,000,000 Total Withhold

Performance Category	Category Weight	Category Maximum Earned Withhold
Quality Improvement	50%	\$500,000
Care Management	25%	\$250,000
Behavioral Health	25%	\$250,000
Total	100%	\$1,000,000

Figure E. below visually represents the different point categories described in Section 5.3.3 and provides an example of the MCOs performance measure results.

Figure E. Example of MCO Performance Score Using Performance Point Scale

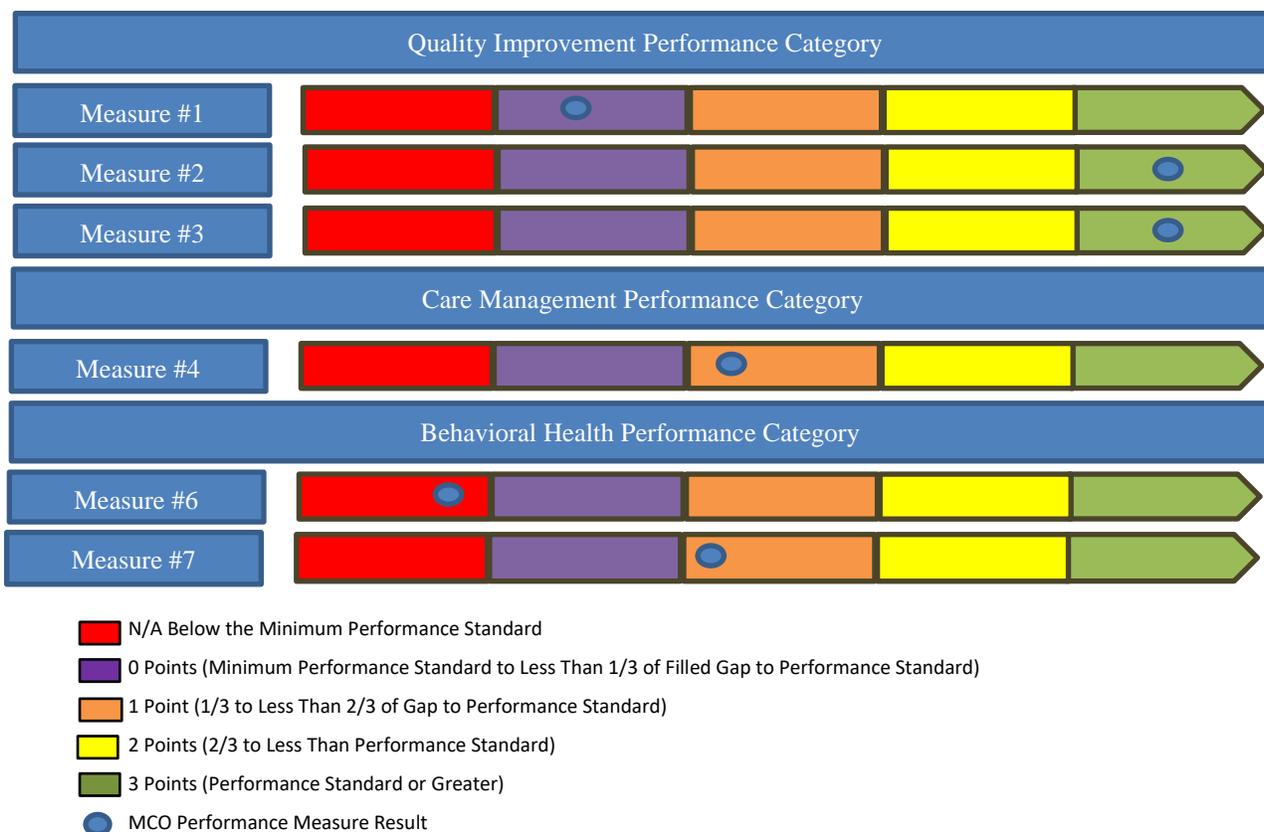


Figure F below expands on the visual representation in Figure E. by demonstrating how the percent of possible total points for each Performance Category is calculated as referenced in Section 5.3.4 – 5.3.6.

The QI Performance Category is eligible for Earned Withhold, because all Performance Measures met the Minimum Performance Standard.

The CM Performance Category is eligible for Earned Withhold, because all Performance Measures met the Minimum Performance Standard.

The BH Performance Category is NOT eligible for Earned Withhold, because one performance measure did not meet the Minimum Performance Standard.

Figure F. Example of Calculating the Percentage of Points Possible in Each Performance Category

Measures	Performance Result	MPS / Annual Goal	Points Scored	Points Possible	% of Possible Points	Category Eligible for Earned Withhold
Quality Improvement (QI) Performance Category						
Measure #1	75%	75% / 90%	0	3		
Measure #2	Submitted Plan	Approved Plan	3	3		
Measure #3	Submitted Plan	Approved Plan	3	3		
QI Category Total			6	9	66.6%	Yes
Care Management (CM) Performance Category						
Measure #4	86.1%	85.3% / 87.3%	1	3		
CM Category Total			1	3	33.3%	Yes
Behavioral Health (BH) Performance Category						
Measure #5	20.5%	20.7% / 25.7%	N/A	3		
Measure #6	77.3%	75.6% / 80.6%	1	3		
BH Category Total			N/A	6	0%	No

Figure G below shows how the percentage of possible points from Figure F are used to determine the Earned Withhold incentive in each Performance Category as referenced in Section 5.3.4 – 5.3.7.

Figure G. Example of Total Earned Withhold

Category	Category Maximum Earned Withhold	Percent of Possible Points	Earned Withhold
Quality Improvement	\$500,000	66.6%	\$333,000
Care Management	\$250,000	33.3%	\$83,250
Behavioral Health	\$250,000	0%	\$0
Total	\$1,000,000	N/A	\$416,250

Figure H. below shows an example of how an MCOs performance is used to determine eligibility for a Performance Incentive payment bonus. In the example, the QI Performance Category is not

eligible for a Performance Incentive because all of the Performance Measures do not meet the Annual Goals. In the example, the CM Performance Category is not eligible for a Performance Incentive because there is not Incentive Pool funds available for the Performance Category. In the example the BH Performance Category is eligible for a Performance Incentive because all the Performance Measures meet the Annual Goals and there are Incentive Pool funds available for the Performance Category.

Note: Figure H.-J. below do not coorespond with the example in Figure A.-G. above.

Figure H. Example of Performance Categories Qualifying for an Incentive Payment

Measures	Performance Result	Minimum Standard	Annual Goal	Incentive Pool Available	Category Eligible for Incentive
Quality Improvement (QI) Performance Category					
Measure #1	80%	75%	90%		
Measure #2	Submitted Plan	Approved Plan	Approved Plan		
Measure #3	Submitted Plan	Approved Plan	Approved Plan		
QI Category Total				Yes	No
Care Management (CM) Performance Category					
Measure #4	90%	85.3%	87.3%		
CM Category Total				No	Yes
Behavioral Health (BH) Performance Category					
Measure #5	25.9%	20.7%	25.7%		
Measure #6	85%	75.6%	80.6%		
BH Category Total				Yes	Yes

Figure I. below reviews the BH Performance Category from Figure H. above to determine which performance measures qualify for an Incentive Payment.

Figure I. includes the relative difference calculation which for Measure#5 is: $[(.259-.257) / .259]$. Measure #5 does not qualify for a Performance Incentive because the relative difference is less

than 5%. Measure #6 does qualify for Performance Incentive because the relative difference is equal to or greater than 5%.

Figure I. Example of Performance Measures Qualifying for an Incentive Payment

Measures	Performance Result	Annual Goal	Relative Difference	Performance Measure Eligible for Incentive
Behavioral Health (BH) Performance Category				
Measure #5	25.9%	25.7%	0.8%	No
Measure #6	85%	80.6%	5.2%	Yes

Figure J. below reviews the BH Performance Category from Figure H. and I. above to determine Incentive Payment for each measure. For Measure #5, there is no incentive payment because the relative difference is less than 5% of the Annual Goal. For Measure #6 is eligible for an Incentive Payment because the relative difference is equal to or greater than 5% of the Annual Goal. The Incentive Payment calculation for Measure #6 is: $[\text{.052} * 5 * \$50,000]$

Figure J. Example of Calculating the Performance Incentive Payment

Measures	Performance Measure Eligible for Incentive	Relative Difference	Incentive Multiplier	Total Performance Category Incentive Pool	Performance Incentive Payment
Behavioral Health (BH) Performance Category					
Measure #5	No	0.8%	5	\$50,000	\$0
Measure #6	Yes	5.2%	5	\$50,000	\$13,000

Appendix B: Withhold and Incentive Measure Inventory

Measure/Report	Definition	Due Date	Party Responsible
Polypharmacy Review Outreach	Percent of All Members with Polypharmacy, without an Annual Review on File, who had Monthly Outreach to Complete a Comprehensive Medication Review and Counseling	8/30/2020	MCO
Unnecessary ED Use Reduction Plan	Plan must include: a) alignment to its APMs to promote the goals of the Medicaid program to provide the right care at the right time, and in the right place; b) incentives to providers; and c) incentives to members.	5/1/2020	MCO
Preventable Inpatient Use Reduction Plan	Plan must include: a) alignment to its APMs to promote the goals of the Medicaid program to provide the right care at the right time, and in the right place; b) incentives to providers; and c) incentives to members.	5/1/2020	MCO
Pregnant Women Referred to Care Management	Percent of pregnant women who are referred to Care Management within the 6 month period prior to delivery.	8/30/2020	MCO
Follow-Up Within 7 Days After ED Visit for Alcohol or Drug Abuse or Dependence	HEDIS specifications will be used for a shortened six month period	11/30/2020	DHHS
Metabolic Monitoring for Children on Antipsychotics	HEDIS specifications will be used for a shortened six month period	11/30/2020	DHHS

The Department will provide templates for the MCO to submit performance measures calculated by the MCO.