

**Hospital Quality-Based Payment Program for PPR and PPC:
Safety-Net Incentive Component
Question and Answer
June 1, 2016**

Resources:

- HHSC PPE webpage: http://www.hhsc.state.tx.us/hhsc_projects/ECI/Potentially-Preventable-Events.shtml
- Questions? E-mail: MCD_PPR_PPC@hhsc.state.tx.us

#	Question	Answer
1	Can we request more frequent reports, similar to the data reports the health plans receive for PPEs? (monthly) or (quarterly at least)	Several hospitals have the same request. Due to resources at this time, HHSC cannot fulfill this on a more frequent basis. However, HHSC will continue to discuss internally the feasibility of this request.
2	How the safety-net hospital that should be receiving the incentive will be paid properly by the MCOs?	<p>HHSC has added new contractual language to the Uniform Managed Care Contract (Section 8.1.4.8.2, Safety-net Hospital Incentives). Below is the language as it stands today:</p> <p>"On an annual basis, HHSC shall provide a list to MCOs that identifies safety-net hospitals that are awarded incentive payments specified in H.B. 1, 84th Legislature, Regular Session, 2015, Article II, Special Provisions Sec. 59(b). This list will consist of hospitals that are recipients of incentives funds, based on exemplary performance on Potentially Preventable Complications and Potentially Preventable Readmissions. The program and methodology for determining awards for hospitals is developed by HHSC. This list that is provided by HHSC to the MCOs will contain the hospital NPI, hospital name, and amount of incentive payments awarded to each hospital based on PPC and PPR performance. HHSC shall build in costs for these incentives into the MCO capitation payments. Consistent with HHSC direction, MCOs shall pay the amount identified by HHSC to the eligible hospitals identified by HHSC."</p>
3	If a hospital participates with multiple MCO's, how will each MCO's share of the incentive payment be determined?	HHSC looked at MCOs contracting with different hospitals and percentages of payouts to hospitals by MCOs. A formula was developed to determine how much each MCO should pay each hospital identified on the list. This was based on looking at each MCOs' contracted hospitals. In the end, the dollars that will be paid to an MCO will equal the amount that is passed down to the identified hospital (minus the premium tax).
4	Since the MCO capitation rates are built using assumed membership projections, wouldn't the MCOs be at risk if their membership doesn't match	The PPR PPC incentive payments will be paid to the MCO through a capitation rate adjustment. This adjustment will be made as a one-time, retroactive adjustment to one month's rates. This method will add certainty to the amount of the payment, since the caseload for the historical month

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	the assumed membership number in our rates	will be known. The intent is to make a single payment to the MCOs to reimburse them an amount that is equal to the PPR PPC incentive payments. Decisions about the timing of the payments have not been finalized at this time.
5	Both the incentive and disincentive programs are based off of past performance data, with relative performance calculated only after the performance year has completed. How can organizations proactively monitor their performance to mitigate negative financial impact with the goal to be eligible for the incentive programs?	Due to the nature of this program, the fact that the data has to be locked down and reviewed, these calculations will always use older data to calculate performance for incentives or disincentives. HHSC recognizes this and has shortened the reporting period and the adjustment period to two years. However, over time, if hospitals are improving their efforts it will be reflected in their performance and their impact (incentives and disincentives).
6	Can you confirm MCOs will receive funds prior to passing the funds forward toward the hospitals?	Yes.
7	Will there be any disincentives around POA?	Currently, there are no disincentives/penalties around Present on Admission (POA). In the original form of the rules that govern this program, the POA penalty was to begin in the state fiscal year 2015 reporting period. However, HHSC has reconsidered this and has revised the rules allowing for the possibility for future implementation of penalties to hospitals with questionable POA data. HHSC plans to study this issue and continue to use Present on Admission in the creation of the state norm.
8	Fiscal Year = State Fiscal Year, correct?	Correct. The hospital quality-based PPR and PPC program is based on a state fiscal year. This is September 1 through August 31.
9	How do we find out if we are one of the safety net hospitals?	HHSC will share the list of identified hospitals for PPR and PPC with the MCOs. HHSC will also notify the identified hospitals. Therefore, both parties will be aware. Hospitals can also email MCD_PPR_PPC@hhsc.state.tx.us .
10	None of the incentives will apply to Critical Access hospital beds under 50 beds?	Critical access hospitals are in the pool for the disincentive component. However, they are NOT included in the eligible list of safety-net hospitals for the incentive component.
11	Will MCOs pay out in lump sum or small increase to rates? Why pass through us vs. HHSC paying hospitals?	MCOs will pay the incentive via a lump sum payment to the list of identified hospitals on an annual basis. Originally, HHSC wanted to make these incentive payments directly to the hospitals. However, after conversations with CMS, in managed care, the payout must go through the MCOs. Therefore, the incentive payments will be built into the MCO capitation rate. However, not all payments will flow through MCOs. A portion will continue to flow through fee-for-service, based on the percentage of claiming activity by the hospitals that will be receiving incentives. Fee-for-

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		service payments will be made via lump sum through the claims administrator.
12	For the SFY 2017, how often will the payments be made to the hospitals? Quarterly? Semi-annually? Annually?	See #11.
13	Are MCOs to pass payments through encounters or external to encounters like PCP rate increases?	See #11. HHSC is also discussing how these expenses will be reported on the financial statistical reports.
14	Will you please send the slides to this presentation?	The slides and audio recording will be posted to the HHSC PPE webpage as soon as possible. URL can be found under Resources at the top of this document.
15	None of the incentives will apply to Critical Access hospital beds under 50 beds?	Correct. The critical access hospitals are included in the disincentive component. See #10.
16	Will you be sharing hospital list w/ MCOs?	Yes. See Answer #9.
17	Will MCOs be given no less than 45 days to pass things through? It takes us a long time to compile information and given we do not have test files or a process set-up to handle this yet we need time to turn things around.	HHSC does not have a specific time frame of when the transaction to occur, however, HHSC would like this to happen as expeditiously as possible.
18	By not giving us a report on 2015 until late June of 2016, there is no chance to rectify issues for 2016. This puts hospitals at risk for 2 years of penalties before they can turn things around.	See #1 and #5.
19	Just to be sure I understood you - MCOs take the 1.75% premium tax of the lump sum received?	Correct. For each incentive cycle, HHSC will inform the MCOs how what percentage of the funds should be retained by the MCOs.
20	Earlier you indicated hospitals will be notified of the amount they will receive. Is the premium tax 1.75% taken into consideration prior to notifying hospitals how much they get?	Yes, HHSC will make sure to deduct the premium tax in the amounts conveyed to the identified hospitals. Premium tax only applies to the funds paid out by the MCOs. Fee-for-service incentive payments are not subject to premium tax.
21	Would like to understand the premium payment pass through better. Will MCOs receive 100% of the money to pass-through? For example, let's say we receive the list in October 2016. We would have only received 2 months of premium by that point.	See #4.