



HHSC UNIFORM MANAGED CARE MANUAL	CHAPTER	PAGE
	6.2.13	1 of 8
Texas Medicaid and CHIP Dental Pay for Quality (P4Q) Program Methodology	EFFECTIVE DATE	
	August 15, 2015	
Version 2.3		

DOCUMENT HISTORY LOG

STATUS ¹	DOCUMENT REVISION ²	EFFECTIVE DATE	DESCRIPTION ³
Baseline	2.0	September 1, 2014	Initial version Uniform Managed Care Manual Chapter 6.2.13, "Texas Medicaid and CHIP Dental Pay for Quality (P4Q) Program Methodology." Chapter 6.2.13 applies to contracts issued as a result of HHSC RFP number 529-12-0003.
Revision	2.1	February 1, 2015	"P4Q Program Methodology" is updated for calendar year 2015. "Shared Revenue Pool" is added.
Revision	2.2	February 19, 2015	"2014 P4Q Program Methodology" is reinstated.
Revision	2.3	August 15, 2015	"2014 P4Q Program Methodology" is updated with continuous point allocation information and safety banding information "2015 P4Q Program Methodology" is updated with continuous point allocation information and the at-risk percent was dropped from 4% to 2%.
¹ Status should be represented as "Baseline" for initial issuances, "Revision" for changes to the Baseline version, and "Cancellation" for withdrawn versions ² Revisions should be numbered according to the version of the issuance and sequential numbering of the revision—e.g., "1.2" refers to the first version of the document and the second revision. ³ Brief description of the changes to the document made in the revision.			



HHSC UNIFORM MANAGED CARE MANUAL	CHAPTER	PAGE
	6.2.13	2 of 8
Texas Medicaid and CHIP Dental Pay for Quality (P4Q) Program Methodology	EFFECTIVE DATE	
	August 15, 2015	
	Version 2.3	

Applicability of Chapter 6.2.13

This chapter applies to Dental Contractors providing Texas Medicaid and CHIP Dental Services to members through dental health plans.

2015 P4Q Program Methodology

2015 P4Q Program Methodology modified by Versions 2.2 and 2.3

The Texas Dental P4Q Program is based on the concept of incremental improvement where each dental plan is incentivized to improve its own quality performance each year and is evaluated based on its success in achieving such improvement. By evaluating each plan based on its own performance, all plans have an opportunity to succeed in the program. Individual plans with lower quality scores are less likely to view targeted quality standards as beyond their reach and plans with higher quality scores remain involved in maintaining and improving their quality performance. Each dental plan is at-risk for two percent of their capitation during calendar year 2015 and has the opportunity to earn back some or all of the entire at-risk amount plus additional dollars based on their level of performance improvement.

To implement the concept of incremental improvement, a gap closure approach to each P4Q quality measure is used. In the gap closure approach, a minimum threshold is set which is the minimum quality score where plans become eligible to earn positive quality points. Plans with scores below the minimum threshold for a measure will not be eligible to earn positive points for incremental improvement, but will not be penalized as long as they show year-to-year improvement in the measure. In addition, an attainment goal is set. The attainment goal represents a recognized level of excellence for the specific quality measure. Minimum thresholds and attainment goals for each measure are the same as in the 2014 P4Q.

Incremental improvement is defined in relation to the gap between the plan's current level of quality performance and the attainment goal for the measure. Each plan is expected to close their gap by 15 percent each year. This 15 percent annual gap closure target represents the amount of improvement in the quality measure that the plan should target for the current year to be on track for eventually achieving the attainment goal.

It is important emphasize that this 15 percent gap closure target is not referring to an annual 15 percentage point annual increase in the measure. Rather, it refers to 15 percent of the difference between the attainment goal and the plan's current level of performance. For example, if a health plan's current performance is 60 percent for a measure and the attainment goal is 70 percent, the gap is 10 percentage points (70 percent - 60 percent). Correspondingly, 15 percent of the gap equals 0.15×10 percentage points or 1.5 percentage points. *The 15 percent annual gap closure target will be achieved if the plan improves from 60 percent to 61.5 percent on this measure.*



HHSC UNIFORM MANAGED CARE MANUAL

CHAPTER

6.2.13

PAGE

3 of 8

Texas Medicaid and CHIP Dental Pay for Quality (P4Q) Program Methodology

EFFECTIVE DATE

August 15, 2015

Version 2.3

For all the P4Q measures, higher scores correspond to higher quality.

For each measure, quality points are assigned based on the actual closure rate and how it compares to the target closure rate of 15 percent. Positive points are assigned for gap closure (increasing quality) while negative points are assigned for gap widening (decreasing quality). A maximum of +5 points are assigned and a minimum of -5 points are assigned for each measure.

To be eligible to earn positive points, a plan must be at or above the minimum threshold for the given measure.

Continuous points between -5 and +5 will be assigned based on gap closure/widening according to the table below, "Assigning Points based on Gap Closure/Widening." When a plan meets or exceeds the attainment goal for a given measure, the plan will receive the full +5 points. If the plan does not meet or exceed the attainment goal but scores above the minimum threshold and achieves actual gap closure of +15 percent or higher, the plan will receive between +4 and +5 points based on the proportion of the gap closure to the attainment goal. If the plan does not meet or exceed the attainment goal, but scores above the minimum threshold, and achieves gap closure between +0 and +15 percent, then 0 to +4 points will be assigned in proportion to the gap closure. Gap widening between 0 percent to -15 percent will receive between 0 to -5 points in proportion to the gap widening. Measures with gap widening more than -15 percent will receive the full -5 points.

Assigning Points based on Gap Closure/Widening	
<i>Gap Closure/Widening Achieved</i>	<i>Formula to Calculate Raw Points</i>
Attainment Goal Achieved	5 Raw Points
>15% up to Attainment Goal	Raw Points=(4)+((Gap Closure-0.15)/(1-0.15))
0% to 15%	Raw points= (4)((Gap Closure)/(0.15))
0% to -15%	Raw points=(5)((Gap Closure)/(0.15))
-15% and lower	-5 Raw Points

Points are weighted for the individual measures and sub-measures. Each individual measure receives a weight of 1.0. Submeasures are weighted so that the sum of their weights equals 1.0 for the individual measure in question.



HHSC UNIFORM MANAGED CARE MANUAL

CHAPTER

6.2.13

PAGE

4 of 8

Texas Medicaid and CHIP Dental Pay for Quality (P4Q) Program Methodology

EFFECTIVE DATE

August 15, 2015

Version 2.3

Shared Revenue Pool

Shared Revenue Pool added by Version 2.1 and modified by Version 2.3

Two percent of the Dental Contractor's capitation amount is at-risk in the program. This at-risk amount is divided into two equal portions with both portions eligible to be earned back by the Dental Contractor based on their performance. Any amount not earned back in step one (described below) is rolled over into a "shared revenue pool" which then is used to augment the second half of at-risk revenues to be earned back in step two.

In step one, if a Dental Contractor's performance on a P4Q quality indicator declines, the Dental Contractor will receive negative points. The amount of negative points a Dental Contractor may receive per measure is based on the gap widening concept presented above. If a Dental Contractor receives more than 80 percent of the maximum possible negative points, the plan loses its full one percent of revenues at-risk in step one. If a Dental Contractor receives less than 20 percent of the maximum possible negative points, the plan earns back the full plan-specific one percent of revenues at-risk. If a plan incurs between 20 percent and 80 percent of the maximum negative points, it will receive a proportional amount of the one percent of revenues at-risk in step one. The dollars recouped from the Dental Contractors (i.e. those dollars not earned back) are placed into the shared revenue pool. These dollars are then allocated to each plan in proportion to each plan's total capitation revenues. Each plan's portion of the shared revenue pool is added to the remaining one percent at-risk revenues from that plan to create the augmented dollar pool to be allocated in step two below.

In step two, if a Dental Contractor shows incremental improvement in its quality measures, the Dental Contractor will earn positive points. The amount of positive points a Dental Contractor earns is based on gap closure as described above. If a Dental Contractor earns more than 80 percent of the maximum possible number of positive points, the Dental Contractor will receive its full augmented dollar pool (one percent of total revenues plus its portion of the shared revenue pool as described in step one). If a Dental Contractor earns less than 20 percent of the maximum possible number of positive points, the plan will not receive any dollars from its augmented dollar pool. If a plan earns between 20 percent and 80 percent of its maximum positive points, it will receive a proportional amount of its augmented dollar pool.

Example

Plan	Total Revenues	2% At-Risk Revenues	50% of 2% At-Risk Revenues (1%)
Plan A	\$600M (55% of total)	\$12M	\$6M
Plan B	\$500M (45% of total)	\$10M	\$5M



HHSC UNIFORM MANAGED CARE MANUAL

CHAPTER	PAGE
6.2.13	5 of 8
EFFECTIVE DATE	
August 15, 2015	
Version 2.3	

Texas Medicaid and CHIP Dental Pay for Quality (P4Q) Program Methodology

Plan	Positive Points	Negative Points	% Max. Positive	% Max. Negative
Plan A	+15 out of +20	-10 out of -20	75%	50%
Plan B	+10 out of +20	-5 out of -20	50%	25%

Step One: Negative Points			
Plan	% Paid In	Amt. Paid In	Amt. Earned Back
Plan A	$\frac{50\% - 20\%}{80\% - 20\%} = 0.50$.50 x \$6M = \$3M	\$6M - \$3M = \$3M
Plan B	$\frac{25\% - 20\%}{80\% - 20\%} = 0.083$.083 x \$5M = \$415K	\$5M - \$415K = \$4.59M

Plan	Step One: 50% of 2% At-Risk (1%)	Plan Share of Shared Revenue	Plan's Augmented Revenue Pool
Plan A	\$6M	.55 x \$3.415M = \$1.88M	\$7.88M
Plan B	\$5M	.45 x \$3.415M = \$1.54M	\$6.54M

Step Two: Positive Points		
Plan	% Earned	Amount Earned
Plan A	$\frac{75\% - 20\%}{80\% - 20\%} = 0.917$.917 x \$7.88M = \$7.23M
Plan B	$\frac{50\% - 20\%}{80\% - 20\%} = 0.50$.50 x \$6.54M = \$3.27M



HHSC UNIFORM MANAGED CARE MANUAL	CHAPTER	PAGE
	6.2.13	6 of 8
Texas Medicaid and CHIP Dental Pay for Quality (P4Q) Program Methodology	EFFECTIVE DATE	
	August 15, 2015	
Version 2.3		

Plan	Amount At-Risk (2% of Revenue)	Step One Earned Back	Step Two Paid to Plan	Total Returned to Plan	Total Paid Into P4Q
Plan A	\$12M	\$3.0M	\$7.23M	\$10.23M (85.2%)	\$1.77M (14.8%)
Plan B	\$10M	\$4.59M	\$3.27M	\$7.86M (78.6%)	\$2.14M (21.4%)

2014 P4Q Program Methodology

2014 P4Q Program Methodology reinstated by Version 2.2 and modified by Version 2.3

The Texas Dental P4Q Program is based on the concept of incremental improvement where each plan is (1) incentivized to improve its own quality performance each year and (2) evaluated based on its success in achieving such improvement. Each dental plan is at-risk for 2 percent of their capitation during calendar year 2014 and has the opportunity to earn back some or the entire at-risk amount.

To implement the concept of incremental improvement, HHSC and the External Quality Review Organization (EQRO) have chosen to apply a gap closure approach to each P4Q quality measure. In the gap closure approach, a minimum threshold is set which is the minimum quality score where plans become eligible to earn positive quality points. Plans with scores below the minimum threshold for a measure will not be eligible to earn positive points for incremental improvement, but will not be penalized if they show any year-to-year improvement in the measure. Also, an attainment goal is specified which represents a recognized level of excellence for the specific quality measure. Incremental improvement is defined in relation to the gap between the plan's current level of quality performance and the attainment goal for the measure. Each plan is expected to close their gap by 15 percent each year. It is important to emphasize that this 15 percent annual gap closure target is not referring to a 15 percentage point annual increase in the measure. Rather, it refers to 15 percent of the arithmetic difference between the attainment goal and the plan's current level of performance. For each measure, raw quality points are assigned based on the actual closure rate and how it compares to the target closure rate of +0.15. Positive points are assigned for gap closure (increasing quality) while negative points are assigned for gap widening (decreasing quality). A maximum of +5 points are assigned and a minimum of -5 points are assigned for each measure.

To be eligible to earn positive points, a plan must be at or above the minimum threshold for the given measure.

Statistical variability can cause random variations in the performance rates from year-to-year. "Safety bands" will be used to control for this variability so that more meaningful



HHSC UNIFORM MANAGED CARE MANUAL	CHAPTER	PAGE
	6.2.13	7 of 8
Texas Medicaid and CHIP Dental Pay for Quality (P4Q) Program Methodology	EFFECTIVE DATE	
	August 15, 2015	
	Version 2.3	

performance improvement can be captured. The safety band is equal to 2 percent of the gap closure or gap widening. This means if a plan’s performance decreases (gap widening) from the previous year’s performance by 2 percent or less, the plan will not receive any negative points. However, if a plan is only able to improve their performance by 2 percent of the gap closure or less, then the plan will not be eligible for positive points.

Continuous points between -5 and +5 will be assigned based on gap closure/widening according to the table below, “Assigning Points based on Gap Closure/Widening.” When a plan meets or exceeds the attainment goal for a given measure, the plan will receive the full +5 points. If the plan does not meet or exceed the attainment goal but scores above the minimum threshold and achieves actual gap closure of +15 percent or higher, the plan will receive between +4 and +5 points based on the proportion of the gap closure to the attainment goal. If the plan does not meet or exceed the attainment goal, but scores above the minimum threshold and achieves actual gap closure between +2 and +15 percent, then 0 to +4 points will be assigned in proportion to the gap closure. Gap closures between +2 percent and -2 percent will be assigned zero points as per the safety band logic. Gap widening of -2 percent to -15 percent will receive between 0 to -5 points in proportion to the gap widening. Measures with gap widening more than -15 percent will receive the full -5 points.

Assigning Points based on Gap Closure/Widening	
<i>Gap Closure/Widening Achieved</i>	<i>Formula to Calculate Raw Points</i>
Attainment Goal Achieved	5 Raw Points
>15% up to Attainment Goal	Raw Points=4+(Gap Closure-0.15)/(1-0.15)
2% to 15%	Raw points= 4*(gap_closure-0.02)/(0.15-0.02)
-2% to +2%	0 Raw Points
-2% to -15%	Raw points=5*(gap_closure+0.02)/(0.15-0.02)
-15% and lower	-5 Raw Points

Example 1

Attainment Goal for a Particular Measure	50
Baseline DMO Performance (is above Minimum Threshold)	40
15% Incremental Improvement Goal	1.5 percentage point increase
DMO Actual Performance	43.5
Points Awarded for the Measure	+4.2



HHSC UNIFORM MANAGED CARE MANUAL	CHAPTER	PAGE
	6.2.13	8 of 8
Texas Medicaid and CHIP Dental Pay for Quality (P4Q) Program Methodology	EFFECTIVE DATE	
	August 15, 2015	
Version 2.3		

Example 2

Attainment Goal for a Particular Measure	40
Baseline DMO Performance (is above Minimum Threshold)	25
15% Incremental Improvement Goal	2.25 percentage point increase
DMO Actual Performance	25.25
Points Awarded for the Measure	0

To be eligible to earn back any of their 2 percent of revenues, a dental plan must have more positive than negative points in absolute terms. For example, a plan earns +9 positive points and -11 negative points across all measures would have a negative net point total and would not be eligible to earn back any of their 2 percent of revenues. Another plan that earns +15 points and -10 points across all measures would have a positive net point total, however, and would be eligible to earn back some of their 2 percent of revenues.

Given positive net points, the amount earned back by a dental plan is based on the plan's positive points as a percentage of the maximum possible positive points. A plan which earns 80 percent or more of the maximum possible positive points will recoup all of its 2 percent of revenue. Plans that earn less than 80 percent of the maximum possible positive points (and have positive net points) will earn back a percentage of their P4Q revenue equal to the percentage of 80 percent of maximum positive points represented by their positive point total.