



GUIDELINES FOR PROVIDER PAY-FOR-PERFORMANCE PROGRAMS
FOR THE
RITE CARE AND RHODY HEALTH PARTNERS PROGRAMS

Effective July 1, 2009

GUIDELINES FOR PROVIDER PAY-FOR-PERFORMANCE PROGRAMS FOR THE RITE CARE AND RHODY HEALTH PARTNERS PROGRAMS

1. OVERVIEW/INTRODUCTION

The Department of Human Services (DHS) is strongly committed to the provision of high quality cost-effective care to all its beneficiaries through managed care programs. Pay-for-Performance incentive-based programs are increasingly viewed as win-win opportunities to improve quality, access, and efficiency in health care delivery systems.

Provider incentives activities developed and undertaken by each contracting Health Plan (HMO) and/or its subcontractors must address one or more of the following goals:

- Timely **access** to appropriate services
- Improve **quality** of care
- Cost **efficiency**
- Advance clear **policy** objectives of the Department

2. PROVIDER INCENTIVE PAYMENT GUIDELINES

Provider incentive payments that the Health Plan seeks to claim as medical expense in risk share/gain share reporting must be based on pay for performance incentive arrangements that have been prior approved by the Department. Incentive payments based on Department approved arrangements will be considered as part of the medical experience in rate setting.

- Provider pay for performance incentive payments included in medical expense reporting shall not exceed twenty-five percent (25%) of total capitation and/or fee for service payments made to that provider.
- Total expenditure for performance based incentive payments included in medical expense reporting for all providers combined shall not exceed one point five percent (1.5%) of total medical expense.

Health plans may consider non-financial as well as financial provider incentive programs to meet the program goals described above. The tables below provide examples, but not an exhaustive list of various types of performance based incentives.

Table 1: Non-Financial Incentives

Performance Profiling	Public or private sharing of physician-level performance data. Physician practices can be blinded or shared publicly.
Public Recognition	Public sharing of practice-level data amongst peers and in comparison to peers.
Technical Assistance	Consultation from the health plan or other expertise regarding the

	creation/implementation of quality improvement programs
Practice Sanctions	Suspension of auto-assignment or other sanction
Auto-Assignment	Primary care provider auto-assignment based on performance against certain quality indicators
Reduced Administrative Requirements	Reduction or postponement of administrative activity, e.g. audits.

Table 2. Financial Incentives

Performance-based fee schedule	Adjustments to base fee-schedules based on specified performance.
Achievement of a predetermined threshold or demonstration of improvement	Payments in addition to the usual fee schedule in return for completion of a specified requirement or achievement of a performance goal (e.g. threshold level of emergency department utilization within a patient panel).
Quality Grant	Grants made to a provider through a competitive request-for-proposal process, and contingent on meeting certain deliverables.
Pay for Performance-process of care	Payment to a provider for completion of a process activity, e.g. completion of a prenatal risk assessment.
Pay-for-Participation	Reimbursement to provider for defined participation in a quality improvement program (e.g. collaborative) of care.
Compensation at-risk	Contractual increases in rates are forfeited if certain performance targets are not met.

3. SUBMISSION GUIDELINES FOR DHS APPROVAL

Health Plans must submit their annual plan for awarding provider incentives to DHS for review and approval prior to implementing the incentive program. This annual plan proposal shall identify the area/goal (e.g. quality, access, efficiency or policy) of pay-for-performance is being addressed, and how this goal is being measured. In addition, this proposal shall include:

- Goal area
- Description of, and rationale for, incentive program
- Incentive program details
- Financial incentive arrangement(s)
- Measurement
- Demonstration of return on investment

Submissions are to be directed to:

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Administrator

Rhode Island Department of Human Services