



## Qualified Health Plan Contracting for 2023-2025

### Potential Quality Transformation Initiative (QTI) Payment Modeling and Implementation Timeline

April 19, 2022

The Quality Transformation Initiative (QTI) is intended to set direct and substantial financial incentives for QHP issuers to improve quality and reduce health disparities to ensure Covered California Enrollees and all Californians receive high-quality, equitable care.

This document outlines the proposed structure of payments to the Quality Transformation Fund and models potential payments for currently contracted Qualified Health Plan (QHP) issuers based on the most recent reported performance period. The modeling example uses Measurement Year 2020 Quality Rating System (QRS) measure scores for products with reportable scores, QRS national percentiles for Measurement Year 2020 as the benchmark, and Plan Year 2020 premiums for each product.

This document also describes the timeline for the Quality Transformation Fund payments (Figure 1). As detailed in the timeline, the first year for which products would be assessed for potential Quality Transformation Fund payments would be Measurement Year 2023, which would use QRS national percentiles for Measurement Year 2021 or Measurement Year 2022, depending on the measure, as the “benchmark year” to calculate relative performance.

### Payments to the Quality Transformation Fund

The amount of the payment to the Quality Transformation Fund is determined by measure scores on each QTI core measure for each product compared to national percentile benchmarks. Benchmarks are based on national QRS percentiles and will be fixed throughout the three-year contract period using performance in Measurement Year 2021 (or Measurement Year 2022 for Childhood Immunization Status Combo 10) to allow for improvement over time against a static norm.

For the 2023-2025 contract, there are four core measures included in the QTI measure set:

- Comprehensive Diabetes Care: Hemoglobin A1c (HbA1c) Control (<8.0%) (NQF #0575);
- Controlling High Blood Pressure (NQF #0018);
- Colorectal Cancer Screening (NQF #0034); and
- Childhood Immunization Status (Combo 10) (NQF #0038).

Each measure will be stratified by race/ethnicity for purposes of reporting, but there would be no Quality Transformation Fund payments tied to health disparities reduction performance in the initial years of the contract period. As benchmarks are established, disparities reduction would be tied to payments, either as an amendment to the 2025 contract year or commencing 2026 for

the next contract cycle. Similarly, two behavioral health measures are proposed for inclusion in the QTI for reporting but are not tied to payments for the 2023-2025 contract. These measures would potentially be tied to Quality Transformation Fund payments as benchmarks are established in future contract periods.

### **Quality Transformation Fund Payment Structure, Use, and Example Modeling**

Table 1 through Table 9 below provide each product's measure scores for the QTI core measure set and model an example of the Quality Transformation Fund payment amount and the effective per member per month (PMPM) payment amount based on the measure scores using the proposed structure of the payment described below.

- Table 1. Example of Potential Quality Transformation Fund Payments for Four QTI Core Measures (based on 2020 Measurement Year and 2020 Percentiles as the Performance Benchmark) reflects the total payment by product across all four core measures
- Tables 2, 4, 6, and 8 provide each QHP issuer product's measure scores compared to national QRS percentile benchmarks for Measurement Year 2020 for each of the four measures in the QTI core measure set
- Tables 3, 5, 7, and 9 provide the granular example payment information as a result of each QHP issuer product's performance for the four measures displayed in Tables 2, 4, 6, and 9
- Table 10. Example of Potential Quality Transformation Fund Payments as Percent of Premium for Four QTI Core Measures (based on 2020 Measurement Year and 2020 Percentiles as the Performance Benchmark) reflects modeling of total payment by product as a percent of premium across all four measures

The modeling example uses Measurement Year 2020 Quality Rating System (QRS) measure scores and QRS national percentiles for Measurement Year 2020 as the benchmark, and Plan Year 2020 premiums for each product. It should be noted that Measurement Year 2020 scores are lower than historical performance due to the impact of COVID-19 on access to care, quality, and data collection. Covered California anticipates measure scores for Measurement Year 2023 to be higher and the Quality Transformation Fund payments to be lower compared to the current modeling.

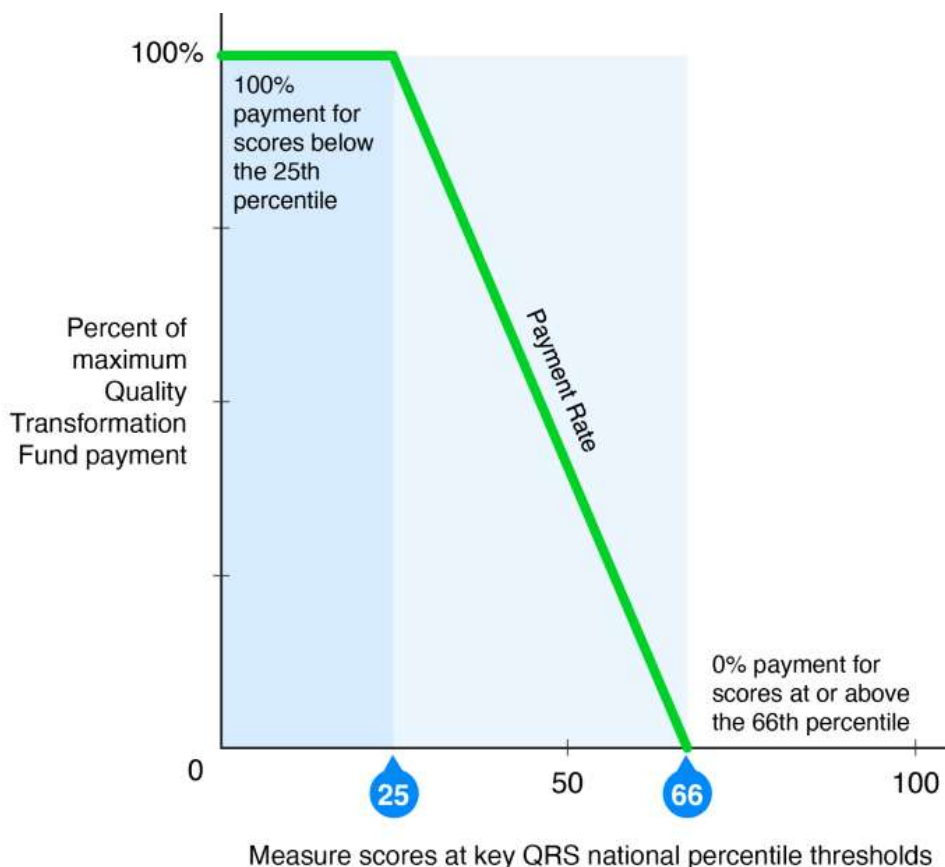
The modeling example uses a maximum one percent (1%) of total gross premium per product to determine the quality improvement fund payment. However, the proposed maximum Quality Transformation Fund payment will be somewhat lower in Measurement Year 2023 – 0.8% of premium – due to additional performance guarantees with 0.2% of premium at risk as detailed in the 2023 – 2025 Attachment 2 – Performance Standards with Penalties. The total amount of Quality Transformation Fund payment plus performance standards at risk would increase to 2% of total gross premium per product in Measurement Year 2024, increasing by 1% per year up to 3% in 2025, the last year of the current contract period. Covered California proposes to increase the total amount of Quality Transformation Fund payment plus performance standards at risk to 4% in 2026.

Covered California is proposing the following Quality Transformation Fund payment structure:

- Full per measure payment if the measure score is below the 25<sup>th</sup> national percentile
- Per measure payment at a declining constant rate for each measure score between the 25<sup>th</sup> and 66<sup>th</sup> national percentile
- No payment if the measure score is at or above the 66<sup>th</sup> national percentile

This payment structure would be applied for each QTI core measure. Graph 1. Quality Transformation Fund Payment Structure displays the slope of the Quality Transformation Fund payment rate based on performance compared to the national percentiles.

**Graph 1: Quality Transformation Fund Payment Structure**



Covered California will use the Quality Transformation Fund to support its internal quality related operations and activities. Such operations and activities would be subject to review and approval as part of the regular annual budget adopted by the Covered California Board. Covered California will track payments made to the Quality Transformation Fund by each QHP issuer and will report on expenditures from the fund as part of its annual budget. Potential premium increases by QHP issuers due to Quality Transformation Fund payments may be balanced by reductions in premiums due to associated decreases in the Covered California QHP issuer Participation Fee.

**Table 1: Example of Potential Quality Transformation Fund Payments for Four QTI Core Measures (based on 2020 Measurement Year and 2020 Percentiles as the Performance Benchmark)**

	<b>25th to 66th Percentile (MY2020)</b>	
	<b>Quality Transformation Fund Payment</b>	<b>PMPM Effective</b>
<b>Anthem EPO</b>	\$4,927,691	\$4.73
<b>Blue Shield HMO</b>	\$2,787,981	\$2.29
<b>Blue Shield PPO</b>	\$21,097,959	\$2.95
<b>CCHP HMO</b>	\$410,403	\$3.37
<b>Health Net EPO</b>	\$51,018	\$2.40
<b>Health Net HMO</b>	\$5,287,218	\$2.17
<b>Health Net PPO</b>	\$1,909,596	\$2.31
<b>Kaiser HMO</b>	\$4,642,766	\$0.53
<b>LA Care HMO</b>	\$2,840,200	\$2.92
<b>Molina Healthcare HMO</b>	\$1,918,236	\$3.54
<b>Oscar Health Plan EPO</b>	\$2,813,530	\$2.39
<b>Sharp Health Plan HMO</b>	\$0	\$0.00
<b>Valley Health Plan HMO</b>	\$841,140	\$3.08
<b>Western Health Advantage HMO</b>	\$451,206	\$3.31
<b>Total Potential Quality Improvement Fund Payment</b>	<b>\$49,978,943</b>	<b>\$1.99</b>

Note: The example uses a maximum one percent (1%) of total gross premium per product to determine the Quality Transformation Fund payment. However, the proposed maximum Quality Transformation Fund payment will be somewhat lower in Measurement Year 2023 – 0.8% of premium.

**Table 2: QHP Issuer Product Measure Scores: Comprehensive Diabetes Care: Hemoglobin A1c (HbA1c) Control (<8.0%) (NQF #0575)**

	MY 2018	MY 2019	MY 2020			
<b>Comprehensive Diabetes Care: Hemoglobin A1c (HbA1c) Control (&lt;8.0%)</b>	<b>US Benchmark</b>	<b>US Benchmark</b>	<b>US Benchmark</b>	<b>Percent of Enrollees</b>	<b>Number of Enrollees</b>	<b>Number of Plans</b>
Plans at 90th Percentile and Above	68 +	68 +	67 +	2%	24,560	2
Plans at 66th to 90th Percentile	62 to <68	62 to <68	59 to <67	58%	901,310	6
Plans at 50th to 66th Percentile	58 to <62	58 to <62	56 to <59	0%	-	0
Plans at 25th to 50th Percentile	52 to <58	52 to <58	50 to <56	40%	625,360	6
Plans Below 25th Percentile	Below 52	Below 52	Below 50	0%	-	0
<b>Covered California Plan-Specific Performance</b>	<b>MY 2018</b>	<b>MY 2019</b>	<b>MY 2020</b>			
Anthem HMO						
Anthem PPO						
Anthem EPO	57	57	52	5%	71,590	
Blue Shield HMO	56	64	62	8%	117,610	
Blue Shield PPO	64	64	54	21%	325,190	
CCHP HMO	57	57	63	0%	4,830	
Health Net HMO	58	61	61	8%	130,890	
Health Net EPO	63	63	76	0%	850	
Health Net PPO		61	61	3%	42,040	
Kaiser Permanente HMO	70	70	62	38%	583,900	
LA Care HMO	62	62	52	6%	95,860	
Molina Healthcare HMO	58	58	56	4%	55,810	
Oscar Health Plan EPO	50	50	54	4%	67,390	
Sharp Health Plan HMO	72	76	69	2%	23,710	
Valley Health Plan HMO	60	69	60	1%	22,040	
Western Health Advantage HMO	49	53	51	1%	9,520	

**Table 3: Example of Potential Quality Transformation Fund Payments for Comprehensive Diabetes Care: Hemoglobin A1c (HbA1c) Control (<8.0%) (NQF #0575) (based on 2020 Measurement Year and 2020 Percentiles as the Performance Benchmark)**

	25th to 66th Percentile (MY2020)	
	Quality Transformation Fund Payment	PMPM Effective
<b>Anthem EPO</b>	\$1,129,557	\$1.08
<b>Blue Shield HMO</b>	\$0	\$0.00
<b>Blue Shield PPO</b>	\$3,298,501	\$0.46
<b>CCHP HMO</b>	\$0	\$0.00
<b>Health Net EPO</b>	\$0	\$0.00
<b>Health Net HMO</b>	\$0	\$0.00
<b>Health Net PPO</b>	\$0	\$0.00
<b>Kaiser HMO</b>	\$0	\$0.00
<b>LA Care HMO</b>	\$836,648	\$0.86
<b>Molina Healthcare HMO</b>	\$247,514	\$0.46
<b>Oscar Health Plan EPO</b>	\$455,823	\$0.39
<b>Sharp Health Plan HMO</b>	\$0	\$0.00
<b>Valley Health Plan HMO</b>	\$0	\$0.00
<b>Western Health Advantage HMO</b>	\$196,973	\$1.45
<b>Total Potential Quality Improvement Fund Payment</b>	<b>\$6,165,016</b>	<b>\$0.25</b>

Note: The example uses a maximum one percent (1%) of total gross premium per product to determine the Quality Transformation Fund payment. However, the proposed maximum Quality Transformation Fund payment will be somewhat lower in Measurement Year 2023 – 0.8% of premium.

**Table 4: QHP Issuer Product Measure Scores: Controlling High Blood Pressure (NQF #0018)**

	MY 2018	MY 2019	MY 2020			
Controlling High Blood Pressure	US Benchmark	US Benchmark	US Benchmark	Percent of Enrollees	Number of Enrollees	Number of Plans
Plans at 90th Percentile and Above	75 +	75 +	72 +	2%	23,710	1
Plans at 66th to 90th Percentile	66 to <75	66 to <75	61 to <72	0%	-	0
Plans at 50th to 66th Percentile	62 to <66	62 to <66	58 to <61	1%	9,520	1
Plans at 25th to 50th Percentile	54 to <62	54 to <62	51 to <58	68%	1,056,510	7
Plans Below 25th Percentile	Below 54	Below 54	Below 51	30%	461,490	5
Covered California Plan-Specific Performance	MY 2018	MY 2019	MY 2020			
Anthem HMO						
Anthem PPO						
Anthem EPO	45	45	54	5%	71,590	
Blue Shield HMO	61	66	55	8%	117,610	
Blue Shield PPO	56	56	46	21%	325,190	
CCHP HMO	68	68	39	0%	4,830	
Health Net HMO	63	63	58	8%	130,890	
Health Net EPO	59	59	56	0%	850	
Health Net PPO		55	50	3%	42,040	
Kaiser Permanente HMO	81	81	56	38%	583,900	
LA Care HMO	68	68	53	6%	95,860	
Molina Healthcare HMO	58	65	57	4%	55,810	
Oscar Health Plan EPO	44	46	43	4%	67,390	
Sharp Health Plan HMO	74	79	76	2%	23,710	
Valley Health Plan HMO	64	64	44	1%	22,040	
Western Health Advantage HMO	58	65	58	1%	9,520	

**Table 5: Example of Potential Quality Transformation Fund Payments for Controlling High Blood Pressure (NQF #0018) (based on 2020 Measurement Year and 2020 Percentiles as the Performance Benchmark)**

	<b>25th to 66th Percentile (MY2020)</b>	
	<b>Quality Transformation Fund Payment</b>	<b>PMPM Effective</b>
<b>Anthem EPO</b>	\$1,016,601	\$0.98
<b>Blue Shield HMO</b>	\$747,995	\$0.61
<b>Blue Shield PPO</b>	\$6,223,587	\$0.87
<b>CCHP HMO</b>	\$205,201	\$1.68
<b>Health Net EPO</b>	\$18,270	\$0.86
<b>Health Net HMO</b>	\$913,498	\$0.37
<b>Health Net PPO</b>	\$636,532	\$0.77
<b>Kaiser HMO</b>	\$4,642,766	\$0.53
<b>LA Care HMO</b>	\$902,699	\$0.93
<b>Molina Healthcare HMO</b>	\$295,642	\$0.55
<b>Oscar Health Plan EPO</b>	\$785,902	\$0.67
<b>Sharp Health Plan HMO</b>	\$0	\$0.00
<b>Valley Health Plan HMO</b>	\$420,570	\$1.54
<b>Western Health Advantage HMO</b>	\$64,131	\$0.47
<b>Total Potential Quality Improvement Fund Payment</b>	\$16,873,394	\$0.67

Note: The example uses a maximum one percent (1%) of total gross premium per product to determine the Quality Transformation Fund payment. However, the proposed maximum Quality Transformation Fund payment will be somewhat lower in Measurement Year 2023 – 0.8% of premium.



**Table 6: QHP Issuer Product Measure Scores: Colorectal Cancer Screening (NQF #0034)**

Colorectal Cancer Screening	MY 2018	MY 2019	MY 2020			
	US Benchmark	US Benchmark	US Benchmark	Percent of Enrollees	Number of Enrollees	Number of Plans
Plans at 90th Percentile and Above	69 +	69 +	68 +	39%	607,610	2
Plans at 66th to 90th Percentile	61 to <69	61 to <69	61 to <68	0%	-	0
Plans at 50th to 66th Percentile	55 to <61	55 to <61	57 to <61	0%	-	0
Plans at 25th to 50th Percentile	47 to <55	47 to <55	50 to <57	9%	141,260	3
Plans Below 25th Percentile	Below 47	Below 47	Below 50	52%	802,360	9
Covered California Plan-Specific Performance	MY 2018	MY 2019	MY 2020			
Anthem HMO						
Anthem PPO						
Anthem EPO	40	45	48	5%	71,590	
Blue Shield HMO	51	59	49	8%	117,610	
Blue Shield PPO	49	51	49	21%	325,190	
CCHP HMO	53	60	49	0%	4,830	
Health Net HMO	51	62	54	8%	130,890	
Health Net EPO	49	53	51	0%	850	
Health Net PPO		40	34	3%	42,040	
Kaiser Permanente HMO	76	76	69	38%	583,900	
LA Care HMO	54	54	46	6%	95,860	
Molina Healthcare HMO	27	31	33	4%	55,810	
Oscar Health Plan EPO	36	36	29	4%	67,390	
Sharp Health Plan HMO	57	66	71	2%	23,710	
Valley Health Plan HMO	54	54	44	1%	22,040	
Western Health Advantage HMO	52	52	52	1%	9,520	

**Table 7: Example of Potential Quality Transformation Fund Payments for Colorectal Cancer Screening (NQF #0034) (based on 2020 Measurement Year and 2020 Percentiles as the Performance Benchmark)**

	<b>25th to 66th Percentile (MY2020)</b>	
	Quality Transformation Fund Payment	PMPM Effective
<b>Anthem EPO</b>	\$1,411,946	\$1.36
<b>Blue Shield HMO</b>	\$1,359,991	\$1.12
<b>Blue Shield PPO</b>	\$6,223,587	\$0.87
<b>CCHP HMO</b>	\$205,201	\$1.68
<b>Health Net EPO</b>	\$32,748	\$1.54
<b>Health Net HMO</b>	\$1,743,951	\$0.72
<b>Health Net PPO</b>	\$636,532	\$0.77
<b>Kaiser HMO</b>	\$0	\$0.00
<b>LA Care HMO</b>	\$1,100,853	\$1.13
<b>Molina Healthcare HMO</b>	\$687,540	\$1.27
<b>Oscar Health Plan EPO</b>	\$785,902	\$0.67
<b>Sharp Health Plan HMO</b>	\$0	\$0.00
<b>Valley Health Plan HMO</b>	\$420,570	\$1.54
<b>Western Health Advantage HMO</b>	\$190,102	\$1.40
<b>Total Potential Quality Improvement Fund Payment</b>	<b>\$14,798,923</b>	<b>\$0.59</b>

Note: The example uses a maximum one percent (1%) of total gross premium per product to determine the Quality Transformation Fund payment. However, the proposed maximum Quality Transformation Fund payment will be somewhat lower in Measurement Year 2023 – 0.8% of premium.

**Table 8: QHP Issuer Product Measure Scores: Childhood Immunization Status (Combo 3)\* (NQF #0038)**

	MY 2018	MY 2019	MY 2020			
Childhood Immunization Status (Combination 3)	US Benchmark	US Benchmark	US Benchmark	Percent of Enrollees	Number of Enrollees	Number of Plans
Plans at 90th Percentile and Above	86 +	86 +	84 +	40%	607,610	2
Plans at 66th to 90th Percentile	78 to <86	78 to <86	79 to <84	6%	95,860	1
Plans at 50th to 66th Percentile	77 to <78	77 to <78	76 to <79	0%	-	0
Plans at 25th to 50th Percentile	65 to <77	65 to <77	65 to <76	8%	117,610	1
Plans Below 25th Percentile	Below 65	Below 65	Below 65	46%	692,910	6
Covered California Plan-Specific Performance	MY 2018	MY 2019	MY 2020			
Anthem HMO						
Anthem PPO						
Anthem EPO	50	51	63	5%	71,590	
Blue Shield HMO	64	64	71	8%	117,610	
Blue Shield PPO	63	63	64	21%	325,190	
CCHP HMO						
Health Net HMO	58	69	63	9%	130,890	
Health Net EPO						
Health Net PPO		55	61	3%	42,040	
Kaiser Permanente HMO	84	84	85	39%	583,900	
LA Care HMO	82	82	82	6%	95,860	
Molina Healthcare HMO		74	57	4%	55,810	
Oscar Health Plan EPO		34	22	4%	67,390	
Sharp Health Plan HMO	69	77	87	2%	23,710	
Valley Health Plan HMO						
Western Health Advantage HMO						

\*The example uses Childhood Immunization Status Combo 3, which was used in the QRS MY2020.

**Table 9: Example of Potential Quality Transformation Fund Payments for Childhood Immunization Status (Combo 3)\* (NQF #0038) (based on 2020 Measurement Year and 2020 Percentiles as the Performance Benchmark)**

	25th to 66th Percentile (MY2020)	
	Quality Transformation Fund Payment	PMPM Effective
<b>Anthem EPO</b>	\$1,369,587	\$1.31
<b>Blue Shield HMO</b>	\$679,995	\$0.56
<b>Blue Shield PPO</b>	\$5,352,285	\$0.75
<b>CCHP HMO</b>	NR	NR
<b>Health Net EPO</b>	NR	NR
<b>Health Net HMO</b>	\$2,629,768	\$1.08
<b>Health Net PPO</b>	\$636,532	\$0.77
<b>Kaiser HMO</b>	\$0	\$0.00
<b>LA Care HMO</b>	\$0	\$0.00
<b>Molina Healthcare HMO</b>	\$687,540	\$1.27
<b>Oscar Health Plan EPO</b>	\$785,902	\$0.67
<b>Sharp Health Plan HMO</b>	\$0	\$0.00
<b>Valley Health Plan HMO</b>	NR	NR
<b>Western Health Advantage HMO</b>	NR	NR
<b>Total Potential Quality Improvement Fund Payment</b>	\$12,141,610	\$0.48

Note: The example uses a maximum one percent (1%) of total gross premium per product to determine the Quality Transformation Fund payment. However, the proposed maximum Quality Transformation Fund payment will be somewhat lower in Measurement Year 2023 – 0.8% of premium.

\*The example uses Childhood Immunization Status Combo 3, which was used in the QRS MY2020.

**Table 10. Example of Potential Quality Transformation Fund Payments as Percent of Premium for Four QTI Core Measures (based on 2020 Measurement Year and 2020 Percentiles as the Performance Benchmark)**

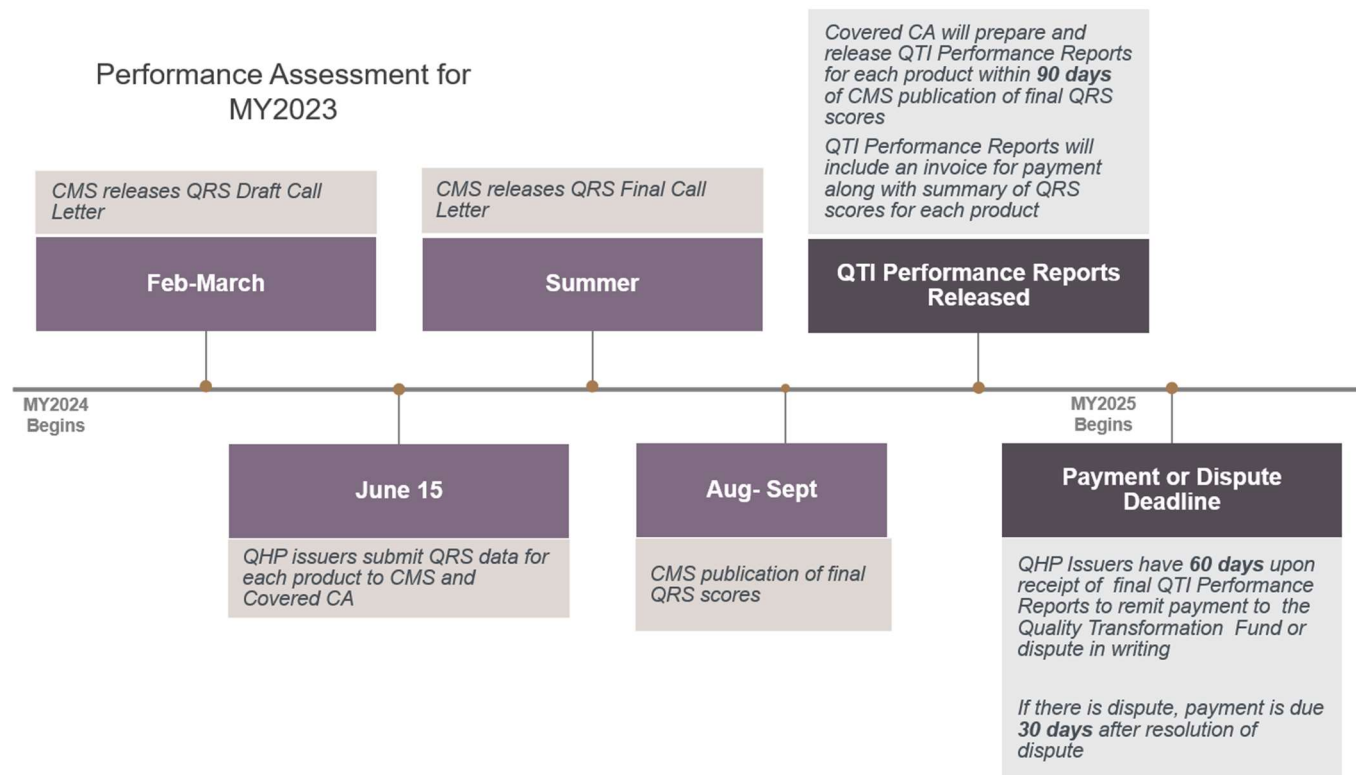
	<b>25th to 66th Percentile (MY2020)</b>
	<b>% Premium (Total IND Market)</b>
<b>Anthem EPO</b>	0.87
<b>Blue Shield HMO</b>	0.51
<b>Blue Shield PPO</b>	0.85
<b>CCHP HMO</b>	0.67
<b>Health Net EPO</b>	0.49
<b>Health Net HMO</b>	0.48
<b>Health Net PPO</b>	0.75
<b>Kaiser HMO</b>	0.13
<b>LA Care HMO</b>	0.65
<b>Molina Healthcare HMO</b>	0.70
<b>Oscar Health Plan EPO</b>	0.90
<b>Sharp Health Plan HMO</b>	0.00
<b>Valley Health Plan HMO</b>	0.67
<b>Western Health Advantage HMO</b>	0.66
<b>Total Potential Quality Improvement Fund Payment</b>	0.51

Note: The example uses a maximum one percent (1%) of total gross premium per product to determine the Quality Transformation Fund payment. However, the proposed maximum Quality Transformation Fund payment will be somewhat lower in Measurement Year 2023 – 0.8% of premium.

## Quality Transformation Initiative Implementation Timeline

Figure 1. Timeline for Implementation of the QTI Measure Set Assessment and Quality Transformation Fund Payment describes the timeline for the assessment of the QTI core measure set and Quality Transformation Fund payments.

**Figure 1: Timeline for Implementation of the QTI Measure Set Assessment and Quality Transformation Fund Payment**



The timeline in Figure 1 corresponds to CMS’ timeline of releasing QRS program details through call letters and determining measure scores and percentiles. Any changes to QRS measures, including changes that may impact the QTI core measure set, will be discussed with QHP issuers following the CMS publication of measure changes. Covered California will communicate regularly with QHP issuers regarding each step of the timeline.

The following is the general timeline for QRS:

- February-March: CMS releases QRS Draft Call Letter
- June 15: QHPs submit QRS scores to CMS
- Summer: CMS releases QRS Final Call Letter
- Early August: QRS preliminary scores and percentiles released to QHP issuers and state-based marketplaces (SBMs)
- August-September: 30-day QHP issuer review and confirmation or correction of QRS scores; QRS final scores and percentiles released to QHP issuers and SBMs
- October: QRS final scores and percentiles released through CMS’ Nationwide QRS Public Use File