CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES
Michelle Baass | Director

DATE: September 9, 2025

TO: ALL EPT PARTICIPANTS AND MANAGED CARE PLANS

SUBJECT: PL 25-001 CY2025 EPT DISPARITY REDUCTION TARGET

PURPOSE:

This Policy Letter (PL) provides clarification for the Equity and Practice Transformation (EPT) Payment Program CY 2025 regarding the expectations and methodology for disparity reduction targets.

BACKGROUND:

The EPT program aims to advance equity in the delivery of high-quality care across diverse patient populations. Participating practices have previously stratified HEDIS-like measure data by race/ethnicity and another demographic variable (e.g., primary spoken language, Sexual Orientation and Gender Identity [SOGI], etc.) to identify health disparities. These health disparities informed the development of disparity reduction plans.

In CY25, practices are required to report updated performance data to assess the impact of their interventions. This process includes identifying a target measure and sub-population, setting a performance goal, and tracking progress over time.

POLICY:

EPT Disparity Reduction Target

Participating practices in the EPT program must identify and address disparities in clinical outcomes by selecting a specific HEDIS-like measure and a sub-population with the greatest opportunity for improvement. Practices are required to set a performance goal—either by reaching the 66th percentile benchmark or improving by at least 2.5 percentage points from baseline. Progress must be reported at two future timepoints in 2026, with data reflecting improvements in outcomes and reductions in disparities. This process supports continuous quality improvement and equity in care delivery. This methodology aligns with the Covered California Quality Transformation Initiative, which uses the 66th percentile as a standardized, evidence-based benchmark derived from

national Medicaid performance distributions. A percentile-based approach allows for consistent expectations across measures and mitigates challenges inherent in traditional gap-reduction models, such as disproportionately high improvement requirements for practices with lower baseline rates or small denominators. The alternative 2.5 percentage point improvement pathway ensures that practices making substantial progress from lower starting points are recognized, even if the benchmark is not yet reached. Additionally, 2.5 percentage points is an achievable target for practices within the remaining EPT program period. Analysis was completed on the spread of rates from low to high percentile benchmarks to ensure 2.5 percentage points was appropriate for all measures.

Practices will follow these steps to achieve the disparity reduction target:

1) Review Stratified Baseline Data:
    i) Practices must review previously submitted stratified HEDIS-like data to identify sub-populations with performance significantly below benchmarks. This analysis should guide the selection of a disparity focus area.
2) Select One Sub-Population and One Measure:
    i) Practices must select:
        (1) A HEDIS-like measure with the largest opportunity for improvement, AND
        (2) A sub-population (n ≥ 30) that aligns with community priorities and is feasible to impact within 12–18 months.
    ii) Deliverable: Practices must submit the selected measure, sub-population, baseline rate, and benchmark comparison.
3) Set Goal
    a) Practices must set a performance goal for the selected HEDIS-like measure and measure their improvement to meet one of the following criteria:
        i) Achieve a rate at or above the 66th percentile (P66) benchmark for that measure, OR
        ii) Improve by at least 2.5 percentage points from the baseline rate.
4) Report Progress:
    a) Practices must report disparity reduction performance data at the following:
        i) Timepoint 1: November 2025
        ii) Timepoint 2: May 2026
        iii) Timepoint 3: November 2026
    b) Progress should include:
        i) Rate improvement from baseline
        ii) Gap closure relative to benchmark
        iii) Process measure updates

TABLE 1.

Measure Code	Indicator Name
DSF-E	Depression Screening and Follow-Up for Adolescents and Adults - Depression Screening (12-17)
DSF-E	Depression Screening and Follow-Up for Adolescents and Adults - Depression Screening (Total)
DSF-E	Depression Screening and Follow-Up for Adolescents and Adults - Depression Screening (18-64)
DRR-E	Depression Remission or Response for Adolescents and Adults - Depression Remission (Total)
PDS-E	Postpartum Depression Screening and Follow-Up - Depression Screening
DRR-E	Depression Remission or Response for Adolescents and Adults - Depression Response (Total)
HBD	Hemoglobin A1c Control for Patients With Diabetes - Poor HbA1c Control
POD	Pharmacotherapy for Opioid Use Disorder (Total)
CIS	Childhood Immunization Status - Combo 10
WCV	Child and Adolescent Well-Care Visits (Total)
BCS-E	Breast Cancer Screening
CCS	Cervical Cancer Screening
COL	Colorectal Cancer Screening (Total)
W30	Well-Child Visits in the First 30 Months of Life (First 15 Months)
CBP	Controlling High Blood Pressure

Measure Code	Indicator Name
PDS-E	Postpartum Depression Screening and Follow-Up - Follow-Up on Positive Screen
W30	Well-Child Visits in the First 30 Months of Life (15 Months-30 Months)
DSF-E	Depression Screening and Follow-Up for Adolescents and Adults - Follow-Up on Positive Screen (18-64)
DSF-E	Depression Screening and Follow-Up for Adolescents and Adults - Follow-Up on Positive Screen (Total)
PPC	Prenatal and Postpartum Care - Postpartum Care
PPC	Prenatal and Postpartum Care - Timeliness of Prenatal Care
DSF-E	Depression Screening and Follow-Up for Adolescents and Adults - Follow-Up on Positive Screen (12-17)

If you have any questions regarding this policy letter, please contact EPT@DHCS.ca.gov.

Sincerely,

Signed by:
Palav Babaria
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ORIGINAL SIGNED BY Palav Babaria

Palav Babaria, MD

Deputy Director and Chief Quality Officer
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