

**DATE:** November 5, 2025

**TO:** ALL EPT PARTICIPANTS AND MANAGED CARE PLANS

**SUBJECT:** PL 25-002 CY2025 EPT DISPARITY REDUCTION TARGET

**SUPERCEDES:** PL 25-001 CY2025 EPT DISPARITY REDUCTION TARGET (*previously issued*)

**PURPOSE:**

This Policy Letter (PL) provides additional guidance and clarification regarding n<30 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 ( $n \geq 30$ ) that aligns with community priorities and is feasible to impact within 12–18 months. (For  $n < 30$  see guidance below)
  - 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
- 5) Small Sample Size Guidance ( $11 \leq n < 30$ )

- a) Performance Expectation:
- i) For practices with a baseline denominator between 20 and 29, an increase by at least two in the numerator is required to demonstrate meaningful progress.
  - ii) For practices with a baseline denominator between 11 and 19, an increase by at least one in the numerator is required to demonstrate meaningful progress.
  - iii) If, at remeasurement, the denominator reaches 30 or higher, the practice should follow the standard rules, meaning they must either:
    - (1) Achieve a 2.5 percentage point absolute improvement (rounding the numerator expectation up to the nearest whole number in cases where this results in a non-whole number; for example, if 2.5 percentage points results in a requirement to increase the numerator by 1.2, then the numerator must increase by 2), or
    - (2) Achieve performance at or above the 66th percentile (P66).
  - iv) Once the denominator is 30 or greater, the percentile-based (P66) achievement pathway becomes available (as an alternative to a specific threshold to meet for improvement).
- b) Safeguards:
- To ensure fairness and prevent artificial rate inflation, the following safeguards apply:
- i) Justification requirement: Practices must provide a short rationale for selecting a small subpopulation and explain why a larger denominator is not feasible.
  - ii) Denominator stability check: Rate increases will not count if they are driven solely by a reduction in the denominator.

**TABLE 1. HEDIS-Like Measures**

| 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)   |

| Measure Code | Indicator Name                                                                                       |
|--------------|------------------------------------------------------------------------------------------------------|
| 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                                                                      |
| 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                                           |

| Measure Code | Indicator Name                                                                                       |
|--------------|------------------------------------------------------------------------------------------------------|
| 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](mailto:EPT@DHCS.ca.gov).

Sincerely,

**ORIGINAL SIGNED BY Palav Babaria**

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