

ATTACHMENT C

Managed Care Accountability Set

Monetary Sanction Methodology

Scope

The purpose of this attachment is to provide Medi-Cal managed care plans (MCPs) with an overview of the Managed Care Accountability Set (MCAS) monetary sanction methodology.

Policy

In accordance with the DHCS contract¹ with MCPs and Welfare and Institutions Code (W&I) section 14197.7(e),^{2,3} DHCS may sanction MCPs that fail to exceed minimum performance levels (MPLs) established by DHCS. DHCS reserves the right to modify and adjust the established measures used for sanctions as a part of the MCAS Sanction Methodology with prior notice to the MCPs.

Quality Enforcement Actions

DHCS requires MCPs to report annually on a set of quality measures known as the Managed Care Accountability Set (MCAS).⁴ This set is mostly comprised of Healthcare Effectiveness Data and Information Set (HEDIS) measures established by the National Committee for Quality Assurance (NCQA). Other measures included were developed by the Centers for Medicare & Medicaid Services (CMS) and the American Dental Association's Dental Quality Alliance. After consulting with MCPs and the External Quality Review Organization (EQRO), DHCS determines which measures are appropriate as report-only and which measures the MCPs must exceed the MPL as determined by DHCS. For HEDIS measures, DHCS determines the MPL is the national Medicaid 50th

¹ Exhibit A, Attachment III, section 2.2 Quality Improvement and Health Equity Transformation Program, 2.2.9 External Quality Review Requirements. Boilerplate Contracts are available at:

<https://www.dhcs.ca.gov/provgovpart/Documents/2024-Managed-Care-Boilerplate-Contract.pdf>

² W&I section 14197.7(e)(1), (2), (4).

³ Pursuant to 42 CFR section 438.700(a), DHCS may base sanctions on findings from onsite surveys, Member or other complaints, financial status, or any other source; this includes medical audits pursuant to W&I section 14456.

⁴ MCAS: <https://www.dhcs.ca.gov/dataandstats/reports/Pages/MgdCareQualPerFEAS.aspx>

percentile for each measure; however, when national Medicaid results are not available for a required MCAS measure, DHCS may establish alternative benchmarks. For non-HEDIS measures, MPLs will be designated as CMS State Performance Medians.⁵ According to CMS, the state median is calculated as the median of all states in the United States.

Per APL 24-004 or any superseding APL,⁶ the MCAS MPLs will be based on the previous measurement year (MY) data, and MCPs will be subject to sanctions for measure rates that do not exceed the MPLs.

DHCS is requiring MCP MCAS data to be audited at the plan level, and for MCPs to report county level data to DHCS for quality and enforcement program use only.

MCPs operating in counties for the first time, for which DHCS does not have county-level data, will not be subject to sanctions during their first year of operation. During the first year of operation, MCPs must still report on MCAS measures. Those MCPs will be subject to sanctions beginning in their second year of operations.

Per APL 24-004 or any superseding APL,⁷ and effective beginning in MY 2024, DHCS intends to hold MCPs to the MPL at the county reporting level for each county that it is in, with the exception of plans in new counties for the first year for which DHCS does not have county-level data. For MCPs with measures at the county-level rates having a small denominator, as described by NCQA,⁸ DHCS intends to hold MCPs to the MPL for performance rate to that measure by pooling. DHCS may combine the rate for the small denominator measures with one or more of the MCP's other counties' rates to achieve a sufficient denominator for that specific measure. In situations where sufficient population is still not achieved, the measure will not be subject to sanctions.

Per APL 24-004 or any superseding APL, MCPs with fully delegated Subcontractors and fully delegated Downstream Subcontractors will be expected to report on the EQRO results of the MCAS measures. DHCS will use MY 2024 to collect baseline data and will implement sanctions in future years. More information on DHCS sanction policy towards MCPs with fully delegated Subcontractors and fully delegated Downstream Subcontractors will be forthcoming in future APL revisions.

⁵ CMS State Performance Medians can be downloaded here: <https://www.medicaid.gov/medicaid/quality-of-care/performance-measurement/adult-and-child-health-care-quality-measures/index.html>

⁶ APLs can be found at: <https://www.dhcs.ca.gov/formsandpubs/Pages/AllPlanLetters.aspx>

⁷ APLs can be found at: <https://www.dhcs.ca.gov/formsandpubs/Pages/AllPlanLetters.aspx>

⁸ NCQA, HEDIS Measurement Year 2024 Volume 2: Technical Specifications for Health Plans

Monetary Sanctions

MCAS is comprised of various health-related measures that are categorized into four domains: children’s health; reproductive health and cancer prevention; chronic disease management; and behavioral health. MCPs are required to exceed MPLs for each measure within the four MCAS domains. MCPs that do not exceed the MPL on a measure will be subject to monetary sanctions, which will be determined on the basis of enforcement tier assignment.

Enforcement Tiers	Tier One (1)	Tier Two (2)	Tier Three (3)
Triggers	One (1) measure not exceeding the MPL in any one (1) domain	Two (2) or more measures not exceeding the MPL in any one (1) domain	Three (3) or more measures not exceeding the MPL in two (2) or more domains
Enforcement Action	Not subject to monetary sanction	Subject to monetary sanction	Subject to monetary sanction

Enforcement tier assignment will determine whether a monetary sanction may be applied. MCP counties that do not trigger a tier rating will not be subject to monetary sanctions. Likewise, MCP counties in Tier one (1) will not be subject to monetary sanctions.

All MCPs subject to monetary sanctions will receive a sanction amount total of at least \$25,000. Sanction amount calculations will incorporate various factors that include eligible Members not served, percentage points below the MPL, trending difference from the previous MY, and Healthy Places Index (HPI).^{9,10,11} MCPs that were under a quality transformational corrective action plan (CAP) for the previous MY and again fall under a CAP for the current MY and again fall under a CAP for the current MY under review may be subject to a doubling of their assessed sanction amount and an escalation of non-monetary sanctions or penalties.

⁹ W&I section 14197.7 (e), (f),

¹⁰ DHCS will consider extenuating circumstances that may result in lower quality performance on a case-by-case basis.

¹¹ Healthy Places Index: <https://map.healthyplacesindex.org/>

Monetary Sanctions Methodology

Sanctions will be determined by taking into account the following:

- a) Severity – percentage point difference between MCP’s measure and the MPL
- b) Trending – percentage point difference between the MCP’s measure in the current MY compared to the previous MY
- c) Population not served – number of affected Members who did not receive the service based off of numerators and denominators submitted with MCAS reporting
- d) HPI impact – sanction reduction accounting for MCPs serving Members in underserved zip codes

For each measure below the MPL, the population not served is multiplied by the severity violation factor and trending factor and then reduced by the HPI impact

reduction percentage, if applicable, for the specific county. It is then rounded to the nearest cent to calculate the monetary sanction amount. These values are summed for each county. To determine the total sanction amount assessed for each MCP, the sanctions calculated for each county within the MCP are summed. If the total sanction amount for the MCP is below \$25,000, it will be rounded up to \$25,000. If the total is above \$25,000, it will be rounded to the nearest thousand (e.g., a sanction total of \$25,499 would be rounded down to \$25,000, and a sanction total of \$25,500 would be rounded up to \$26,000).

The severity violation factor is determined by the absolute difference between the MCP’s performance and the MPL for each measure.

Violation and Member Impact (W&I section 14197.7(g)(1))		
Severity/Member Impact	Violation per Measure	Severity Violation Factor
Slight Violation	<1.00% below MPL	1.0
Minimal Violation	1.00% - 2.99% below MPL	1.1
Minor Violation	3.00% - 5.99% below MPL	1.2
Moderate Violation	6.00% - 10.99% below MPL	1.4
Moderately Severe Violation	11.00% - 15.99% below MPL	1.6
Severe Violation	16.00% - 20.99% below MPL	1.8
Extremely Severe Violation	≥21.00% below the MPL	2.0

The trending factor is based on the difference between the current MY's rate compared to the rate achieved in the previous MY for each measure.

Trending Factor (W&I section 14197.7(g)(6))		
Degrees of Change	Trending Difference per Measure	Trending Factor
Significant Worsening	≤(-)15.01%	2.0
Moderately Significant Worsening	(-)15.00% - (-)11.01%	1.8
Moderate Worsening	(-)11.00% - (-)7.01%	1.6
Minimal Worsening	(-)7.00% - (-) 4.01%	1.4
Slight Worsening	(-)4.00% - (-) 0.01%	1.2
No Improvement	0.00 – 1.00%	1.0
Slight Improvement	1.01% - 4.00%	0.8
Minimal Improvement	4.01% - 7.00%	0.6
Moderate Improvement	7.01% - 11.00%	0.4
Moderately Significant Improvement	11.01% - 15.00%	0.2
Significant Improvement	≥15.01%	0.0

HPI values for each MCP per county have been determined by accounting for the number of Members in low HPI zip codes. Each MCP per county was then ranked against the other MCPs to determine the HPI percentile. Sanction reduction is based on a low HPI percentile illustrated in the table below:

Severity of HPI (per MCP per county)	HPI Percentile	HPI Impact Reduction
Very High	0-9 Percentile	50%
High	10-19 Percentile	40%
Moderate	20-29 Percentile	30%
Low Moderate	30-39 Percentile	20%
Low	40-49 Percentile	10%

For additional information regarding administrative sanctions and the monetary sanctions program, see APL 25-007.