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**DATE:** June 7, 2022

**QIP POLICY LETTER 22—002**

**TO:** ALL QUALITY INCENTIVE POOL (QIP) ENTITIES

**SUBJECT:** PROGRAM YEAR (PY) 4 UPDATES

**PURPOSE:**

This QIP Policy Letter (QPL) informs QIP entities of the following PY 4 updates:

1. Updated PY 4 reporting requirements, performance targets, and payment policies
2. Addition of COVID-19 Public Health Emergency (PHE) and District and Municipal Public Hospital (DMPH) Infrastructure measures
3. Updates to the inclusion/exclusion of individuals with other health coverage
4. PY 4 audits
5. Q-PCR: Plan All-cause Readmissions Reporting Guidance

Please note that all policies in this QPL apply only to PY4 unless otherwise stated.

**BACKGROUND:**

On December 31, 2020, the Department of Health Care Services (DHCS) submitted the Designated Public Hospital (DPH) and DMPH QIP preprints for PY 4 to the Centers for Medicare and Medicaid Services (CMS) for approval. Subsequently, DHCS updated the preprints in response to the COVID-19 PHE. The QIP program is authorized by Welfare and Institutions Code section 14197.4(c) and the CMS-approved PYs 4-6 DPH and DMPH preprints. The [DMPH preprint](#) was [approved](#) on January 20, 2022 and the [DPH preprint](#) was [approved](#) on February 2, 2022.

**POLICY:**

1. *Updated PY 4 reporting requirements, performance targets, and payment policies*

Reporting requirements, performance targets, and payment policies have been updated for PY 4 due to the COVID-19 PHE as summarized below and detailed in Attachment 1 of the PY 4 DPH and DMPH preprints. PY 4 reports, in accordance with the QIP PY 4 Reporting Manual and all DHCS guidance, are due by **11:59 pm on June 15, 2022** via the QIP Reporting Application. **No exceptions will be granted; any QIP entity that does not submit a complete report by this date will not receive any QIP PY 4 payment.**

a) DPH

Each DPH's maximum allowable payment amount will be paid according to the following distribution:

- 50% of payment: based on achievement of 5 COVID-19 related measures.
- 40% of payment: based on achievement of 10 pay-for-performance measures chosen by the DPH.
- 10% of payment: based on reporting the remaining 30 measures chosen by the DPH for MY 2021. Reporting the measures, including the required data and narratives, will be considered full achievement for meeting these measures' PY 4 targets.
- The over-performance claiming mechanism will not be available for PY 4.

b) DMPH

Each DMPH's maximum allowable payment amount will be paid according to the following distribution:

- 50% of payment: based on achievement of 5 COVID-19 related measures.
- 20% of payment: DMPHs reporting 5 or more measures (excluding the COVID-19 measures) will report 20% of their measures (rounded to the nearest whole number) on a pay-for-performance basis. DMPHs reporting 4 or fewer measures (excluding the COVID-19 measures) do not have to report on a pay-for-performance basis and may instead report on the 2 infrastructure measures listed below (see: "QIP Infrastructure Measures for DMPH reporting" section).
- 30% of payment: based on reporting their remaining measures for MY 2021. Reporting the measures, including the required data and narratives, will be considered full achievement for meeting these measures' PY 4 targets.
- The over-performance claiming mechanism will not be available for PY 4.

c) Pay-for-Performance Measures

For PY 4 only, due to the COVID-19 PHE, the Achievement Value (AV) for pay-for-performance measures will be determined as follows:

- If PY 4 performance < minimum performance benchmark, AV = 0
- If PY 4 performance  $\geq$  minimum performance benchmark, AV = 1

QIP entities must indicate a pay-for-performance measure by entering “P4P measure” in a separate narrative text box provided for the measure in the QIP Reporting Application.

d) PY 4 Measure Reporting Requirements

For each measure a QIP entity reports, whether on a pay-for-performance or pay-for-reporting basis, the entity must report qualitative and quantitative data in accordance with the QIP PY 4 Reporting Manual. Qualitative data include all report level and measure narratives, as outlined on pages 10-11 of the PY 4 Reporting Manual and in this QPL. Category level narratives are not required. Please enter “N/A” to bypass this narrative requirement in the QIP Reporting Application.

Additionally, QIP entities are not required to report baseline data in PY 4. For PY 4 only, if the QIP Reporting Application prompts QIP entities to enter baseline data (i.e., data for PY 3.5 reported in PY 4), QIP entities must enter 0 as the numerator and 30.1 as the denominator. QIP entities must also explicitly state, “The baseline data entered are not real data and have been entered to bypass baseline data reporting as directed by DHCS due to COVID-19” in their data methodology narrative.

As noted in sections a-b, QIP entities will still be required to report a minimum number of measures (40 measures for DPHs, variable for DMPHs depending on their specific number of committed measures). Per the approved PY 4-6 preprints, 50% of reported measures must be priority measures. Before substituting a priority measure for an elective measure as described below, entities must attempt to exhaust the priority measure list options.

For any required priority measure that the QIP entity selects to report on a **pay-for-performance** basis, if the entity is unable to report due to not providing the relevant clinical services, a denominator less than 30, or not receiving sufficient assigned lives data from Medi-Cal Managed Care plans that result in a denominator less than 30, the entity may substitute an alternative measure from the PY 4 QIP Measure List.

For measures for **reporting** only, denominators  $\geq$  30 are not required. However, entities should not report measures for which they do not provide the relevant clinical services. Entities should also be aware that measures

that are planned to be reported in PY 5 must have statistically significant data from PY 4 (ie.  $d \geq 30$ ).

e) Inclusion of Medi-Cal Managed Care Plan (MCP) Data (DMPHs only)

DMPHs must follow all MCP data requirements specified in the QIP Reporting Manual; however, DMPHs may at their discretion exclude MCP data received after March 31, 2022 from the DMPH's PY 4 report. Any MCP data received by March 31, 2022 must be included in the DMPH's report. In the QIP report narratives, DMPHs must indicate which MCP(s) data (including assigned lives data) were or were not included in the calculations of their QIP performance data.

2. *Addition of COVID-19 PHE and DMPH Infrastructure Measures*

For PY 4 only, all QIP entities must perform and report on the following 5 COVID-19 PHE measures:

- a) Implementation of employee COVID-19 testing in 2021
- b) Implementation of employee COVID-19 vaccination in 2021
- c) Implementation of infrastructure and partnerships for the provision of COVID-19 tests to Medi-Cal beneficiaries and community members in 2021
- d) Implementation of infrastructure and partnerships for the provision of COVID-19 vaccines to Medi-Cal beneficiaries and community members in 2021
- e) Implementation of hospital surge planning and/or response in 2021

For each COVID-19 PHE measure, where applicable, QIP entities must report any available quantitative data (i.e., number of tests or vaccines) in its narrative along with a brief summary of how the measure and relevant activities were implemented.

- When reporting the employee vaccination measure (2b above), QIP entities must provide a brief summary of how the QIP entity implemented its employee vaccination/ vaccination verification program. At a minimum, entities must report the number and percentage of employees (i.e., numerator, denominator and rate) for whom the entity 1) verified as vaccinated and boosted, in accordance with verification standards outlined by the California Department of Public Health (CDPH), and 2) verified as having an approved religious or medical exemption in accordance with all CDPH guidance and State Public Health Officer orders. Entities should also report the number and percentage of employees that the entity vaccinated during PY4 (entities may report 0 if applicable).
- When reporting the employee testing, provision of tests to Medi-Cal beneficiaries and the community, and provision of vaccines to Medi-Cal beneficiaries and the community measures (2a, c and d above), QIP

entities must report the total number of tests or vaccines provided for each of the measures.

- If the QIP entity was not able to implement the measure or relevant activities, the entity must explain why it was not able implement the measure or relevant activities and how it plans to address such challenges moving forward.
- If the QIP entity is not able to report numbers for the test or vaccine related measures (2a, b, c, and d above), then the entity must explain the circumstances that prohibits it from providing numbers as well as describe in detail the activities completed that demonstrate completion of the measure.

### QIP Infrastructure Measures for DMPH reporting

For PY 4 only, DMPHs reporting 4 or fewer measures (excluding the COVID-19 measures) do not have to report on a pay-for-performance basis and may instead report on the following infrastructure measures:

- Identification of QIP staffing needs for quality improvement and reporting
- Identification of QIP data needs for tracking and reporting

DMPHs electing to report on these infrastructure measures must provide a brief summary of how the measure and relevant activities were implemented. If the entity is not able to implement the measure or relevant activities, the entity must explain why it was not able implement the measure or relevant activities and how it plans to address such challenges moving forward.

### 3. *Updates to the PY 4 inclusion/exclusion of individuals with other health coverage*

QIP entities may exclude all beneficiaries with other health coverage (individuals with coverage in addition to Medi-Cal, where Medi-Cal is not the primary payer) for at least one month of the Program Year for each measure with the following target population:

- Medi-Cal Managed Care beneficiaries assigned to the QIP Entity and meeting measure specific Continuous Assignment criteria

The QIP entity's decision to exclude such individuals for each given measure will apply for PYs 4-6 (i.e., for any given measure, the entity can't include such individuals one PY and then exclude them the next PY or vice versa). There will be no exceptions, and the entity will not be able to change its decision in future PYs. The QIP entity must indicate that individuals with other health coverage are excluded from the measure by entering "Individuals with other health coverage excluded" in the narrative text box provided for the measure in the QIP Reporting Application. Please note that this narrative is separate from the data methodology narrative.

For all other measures, individuals that are enrolled in Medi-Cal and meet the measure criteria must be included in the measure, regardless of whether they are also enrolled in other health coverage.

#### 4. *PY 4 Audits*

As stated in the QIP PY 4 Reporting Manual, State and Federal officials reserve the right to require additional verification of any data, related documentation, and compliance with all QIP requirements and to audit QIP entities at any time. To support data integrity and ensure accountability for the QIP funds, DHCS will partner with an external auditor to assess QIP reports as part of its review and oversight process. **All entities must participate and provide any information, records or access deemed necessary by DHCS auditors, who are HIPAA business associates of DHCS.**

For PY 4 only, due to the COVID-19 PHE, DHCS will limit the audit to all data submitted for measures that are also part of the Measurement Year 2021 Medi-Cal Managed Care Accountability Set ([MCAS](#)). For these measures only, DHCS is waiving the required data methodology narrative. Entities may enter “Waived due to audit” in the narrative’s text box for these specific measures in the QIP Reporting Application.

More details regarding the PY 4 audit are forthcoming in a separate QPL.

#### 5. *Q-PCR: Plan All-cause Readmissions Reporting Guidance*

For Q-PCR, entities should enter the overall observed and expected counts in the discrete fields provided. The Medi-Cal managed care plan stratified observed counts and any other required reporting elements should be entered in the measure level data narrative.

The following table summarizes where entities should be entering the respective data elements:

<b>Data Element (no age strata, all elements reported on total population)</b>	<b>Location in Reporting App</b>
Observed Count	Observed Count data Field
Observed Count stratified by Contracted MCP	Narrative
Expected Count	Expected Count data Field
Number of Individuals in the QIP Entity Population	Narrative
Outlier Individual Count	Narrative
<b>Outlier Rate</b>	Narrative
Denominator	Narrative
<b>Observed Rate</b>	Narrative
<b>Expected Rate</b>	Narrative

<b>Data Element (no age strata, all elements reported on total population)</b>	<b>Location in Reporting App</b>
Count Variance	Narrative
<b>Observed Count/Expected Count Ratio</b>	Calculated by Reporting App

Please contact your QIP Liaison or email the QIP Mailbox at [qip@dhcs.ca.gov](mailto:qip@dhcs.ca.gov) if there are any questions concerning this QPL.

Sincerely,

**ORIGINAL SIGNED BY KAREN MARK**

Karen E. Mark, MD, PhD  
Medical Director