FEHB Program Carrier Letter
All FEHB Carriers

U.S. Office of Personnel Management
Healthcare and Insurance

Letter No. 2015-10 **Date: May 12, 2015**

Fee-for-Service [08] Experience-rated HMO [08] Community-rated [08]

SUBJECT: Federal Employees Health Benefits (FEHB) Plan Performance Assessment - Methodology

The purpose of this Carrier Letter is to provide details on the Office of Personnel Management's (OPM) methodology for the FEHB Plan Performance Assessment (Performance Assessment). The Performance Assessment evaluation will begin in 2016. The weights and measures included in this Carrier Letter cover the evaluation in 2016. The Carrier Letter also outlines measures, weights, and projected contribution of the Clinical Quality, Customer Service, and Resource Use Measure Set, collectively known as "QCR" measures, to the overall performance score for subsequent years.

Carrier letters issued later this summer will finalize weights and measures for the 2017 evaluation. Thereafter, OPM is committed to providing carriers with a two-year advance notice of any changes in weights and measures (e.g. weights and measures for the 2018 evaluation will be updated in the summer of 2016). OPM will not seek to add measures with less than two years notice except in extraordinary circumstances, but OPM may remove measures without lengthy advance notice under circumstances such as a significant change in clinical guidelines or when a majority of plans report a measure as not available (NA) due to insufficient numbers of affected individuals.

OPM has engaged independent experts to review the weighting, scoring, and calculations. Their input is incorporated into this guidance. This carrier letter also updates and supersedes Carrier Letters 2014-19 and 2014-28 which described OPM's proposed framework and components of the Performance Assessment.

The body of this carrier letter provides detailed descriptions of the following:

- Changes to the QCR measures;
- How the QCR measure scores will be calculated;
- How the Contract Oversight Performance Area will be scored;
- How the Overall Performance Score will be compiled, including how the score will be applied to determine the total Service Charge for experience-rated carriers and Performance Adjustment for community-rated carrier; and
- Glossary of terms.

Overview

To establish a consistent assessment system, create a more objective performance standard, and provide more transparency for enrollees, OPM has developed the Performance Assessment. This assessment uses a discrete set of quantifiable measures to examine key aspects of contract performance. The Performance Assessment will be linked to health plan profit and adjustment factors. Table 1 provides the performance area framework, along with the total percentages that each performance area will contribute to the Overall Performance Score for evaluation in 2016. Contracts will require performance consistent with this Carrier Letter, and will include language to incorporate the Performance Assessment as determinative of the Service Charge or Performance Adjustment.

Table 1. Contribution of Performance Areas to Overall Performance Score in 2016

Contribution to Final Score	Performance Area	Domains
35%	Clinical Quality	Preventive Care
		Chronic Disease Management
		Medication Use
		Behavioral Health
	Customer Service	Communication
		Access
		Claims
		Member Experience/ Engagement
	Resource Use	Utilization Management
65%	Contract Oversight	Contract Performance
		Responsiveness to OPM
		Contract Compliance
		Technology Management and Data Security

Though OPM has collected and analyzed Healthcare Effectiveness Data and Information Set (HEDIS) and Consumer Assessment of Healthcare Providers and Systems (CAHPS) measures for years, the inclusion of these measures in a structured Performance Assessment system is new. As such, OPM will phase in the contribution of these measures over time as indicated in Table 2. Carriers should refer to OPM guidance on CAHPS and HEDIS measures.

Table 2. Phase in Performance Area Contributions to Final Score

Performance Area	Contribution to Overall Performance Score		
	2016	2017	2018
Clinical Quality, Customer Service, and Resource Use	35%	50%	65%
Contract Oversight	65%	50%	35%

I. QCR Measures

Changes to 2016 Measures Set

Carrier Letter 2014-28 provided the 2016 Performance Assessment Measures set. Based on consultation with FEHB health plans and external reviewers, the following changes have been made to the 2016 Performance Assessment Measures set. The full set is updated as Attachment I.

- The *Aspirin Use and Discussion* measure has been removed due to changing clinical guidelines about which patients benefit from aspirin therapy.
- Both the 7-day and 30-day rates for *Follow-up After Hospitalization for Mental Illness* will be scored; however, only the higher of the two scores will be used in the QCR measures calculation for each plan.

QCR performance areas and domains will not be used as part of the weighting and scoring methodology, but will be retained for organizational and descriptive purposes. Weighting and scoring will be based on performance on the individual QCR measures.

Adding a QCR Measure Hierarchy

To focus attention on priority issues, OPM has developed a hierarchy for the QCR measures. In assigning priority levels to measures, OPM considered whether the measure:

- assessed health outcomes,
- supported specific OPM policy priorities, and
- was relevant to FEHB subpopulations with particular health needs.

Each priority level is assigned a weight that will be incorporated into the scoring formula. Priority levels and associated weights are displayed in Table 3. The list of QCR measures for the 2016 evaluation, along with priority levels and associated weights, is shown in Table 4.

Table 3. Priority Levels and Associated QCR Measure Weights

Priority Level	QCR Measure Weight
1	2.50
2	1.25
3	1.00

Table 4. QCR Measure Priority Levels for 2016

Performance Area	Domain	Measure	Priority Level	Measure Weight
Clinical Quality	Preventive Care	Breast Cancer Screening	2	1.25
		Timeliness of Prenatal Care	1	2.50
		Well Child Visits in the First 15 Months of Life	2	1.25
		Flu Vaccinations for Adults Ages 18-64	2	1.25
		Advising Smokers to Quit	2	1.25
	Chronic Disease Management	Controlling Blood Pressure	1	2.50
		Comprehensive Diabetes Care – HbA1c testing	2	1.25
	Medication Use	Medication Management for People with Asthma	2	1.25
	Behavioral Health	Follow-up After Hospitalization for Mental Illness	2	1.25
Customer Service	Communication	Plan Information on Costs	3	1.00
	Access	Getting Needed Care	3	1.00
		Getting Care Quickly	3	1.00
	Claims	Claims Processing	3	1.00
	Member Experience/ Engagement	Overall Health Plan Rating	3	1.00
		Coordination of Care	3	1.00
		Overall Personal Doctor Rating	3	1.00
		Customer Service	3	1.00
Resource Use	Utilization Management	Plan All Cause Readmissions	1	2.50
		Use of Imaging Studies for Low Back Pain	2	1.25

Missing QCR Measure Results

Plans that are unable to report QCR measures due to small sample sizes will not be penalized. This situation is designated by "not available" or "NA" in the HEDIS and CAHPS results. The denominator in the calculation of the summary QCR measures score will only include the values for the measures that are not designated as "NA[1]".

Plans that do not report a measure for any reason other than "NA" will show a "not reportable" or "NR" score in their HEDIS and CAHPS data. This indicates a failure to report or other bias in the data. An "NR" result will receive a score of zero (0)[2] for that measure, and the measure weight will be included in the denominator of the summary QCR score. This will result in a lower summary score.

Preparing QCR Measure Reports for Scoring

To prepare QCR measure reports for 2016 scoring, the QCR measure reports will be aggregated to obtain a contract level enrollment adjusted result. Each FEHB carrier contract may be associated with multiple QCR measure reports. For example, a contract may include more than one carrier code and that contract may report QCR measures on each carrier code to OPM. Where there are multiple QCR measure reports under one contract, OPM will aggregate to the contract level in proportion to the number of contract holders (hereafter referred to as "enrollment") associated with each report. This aggregation step will ensure that every FEHB carrier contract will have a single result for each QCR measure. An example of this aggregation process using Breast Cancer Screening (BCS) is shown below.

Prep step 1. Group FEHB enrollment data with measure results

Contract Number	Carrier code/ reporting level	FEHB enrollment	Breast Cancer Screening Measure result
CS 9999	Report 1	10,789	0.8829
	Report 2	53,413	0.8795

Prep step 2. Multiply FEHB enrollment by each measure result, as shown below.

Contract Number	Carrier code/ reporting level	FEHB enrollment	Breast Cancer Screening Measure result	Enrollment adjusted result
CS 9999	Report 1	10,789	0.8829	9,525.6081
	Report 2	53,413	0.8795	46,976.7335
	Total	64,202	--	56,502.3416

[1] Depending on sample size, OPM may require justification for "NA" CAHPS results from the carriers.

[2] In the event that circumstances outside a plan's control necessitate that a measure is not reported, appropriate documentation and timely notice should be provided to the Contract Specialist for consideration by the Contracting Officer.

Prep step 3. Calculate the enrollment adjusted result

Divide the sum of the enrollment adjusted results by the total FEHB enrollment, as shown below.

$$Enrollment\ adjusted\ result = \frac{Sum\ of\ \text{enrollment adjusted}\ result}{Total\ FEHB\ enrollment\ for\ contract}$$

$$Enrollment\ adjusted\ \ result = \frac{56{,}502.34}{64{,}202} = \ 0.8801$$

$$Measure\ result\ for\ use\ in\ Step\ 1\ below = 0.8801$$

The enrollment adjusted result is the measure result for the contract as a whole.

QCR Measure Scoring

After adjusting for enrollment and aggregating to the contract level, OPM will score measures in comparison to the National Committee for Quality Assurance (NCQA) Quality Compass®[3] (Quality Compass) Commercial benchmark for HEDIS and CAHPS measures. Specific benchmarks will reflect the plan-reported product type (e.g. HMO, HMO/POS, PPO).

The percentile benchmarks used for a given year will be drawn from that year's Quality Compass benchmarks. For example, OPM will score 2016 measures in comparison to 2016 Quality Compass benchmarks. Plans can review previous years' Quality Compass benchmarks in advance to develop projections and guide their operational and budget planning.

OPM will base its calculations on Quality Compass benchmarks using the 25th, 50th, 75th, and 90th percentiles, plus proportional credit for results that fall between scoring benchmarks.

Table 5 provides details and a sample calculation is shown below.

Table 5. Scoring Measure Results against Quality Compass Benchmarks

Measure result is….		Score
Greater than or equal to…	**But less than….**	
90th percentile†	--	5
75th percentile	90th percentile	4 + difference
50th percentile	75th percentile	3 + difference
25th percentile	50th percentile	2 + difference
>0	25th percentile	1 + difference

†: Percentile is the Quality Compass national percentile for commercial health plans for a given reporting product (i.e. HMO, HMO/POS, or PPO).

[3] Quality Compass is a registered trademark of the National Committee for Quality Assurance (NCQA).

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A sample QCR Measure Score calculation is provided below. Attachment II provides all steps of the calculation.

Step 1: Obtain QCR Measure Result

QCR measure results are the values reported to OPM, adjusted for enrollment and aggregated to the contract level. For this example, a Breast Cancer Screening has a 0.8801 measure result.

Step 2: Calculate QCR Measure Score

Each QCR measure will receive a score commensurate with where it falls relative to the benchmark. A Breast Cancer Screening result of 0.8801 falls between the 50th (0.8600) and 75th percentile benchmark (0.8902) as shown in Table 6. A plan would receive partial credit for surpassing one benchmark but not yet reaching the next benchmark.

$$Score =$$

$$Benchmark\ \ score\ + \frac{Measure\ result - benchmark\ attained}{next\ higher\ benchmark - benchmark\ attained}$$

$$Breast\ Cancer\ Screening\ \ score = 3 + \frac{.8801 - .8600}{.8902 - .8600} = 3 + \frac{.0201}{.0302}$$

$$Breast\ Cancer\ Screening\ \ score = 3.67$$

Table 6. Sample Breast Cancer Screening Benchmark Data[4]

Percentile Group	Benchmark	Score
90th	0.9171	5
75th	0.8902	4 + difference‡
50th	0.8600	3 + difference
25th	0.8432	2 + difference

This step is repeated for every QCR measure result using the appropriate Quality Compass benchmark data.

[4] Please note these values are illustrative and do not represent actual NCQA Commercial Quality Compass data.

Step 3: Calculate Weighted Score

As displayed in Table 4, OPM will attribute greater weight to measures based on agency priorities. The calculation is illustrated in the example below.

$$Breast\ Cancer\ Screening\ score = 3.67$$

$$Priority\ Level\ 2\ Measure\ Weight = 1.25$$

$$Weighted\ score = 3.67 * 1.25 = 4.59$$

A weighted score is calculated for each QCR measure.

Calculating a Standardized Summary QCR Measure Score

To calculate the Standardized Summary QCR measure score, all weighted values are added together and divided by the sum of associated weights. That score is standardized by dividing it by a maximum attainable score (5).

The Standardized Summary QCR measure score is used to calculate the contribution of the QCR measures to the Overall Performance Score which is discussed in more detail in the Overall Performance Score and Adjustment Calculations section.

Step 4. Calculating a Summary QCR Measure Score

$\sum$ = Sum

$$Summary\ QCR\ Measure\ Score = \frac{\sum QCR\ weighted\ scores}{\left[\sum QCR\ Measure\ weights^{5}\right]}$$

$$Summary\ QCR\ \ Measure\ Score = \frac{87.15}{25.50} = 3.4176$$

Step 5. Calculating a Standardized Summary QCR Measure Score

$$Standardized\ Summary\ QCR\ \ Measure\ Score = \frac{Summary\ QCR\ Measure\ Score}{Maximum\ measure\ specific\ score}$$

$$Standardized\ Summary\ QCR\ \ Measure\ Score = \frac{3.4176}{5} = 0.6835$$

Table 7 provides examples of QCR weighted scores.

[5] Measure results with NA will not have those weights included in the denominator.

Table 7. Example of QCR Weighted Score

Performance Area	Measure	Measure Results	Measure-Specific Score	Measure Weight	Weighted Score
Clinical Quality	Breast Cancer Screening	0.8801	3.67	1.25	4.59
	Timeliness of Prenatal Care	0.6578	3.04	2.50	7.61
	Well Child Visits in the First 15 Months of Life	0.8301	2.30	1.25	2.88
	Flu Vaccinations for Adults Ages 18-64	0.5692	3.12	1.25	3.90
	Advising Smokers to Quit	0.8690	5.00	1.25	6.25
	Controlling Blood Pressure	0.3767	2.38	2.50	5.96
	Comprehensive Diabetes Care – HbA1c testing	0.9040	2.13	1.25	2.66
	Medication Management for People with Asthma	0.4882	4.58	1.25	5.72
	Follow-up After Hospitalization for Mental Illness	0.5008	2.82	1.25	3.53
Customer Service	Plan Information on Costs	0.6944	3.77	1.00	3.77
	Getting Needed Care	0.9083	3.98	1.00	3.98
	Getting Care Quickly	0.9304	4.00	1.00	4.00
	Claims Processing	0.9378	3.86	1.00	3.86
	Overall Health Plan Rating	0.8274	4.14	1.00	4.14
	Coordination of Care	0.8421	4.90	1.00	4.90
	Overall Personal Doctor Rating	0.8871	3.93	1.00	3.93
	Customer Service	0.8998	4.11	1.00	4.11
Resource Use	Plan All Cause Readmissions	0.8100	2.97	2.50	7.43
	Use of Imaging Studies for Low Back Pain	0.7324	3.15	1.25	3.93
Total			**--**	**25.50**	**87.15**

II. Contract Oversight

Contract Oversight is the performance area of the Performance Assessment that allows OPM to assess other dimensions of performance critical to meet FEHB Program objectives and contractual obligations.

Contract Oversight Scoring

Scores for Contract Oversight will be assigned at the domain level, and the maximum value available for each domain is reflected in its contribution to the Contract Oversight score. Table 8 outlines the percentage each domain contributes to the Contract Oversight score, as well as the maximum score for each domain.

Table 8. Contract Oversight Scoring Methodology

Domain	Contribution	Maximum Score
Contract Performance	40%	80
Responsiveness to OPM	25%	50
Contract Compliance	20%	40
Technology Management and Data Security	15%	30
Maximum Score		200

Contract Oversight domains will be evaluated in the Contracting Officer's discretion and rated as follows:

- Exceeds most expectations
- Meets but does not exceed most expectations
- Meets most expectations with some correctible deficiencies
- Does not meet most expectations/has major deficiencies

Individual components that do not apply to a plan in a given year will not be included in the Contracting Officer's evaluation, and plans will not be penalized for components that do not apply. For example, a plan may not undergo an audit every year, and the maximum score of 80 for the Contract Performance domain will still be available to that plan. The rating categories and score ranges available are listed in Table 9.

Table 9. Score Ranges for Ratings in Contract Oversight

	Exceeds most expectations	Meets but does not exceed most expectations	Meets most expectations with some correctible deficiencies	Does not meet most expectations/ Has major deficiencies
Contract Performance	72-80	56-71	40-55	<40
Responsiveness to OPM	45-50	35-44	25-34	<25
Contract Compliance	36-40	28-35	20-27	<20
Technology Management & Data Security	27-30	21-26	15-20	<15

Calculating the Contract Oversight Score

The raw score received in each domain will be added and then divided by the maximum possible number (200), resulting in a score between zero and one. An example of the Contract Oversight calculation is shown below.

Step 6. Calculating the Contract Oversight Score

Sample Contract Oversight Rating Worksheet

Domain	Component	Assessed against applicable standard *
Contract Performance **Contribution to Score 40%**	**Benefits & Network Management**	
	Medical benefits management	✓
	Pharmacy benefits management	✓
	Network management and adequacy	✓
	Reconsideration/disputed claims	✓
	Disaster recovery	✓
	Emergency access during disasters**	n/a
	Other	
	Audit Findings & Fraud/Waste/Abuse Prevention	
	Innovation to prevent fraud/waste/abuse	✓
	Notification and referral	✓
	Repeat findings**	n/a
	Implemented corrective action plans for audits**	n/a
	Resolved audit findings**	n/a
	Responsiveness to timeline in transmittal letter **	n/a
	Documentation**	n/a
	Other	
	CO Assigned Domain Score (80 maximum)	**64**

Domain	Component	Assessed against applicable standard *
Responsiveness to OPM **Contribution to Score 25%**	Timely, accurate, and complete information	✓
	Rates and benefits proposal process	✓
	OPM Call Letter initiatives	✓
	Open Season preparation	✓
	Quality management	✓
	Flexible Spending Account (FSA) paperless reimbursement**	✓
	Innovation **	✓
	Legal review**	n/a
	Other	
	CO Assigned Domain Score (50 maximum)	**45**
Contract Compliance **Contribution to Score 20%**	Financial management	✓
	Administrative cost management	✓
	Notification of events	✓
	Responsiveness to direction issued between contract negotiations	✓
	Federal socioeconomic programs and contracting**	n/a
	Subcontracting oversight **	✓
	Other	
	CO Assigned Domain Score (40 maximum)	**30**
Technology Management & Data Security **Contribution to Score 15%**	Claims system effectiveness	✓
	Consumer tools	✓
	Data breaches	✓
	Benefits testing **	✓
	Systems transitions**	✓
	Other	
	CO Assigned Domain Score (30 maximum)	**25**
Total Contract Oversight Score (200 maximum)		**164**

**Contracting Officer narrative will be attached.*

***This component will be included in Contracting Officer evaluation if it applies to the plan in a given year.*

Step 7. Standardize the Contract Oversight Score

Divide the total Contract Oversight Score by the maximum attainable score as shown below.

$$The\ Standardized\ Contract\ Oversight\ Score = \frac{Total\ Contract\ Oversight\ Score}{Maximum\ attainable\ Contract\ Oversight\ Score}$$

$$Thus, the\ Standardized\ Contract\ Oversight\ Score = \frac{164}{200} = 0.82$$

For experience-rated plans, this value is used to calculate the contribution of Contract Oversight to the Overall Performance Score. This is comparable to the way the service charge for

experience-rated plans has historically been built to achieve a carrier's profit factor. Therefore, in Step 7, the experienced-rated plan would receive a 0.82 Contract Oversight score.

Because most community-rated plans have not received Performance Adjustments from annual contract performance ratings, OPM will make the evaluation in 2016 a transition year by applying a score of 1.0 if the Contract Oversight Score is greater than or equal to 0.70. Plans receiving below 0.70 will receive their calculated Contract Oversight Score. Therefore, in Step 7, the community-rated plan would receive a 1.0 Contract Oversight Score for the evaluation in 2016.

Overall Performance Score and Adjustment Calculations

The Overall Performance Score is calculated by multiplying the Standardized Summary QCR Measure Score and the Standardized Contract Oversight Score by their contributions to the Overall Performance Score shown in Table 2, and combining the results. Although the calculation of the Overall Performance Score is the same across all contract types, the implementation of the Performance Adjustment will vary by contract type (community-rated versus experience-rated).

The steps below demonstrate how the Overall Performance Score and the adjustment will be applied to community-rated carriers and experience-rated carriers.

Community-Rated Plans

Step 8a. Calculating the Overall Performance Score

$$The\ Overall\ Performance\ Score =$$

$$(Std.\ Summary\ QCR\ Measure\ Score * 0.35) + (Std.\ Contract\ Oversight\ Score * 0.65)$$

$$The\ Overall\ Performance\ Score = (0.6835 * 0.35) + (1.0 * 0.65)$$

$$The\ Overall\ Performance\ Score = (0.2392) + (0.65)$$

$$The\ Overall\ Performance\ Score = 0.8892$$

This calculation results in a value between zero and one. A single Overall Performance Score will be associated with each contract and will be used in the Performance Adjustment calculation.

The final step of the Performance Assessment process will be to apply the Overall Performance Score to establish the carrier's next year Performance Adjustment. The maximum adjustment amount will be 1.00 percent.

Step 8b. Calculating the Performance Adjustment

For community-rated carriers, the actual Performance Adjustment will be applied to 2016 subscription income and reflected in the net-to-carrier premium disbursements in the first quarter of the 2017 contract year.

Below is an example for a community-rated plan with a 2016 net-to-carrier premium disbursement of $5 million in using the Overall Performance Score of Step 8a.

$$Performance\ Adjustment = (Maximum\ adjustment\ percentage\ (1\%) - \ Overall\ Performance\ Score * 1\%) * 2016\ subscription\ income$$

$$Performance\ Adjustment = (0.01 - 0.8892 * 0.01) * \$5{,}000{,}000$$

$$Performance\ Adjustment = (.001108) * \$5{,}000{,}000$$

$$Performance\ Adjustment = \$5{,}540$$

This $5,540 is placed in the plan's contingency reserve.

Experienced-Rated Plan

Step 8a. Calculating the Overall Performance Score

$$The\ Overall\ Performance\ Score = (Std.\ Summary\ QCR\ Measure\ Score * 0.35) + (Std.\ Contract\ Oversight\ Score * 0.65)$$

$$The\ Overall\ Performance\ Score = (0.6835 * 0.35) + (0.82 * 0.65)$$

$$The\ Overall\ Performance\ Score = (0.2392) + (0.5330)$$

$$The\ Overall\ Performance\ Score = 0.7722$$

This calculation results in a value between zero and one. A single Overall Performance Score will be associated with each contract and will be used in the Service Charge calculation.

The Overall Performance Score will be applied to the projected incurred claims and allowable administrative expenses in the same manner as the service charge has been applied in previous years.

An example of an experience-rated plan with $4.5 million in projected incurred claims and $500,000 in projected allowable administrative expenses using step 8:

Step 8b. Calculating dollar value of the Service Charge for experience-rated plans

$$Service\ Charge = (Projected\ incurred\ claims\ and\ projected\ allowable\ adminstrative\ expenses) * (Overall\ Performance\ Score * 1\%)\ )$$

$$Service\ Charge = (\$4{,}500{,}000 + \$500{,}000) * (0.7722 * 0.01)$$

$$Service\ Charge = (\$5{,}000{,}000) * (0.007722)$$

$$Service\ Charge = \$38{,}610$$

This Plan would be able to draw down a Service Charge of $38,610 from their Letter of Credit Account (LOCA).

OPM will notify carriers of the Overall Performance Score by November 15, 2016, accompanied by performance feedback.

This concludes the discussion on Overall Performance Scoring and Adjustment Calculations.

III. Threshold

OPM is allowing for a threshold to ensure that carriers receive a minimum amount in the unlikely event that an Overall Performance Score results in a very low Service Charge for experience-rated plans; or conversely for community-rated plans, a withholding of a very high maximum Performance Adjustment. OPM will base the threshold amount on the Contract Group Size Element shown from Table 10.

Table 10. Contract Group Size Element

Enrollment	Minimum Value
10,000 or less	.06 to .10
10,001-50,000	.05 to .09
50,001-200,000	.04 to .07
200,001-500,000	.03 to .06
500,001 and over	.02 to .04

If the Overall Performance Score calculated in Step 8a is less than 0.10, the Contracting Officer may assign a Threshold Overall Performance Score in lieu of the score calculated in step 8a, in recognition of insurance risk borne by that plan due to the FEHB Enrollment group size. The Contracting Officer will, at his or her discretion, decide the Threshold Overall Performance Score that will be assigned, which will generally correlate to FEHB Enrollment group size.

IV. Reporting Cycle

For QCR measures, OPM will score the measure results reported in the evaluation year. For example, CAHPS results received in 2016 (based on customer surveys administered in 2016) will be scored in the 2016 Performance Assessment. HEDIS results received in 2016 (based on data collection in 2015) will be scored in the 2016 Performance Assessment.

The performance period for the Contract Oversight section of the Performance Assessment is from July 1 to June 30.

Throughout the annual contract cycle, plans should be in contact with their Contract Specialist and/or Contracting Officer regarding their progress. Carriers will receive an opportunity to provide their OPM Contracting Officer or designated Contract Specialist input regarding their assessment of their performance. If carriers choose to provide input, they should base it on the domains and components as set forth in this carrier letter and as discussed with their Contracting Officer or designated Contract Specialist during the performance period. Carrier input must be received by OPM before July 31, 2016 for 2016 evaluation.

V. Next Steps

Demonstration Tool Learning Aide

OPM will provide an Excel workbook that includes the primary calculations underlying the Plan Performance Assessment methodology. It is important to note that the tool is provided only as a provisional learning aide for FEHB carriers. While an estimate of Overall Performance Scores can be made using the tool, the final calculations and formal determination of any Overall Performance Score will be made at the time of the system's full implementation using administrative processes that are then in place, including appropriate computer software and code, and Contracting Officer's discretion where appropriate.

Any results drawn from the Demonstration Tool are considered illustrative.

FEHB Standard Contracts and Additional Guidance

OPM will include the carrier letters outlining 2016 and 2017 performance requirements in the FEHB contracts for 2016. As previously indicated, carriers will receive the 2016 FEHB contract amendments for review this summer.

OPM will issue annual guidance to carriers detailing any changes to the Performance Adjustment or Service Charge process or methodology. QCR measures included in the Performance Assessment will also be listed on the Performance Assessment section of OPM's carrier website.

Improvement

OPM is committed to recognizing improvement and allowing plans to earn additional credit toward their performance adjustment or service charge by demonstrating year over year improvement on the QCR measures. Because improvement scoring compares a plan to its own

performance from a baseline year, the plan will be able to identify clear, tangible improvement goals and strive to meet these goals. The total Performance Adjustment will still be limited to one percent of subscription income or projected incurred claims and allowable administrative expenses at the contract level.

OPM is exploring methodological approaches to accrue this value based on an established threshold of improvement for each QCR measure. Because improvement implies comparison to a baseline year, OPM expects to incorporate improvement credit beginning in the 2017 evaluation period. Additional guidance will be forthcoming on this portion of the calculation.

If you have questions on this carrier letter or other aspects of the Performance Assessment process, please contact FEHBPerformance@opm.gov and copy your Contract Specialist.

Sincerely,

John O'Brien
Director
Healthcare and Insurance

Attachment I: 2016 Performance Assessment Measures Set

Attachment II: Steps to Calculate Performance Adjustment

Attachment III: Glossary

Attachment I: 2016 Performance Assessment Measures Set

Performance Area	Domain	Measure	Description (see measure specifications for details)	Source
Clinical Quality (Reported in 2016 HEDIS/CAHPS)	**Preventive Care**	Breast Cancer Screening	Mammogram within recommended timeframe	HEDIS
		Prenatal and Postpartum Care: Timeliness of Prenatal Care Rate	Prenatal care in first trimester	HEDIS
		Well-Child Visits in First 15 Months of Life: 6+ Visits Rate	Well-child visits completed	HEDIS
		Flu Vaccinations for Adults Ages 18-64	Influenza vaccine in the past year	CAHPS
		Medical Assistance with Smoking and Tobacco use: Advising Smokers/Tobacco Users to Quit	Member recall of quit advice	CAHPS
	Chronic Disease Management	Controlling Blood Pressure	Hypertensives achieving target blood pressure	HEDIS
		Comprehensive Diabetes Care: HbA1c Testing Rate	Diabetics tested in the last year	HEDIS
	Medication Use	Medication Management for People with Asthma: Medication Compliance 75% Total Rate	Controller medication use by adults and children with asthma	HEDIS
	Behavioral Health	Follow-up after Hospitalization for Mental Illness: 7- and 30-day Rates*	Follow-up appointment within 7 days or 30 days	HEDIS

*Both rates will be scored. The higher of the two scores will be used in the formula.

Performance Area	Domain	Measure	Description (see measure specifications for details)	Source
Customer Service (Reported in 2016 HEDIS/CAHPS)	**Communication**	Plan Information on Costs	Member satisfaction with information on costs	CAHPS
	Access	Getting Needed Care	Member satisfaction with ability to get care	CAHPS
		Getting Care Quickly	Member satisfaction with timeliness of care	CAHPS
	Claims	Claims Processing	Member satisfaction with claims processing	CAHPS
	Member Experience/Engagement	Overall Health Plan Rating	Members ranking health plan at least 8/10	CAHPS
		Coordination of Care	Member satisfaction with care coordination	CAHPS
		Overall Personal Doctor Rating	Member ranking personal doctor at least 8/10	CAHPS
		Customer Service	Member satisfaction with customer service	CAHPS
Resource Use (Reported in 2016 HEDIS)	**Utilization Management**	Plan All-Cause Readmissions: Observed-to-Expected Ratio	Probability of readmission following inpatient hospital stay	HEDIS
		Use of Imaging Studies for Low Back Pain	Appropriate use of imaging without overuse	HEDIS

Performance Area	Domain		Component	Examples *(Please note these examples are illustrative and not intended to be an exhaustive list)*
Contract Oversight	**Contract Performance**	Benefits & Network Management	Pharmacy benefits management	Contract performance, such as management of: prior approvals, step therapy, appeals, generic dispensing, formulary, overall and specialty drug trends.
			Medical benefits management	Management of programs and vendors that interact directly with members, such as Centers of Excellence, case management, and care coordination.
			Network management and adequacy	Provider termination notifications to members and plan notification of provider termination to OPM. Network adequacy.
			Disaster recovery	Disaster recovery plan, timeline, evaluations, and additional information from carrier.
			Emergency access during disasters	Appropriate plan for disaster response. Timely notification to members within 24 hours about access during a disaster, and timely notification to OPM.
			Reconsideration/disputed claims	Timeliness and accuracy of decisions.
		Audit Findings & Fraud/Waste/Abuse	Repeat findings**	Plan has not had any repeat audits with high dollar recommendations. Plan has not had repeated findings for IT and procedural recommendations.
			Implemented corrective action plans for audits**	Review of prior year audit findings and corrective action plans, agreed to by plan, and activities to remediate audit findings.
			Resolved audit findings**	Open recommendations as listed in audit resolution records. Resolution evaluated in accordance with OMB A-50.
			Innovation to prevent fraud/waste/abuse	Time or cost saving idea or improvement that increases efficiency, improves recoveries, and/or enhances effectiveness of prevention efforts in the audit process.
			Notification and referral	Notification and referral to OPM OIG within 30 days of fraud/waste/abuse. Compliance with Fraud, Waste, and Abuse guidance.
			Responsiveness to timeline in transmittal letter**	Adherence to the timeline in specific letter.
			Documentation**	Correct information is provided in response to audits, and documentation is timely, accurate, complete, accessible, and clearly identifies areas supporting plan's position.

Performance Area	Domain	Component	Examples *(Please note these examples are illustrative and not intended to be an exhaustive list)*
Contract Oversight	**Responsiveness to OPM**	Timely, accurate, and complete information	All communication received by Contract Specialist, Contract Officer, Office of the Actuary, and any other communication, including survey responses.
		Rates and benefits proposal process	Timely submission of rates and benefits proposals, including completion of the ADC and Technical Guidance. Timely closure of rates and benefits per OPM guidance.
		OPM Call Letter initiatives	Inclusion of OPM Call Letter initiatives and Technical Guidance within proposals and in actions during the contract year.
		FSA paperless reimbursement	If applicable, participation and performance as outlined in OPM guidance.
		Legal review**	Completion of requested analysis.
		Open Season preparation	Standard brochure language, education and communication materials.
		Innovation**	Pilot programs, cost savings, Medicare innovation, participation in eValue8.
		Quality management	Development of corrective action plans as needed for quality measures results, and demonstrated activity on quality improvement projects. Meeting accreditation requirements.
	Contract Compliance	Financial management	Effective premium setting and effective management of reserves. Letter of credit account (LOCA) process (if applicable).
		Administrative cost management	Effective plan operations within administrative cost limit, effective vendor management, and Medical Loss Ratio.
		Subcontracting oversight**	All subcontracts as required by dollar thresholds outlined in FAR §19.7.
		Notification of events	Contract Officer notified of significant events and LOCA breaches within timelines in the contract.
		Family member eligibility determinations	Plan gets appropriate documentation from member in family member determinations.
		Responsiveness to direction issued between contract negotiations	Communication, reporting, and other information in response to carrier letters and other guidance provided by OPM.
		Federal socioeconomic programs**	Annual report by carriers about subcontracts to small, Veteran-owned, Disabled Veteran-owned, minority-owned, and women-owned businesses.

Performance Area	Domain	Component	Examples *(Please note these examples are illustrative and not intended to be an exhaustive list)*
Contract Oversight	**Technology Management & Data Security**	Claims system effectiveness	Claim batch adjudication rate and other Quality Assurance measures.
		Benefits testing**	Evidence of plans testing systems before implementation
		System transitions**	Plan reports, audit findings, and/or member complaints about system transitions, for example: - PBM changes - Claims systems changes - Annual system updates - Self Plus One implementation
		Consumer tools	Plan reports, member complaints, HIT survey responses, or other information such as: - Personal health records offered - Online member accounts - Pricing information available - Quality information available - Innovative ways to interact with consumers
		Data breaches	Occurrence of data breach of any type. Response to data breach, including corrective action plan content and timeliness, and compliance with OPM guidance.

**This component will be included in Contracting Officer evaluation if it applies to the plan in a given year

Attachment II: Steps to Calculate Performance Adjustment

Prep step 1. Group FEHB enrollment data with measure results

Contract Number	Carrier code/ reporting level	FEHB enrollment	Breast Cancer Screening Measure result
CS 9999	Report 1	10,789	0.8829
	Report 2	53,413	0.8795

Prep step 2. Multiply FEHB enrollment by each measure result, as shown below.

Contract Number	Carrier code/ reporting level	FEHB enrollment	Breast Cancer Screening Measure result	Enrollment adjusted result
CS 9999	Report 1	10,789	0.8829	9,525.6081
	Report 2	53,413	0.8795	46,976.7335
	Total	64,202	--	56,502.3416

Prep step 3. Calculate the enrollment adjusted result

Divide the sum of the enrollment adjusted results by the total FEHB enrollment, as shown below.

$$Enrollment\ adjusted\ result = \frac{Sum\ of\ \text{enrollment adjusted}\ result}{Total\ FEHB\ enrollment\ for\ contract}$$

$$Enrollment\ adjusted\ \ result = \frac{56{,}502.34}{64{,}202} = \ 0.8801$$

$$Measure\ result\ for\ use\ in\ Step\ 1\ below = 0.8801$$

The enrollment adjusted result is the measure result for the contract as a whole.

Step 1: Obtain QCR Measure Result

QCR measure results are the values reported to OPM, adjusted for enrollment and aggregated to the contract level. For this example, a Breast Cancer Screening has a 0.8801 measure result.

Step 2: Calculate QCR Measure Score

Each QCR measure will receive a score commensurate with where it falls relative to the benchmark. A Breast Cancer Screening result of 0.8801 falls between the 50th (0.8600) and 75th percentile benchmark (0.8902) as shown in Table 6. A plan would receive partial credit for surpassing one benchmark but not yet reaching the next benchmark.

$$Score =$$

$$Benchmark\ \ score\ + \frac{Measure\ result - benchmark\ attained}{next\ higher\ benchmark - benchmark\ attained}$$

$$Breast\ Cancer\ Screening\ \ score = 3 + \frac{.8801 - .8600}{.8902 - .8600} = 3 + \frac{.0201}{.0302}$$

$$Breast\ Cancer\ Screening\ \ score = 3.67$$

Step 3: Calculate Weighted Score

As displayed in Table 4, OPM will attribute greater weight to measures based on agency priorities. The calculation is illustrated in the example below.

$$Breast\ Cancer\ Screening\ score = 3.67$$

$$Priority\ Level\ 2\ Measure\ Weight = \ 1.25$$

$$Weighted\ score = 3.67 * 1.25 = 4.59$$

A weighted score is calculated for each QCR measure.

Step 4. Calculating a Summary QCR Measure Score

$\sum$ = Sum

$$Summary\ QCR\ Measure\ Score = \frac{\sum QCR\ weighted\ scores}{\left[\sum QCR\ Measure\ weights^{6}\right]}$$

$$Summary\ QCR\ \ Measure\ Score = \frac{87.15}{25.50} = 3.4176$$

[6] Measure results with NA will not have those weights included in the denominator.

Step 5. Calculating a Standardized Summary QCR Measure Score

$$Standardized\ Summary\ QCR\ \ Measure\ Score = \frac{Summary\ QCR\ Measure\ Score}{Maximum\ measure\ specific\ score}$$

$$Standardized\ Summary\ QCR\ \ Measure\ Score = \frac{3.4176}{5} = 0.6835$$

Step 6. Calculate the Contract Oversight Score (performed by OPM)

Step 7. Standardize the Contract Oversight Score

Divide the total Contract Oversight Score by the maximum attainable score as shown below.

$$The\ Standardized\ Contract\ Oversight\ Score = \frac{Total\ Contract\ Oversight\ Score}{Maximum\ attainable\ Contract\ Oversight\ Score}$$

$$Thus, the\ Standardized\ Contract\ Oversight\ Score = \frac{164}{200} = 0.82$$

Community-Rated Plans

Step 8a. Calculating the Overall Performance Score

$$The\ Overall\ Performance\ Score =$$

$$(Std.\ Summary\ QCR\ Measure\ Score * 0.35) + (Std.\ Contract\ Oversight\ Score * 0.65)$$

$$The\ Overall\ Performance\ Score = (0.6835 * 0.35) + (1.0 * 0.65)$$

$$The\ Overall\ Performance\ Score = (0.2392) + (0.65)$$

$$The\ Overall\ Performance\ Score = 0.8892$$

Step 8b. Calculating the Performance Adjustment

$$Performance\ Adjustment =$$
$$(Maximum\ adjustment\ percentage\ (1\%) -\ Overall\ Performance\ Score * 1\%) * 2016\ subscription\ income$$

$$Performance\ Adjustment = (0.01 - 0.8892 * 0.01) * \$5{,}000{,}000$$

$$Performance\ Adjustment = (.001108) * \$5{,}000{,}000$$

$$Performance\ Adjustment = \$5{,}540$$

This $5,540 is placed in the plan's contingency reserve.

Experienced-Rated Plan

Step 8a. Calculating the Overall Performance Score

$$The\ Overall\ Performance\ Score =$$

$$(Std.\ Summary\ QCR\ Measure\ Score * 0.35) + (Std.\ Contract\ Oversight\ Score * 0.65)$$

$$The\ Overall\ Performance\ Score = (0.6835 * 0.35) + (0.82 * 0.65)$$

$$The\ Overall\ Performance\ Score = (0.2392) + (0.5330)$$

$$The\ Overall\ Performance\ Score = 0.7722$$

Step 8b. Calculating dollar value of the Performance Based Service Charge for experience-rated plans

$$Performance\ Based\ Service\ Charge =$$
$$(Projected\ incurred\ claims\ and\ projected\ allowable\ adminstrative\ expenses)$$

$$* (Overall\ Performance\ Score * 1\%\ )$$

$$Performance\ Based\ Service\ Charge = (\$4{,}500{,}000 + \$500{,}000) * (0.7722 * 0.01)$$

$$Performance\ Based\ Service\ Charge = (\$5{,}000{,}000) * (0.007722)$$

$$Performance\ Based\ Service\ Charge = \$38{,}610$$

This Plan would be able to draw down a Service Charge of $38,610 from their Letter of Credit Account (LOCA).

Attachment III: Glossary of Terms

Aggregation process: For contracts with multiple QCR measure reports, the steps needed to adjust the measure results by the FEHB enrollment to arrive at one enrollment adjusted result for each measure. The final enrollment adjusted result is used in Step 1 of the QCR calculation.

Benchmark: A standard or point of reference against which measure results are to be compared or assessed.

Component: Items within Contract Oversight that will be evaluated by the Contracting Officer in determining domain-level scores.

Contract Oversight: One of four performance areas that comprise the Performance Assessment.

Domain: In the Performance Assessment, a category composed of one or more measures grouped by similar properties.

FEHB enrollment: The number of FEHB contract holders within a plan.

FEHB Plan Performance Assessment (Performance Assessment): The complete structure used to measure health plan performance.

Measure: Per NCQA, a measure is a set of technical specifications that define how to calculate a "rate" for some important indicator of quality. In the Performance Assessment, each measure is assigned to a domain and performance area.

Measure result: The score of a particular measure as it is reported to OPM prior to comparing it against the appropriate benchmark.

Measure score: The score of a particular measure after comparing it against the appropriate benchmark.

Measure weighted score: The score of a measure multiplied by its priority level.

NCQA Quality Compass: A tool of the National Committee for Quality Assurance (NCQA) used for examining quality improvement and benchmarking plan performance using national averages and percentiles for many plan types. The Performance Assessment uses the Commercial benchmarks from this tool.

Not available (NA): The designation assigned to measure results when a given measure does not meet the threshold for a valid sample. The threshold for measures are set by the measure stewards and provided in measure specifications.

Not reported (NR): The designation assigned when a given measure is not reported by the plan or contains a bias such that it is deemed invalid by the auditor.

Percentile: A statistical measure indicating placement in a ranking relative to a group or population. In the Performance Assessment, commercial benchmarks from Quality Compass are used to determine plan performance relative to plan-reported product type (e.g. HMO, HMO/POS, PPO) on particular QCR measures. The Performance Assessment uses four percentile benchmarks (the 25^{th}, 50^{th}, 75^{th}, and 90^{th}), resulting in five performance categories.

Performance Area: A categorical grouping of domains and measures to organize and describe the elements of the framework. The four performance areas are: Clinical Quality, Customer Service, Resource Use, and Contract Oversight.

Performance Assessment: See FEHB Plan Performance Assessment.

Plan product type: An organized health care system that is accountable for financing and delivering a broad range of comprehensive health services to an enrolled population (HMO, HMO/POS, and PPO).

Performance Adjustment: The term used for the amount of carrier funds attributable to the Overall Performance Score calculation for community-rated carriers.

Service Charge: The term used for the amount of profit attributable to the contract, based on the carrier's Overall Performance Score calculation for experience-rated carriers.

Priority Level: The OPM-assigned value to QCR measures that corresponds to a particular weight. The full list is provided in Table 4.

Overall Performance Score: The score with a value between zero and one used in the calculation of the performance adjustment for community-rated carriers or service charge for experience-rated carriers. The Overall Performance Score is expressed as a decimal percentage of one percent.

QCR: Acronym for Clinical Quality, Customer Service, and Resource Use performance areas.

QCR measures: The measures used in the Clinical Quality, Customer Service, and Resource Use performance areas.

Standardized summary QCR measure score: The score for all measures within the QCR performance areas on a scale of zero to one. This score contributes to the Overall Performance Score.