

Letter No. 2020-15

Date: October 27, 2020

Fee-for-Service [12] Experience-rated HMO [12] Community-rated [13]

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

The purpose of this Carrier Letter is to update the FEHB Plan Performance Assessment (PPA) methodology guidance. Carriers must reference the annual PPA Procedure Manual for operational instructions and specific measures that must be reported to OPM. This letter incorporates information from and supersedes the following Carrier Letters:

- Carrier Letter 2017-15: FEHB Plan Performance Assessment – Consolidated Methodology
- Carrier Letter 2018-02: Technical Correction to Reporting Products and QCR Scoring

Changes to the methodology are summarized below and illustrated in the examples provided in the body of this letter.

- For HEDIS and CAHPS measures, OPM will use the All Lines of Business (ALOB) Level 1 benchmark to calculate QCR measure scores for all carriers starting in plan year 2021. Using the ALOB Level 1 benchmarks means that carriers will be compared to the same standard for each measure. This change strengthens the integrity of the PPA and allows plans that change reporting product types between years the opportunity to earn an Improvement Increment. Refer to the QCR Measure Scoring section on page 6 for additional information.
- Starting in plan year 2021, OPM will add the 10th percentile benchmark to the calculation of the QCR measure scores for HEDIS and CAHPS measures. Adding the 10th percentile benchmark allows better differentiation in performance for carriers with scores between the 10th and 25th percentile benchmarks. This change creates a minimum Initial OPM Score of 1.0 for measures at or below the 10th percentile benchmark. Refer to the QCR Measure Scoring section on page 6 for additional information.

OPM is making a technical correction to eligibility for the Improvement Increment. If carriers change data collection method for a particular measure, that measure will not be eligible for the Improvement Increment in the year of the change (i.e. consistent data collection in both of the years being evaluated). Refer to the Improvement Increment Calculation section on page 10 for additional information.

In addition, this Carrier Letter provides detailed descriptions of the following:

- Clinical Quality, Customer Service, and Resource Use (QCR) framework
- QCR measure score calculation¹
- Improvement Increment calculation
- Contract Oversight Performance Area scoring
- Community Rated Adjustment calculation
- Overall Performance Score calculation, including how the score will be applied to determine the total Service Charge for experience-rated carriers and Performance Adjustment for community-rated carriers
- Contract Oversight component examples
- Glossary of terms

Overview

OPM developed the PPA to establish a consistent, objective means of evaluating carrier performance and provide more transparency for enrollees. This assessment uses a discrete set of quantifiable measures to examine key aspects of performance in the areas of clinical quality, customer service and resource use. Taken together with more traditional assessments of contract administration, these measures help ensure that enrollees receive high quality, affordable healthcare and a positive customer experience. At the development stage of the PPA and after three years of implementation, OPM engaged independent experts to review the weighting, scoring, and calculations.

The PPA is linked to carrier profit and adjustment factors. FEHB contracts include language to incorporate the PPA as a determinant of the Service Charge or Performance Adjustment. Table 1 outlines the structure of the system, including performance areas and domains. OPM calculates QCR scoring at the measure level, reserving the performance areas and domains for organizational and descriptive purposes. Scores for Contract Oversight are assigned at the domain level.

¹ 2020 Measures and associated weighting are used for illustrative purposes throughout this letter. Reference annual FEHB PPA Procedure Manual for updated measures, weights, etc.

Table 1. Performance Areas and Domains

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

The relative contribution of QCR measures toward the calculation of an Overall Performance Score is shown in Table 2.

Table 2. Performance Area Contributions to Final Score

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

I. QCR Measures

Criteria for Measures

In selecting specific measures, OPM uses the following criteria:

1. Is the measure valid and does it capture meaningful aspects of health care quality, customer service or resource use?
2. Is the measure actionable? In other words, are there specific steps that carriers can take to improve performance?
3. Can the measure be independently audited or verified by an independent third party?
4. Are there external benchmarks that can be used or developed to assess a carrier's performance against that of a reference group?

Timeline for Measure Changes

OPM is committed to providing carriers with a two-year advance notice of any changes in weights and measures. As an example, carriers were notified in 2018 of changes to the measures that will be scored in 2020. 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 are unable to report a valid rate due to the denominator being too small.

New measures are first announced as being added to the Measures Farm Team, which means they will be reported but not included in the QCR methodology. These measures may be moved from the Measures Farm Team to the QCR measure set and scored no earlier than the third year of reporting. OPM will confirm the measure's movement and its weight in advance of the year of scoring so that carriers have adequate notice.

QCR Measure Hierarchy

To focus attention on priority issues, OPM has developed a hierarchy for the QCR measures. Priority levels and commensurate weights are included in the QCR methodology.

In assigning priority levels to measures, OPM considers whether the measure:

- assesses health outcomes in preference to processes,
- supports specific OPM policy priorities, and
- is 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. Carriers are responsible for following OPM guidance in the annual PPA Procedure Manual, which includes the annual list of QCR measures with priority levels and associated weights.

Table 3. Priority Levels and Associated QCR Measure Weights

Priority Level	QCR Measure Weight
1	2.50
2	1.25
3	1.00

Missing QCR Measure Results

Carriers that are unable to report specific QCR measures due to small sample sizes will not be penalized. This situation is designated by "small denominator" or "NA" in the Healthcare Effectiveness Data and Information Set (HEDIS[®])² and Consumer Assessment of Healthcare

² HEDIS[®] is a registered trademark of the National Committee for Quality Assurance (NCQA).

Providers & Systems (CAHPS®)³ 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.”⁴

Carriers that fail to report data that their auditor determines could have been reported will show a “not reported” or “NR” score for the affected measure(s) in their HEDIS and CAHPS data. A “biased rate” or “BR” indicates the auditor determined that the calculated rate was materially biased. Either an “NR” or “BR” result will receive a score of zero (0)⁵ 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 and has further implications for the calculation of the Improvement Increment, described later in this letter.

Preparing QCR Measure Reports for Scoring

Each FEHB carrier contract may or may not be associated with multiple QCR measure reports. Where there are multiple QCR measure reports under one contract, OPM will aggregate those data to the contract level in proportion to the number of contract holders (hereafter referred to as “enrollment”) associated with each report. For example, a carrier contract may include more than one carrier code and that contract may report QCR measures on each carrier code to OPM. 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	0.7909
	Report 2	53,413	0.7342

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	Adjusted for enrollment
CS 9999	Report 1	10,789	0.7909	8,533.0201
	Report 2	53,413	0.7342	39,215.8246
	Total	64,202	--	47,748.8447

Prep step 3. Calculate the enrollment adjusted result

³ CAHPS® is a registered trademark of the Agency for Healthcare Research and Quality (AHRQ).

⁴ Depending on sample size, OPM may require justification for “NA” CAHPS results from the carriers.

⁵ In the event that circumstances outside a carrier’s control necessitate that a measure is not reported, the carrier should submit a timely written request to exclude the score from the denominator with appropriate documentation to the Health Insurance Specialist (Contracts), and OPM’s PPA technical team will review the request.

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

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

$$\text{Enrollment adjusted result} = \frac{47,748.8447}{64,202} = 0.7437$$

$$\text{Measure result for use in Step 1 below} = 0.7437$$

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 scores measures in comparison to the appropriate external benchmark. OPM uses the National Committee for Quality Assurance (NCQA) Quality Compass®⁶ (Quality Compass) Commercial benchmark for HEDIS and CAHPS measures. Starting in plan year 2021, OPM will use the All Lines of Business (ALOB) Level 1 benchmark for all plans. Refer to the 2020 PPA Procedure Manual for information about benchmark reporting product types for plan year 2020.

The percentiles used for a given year are drawn from that year's benchmarks. For HEDIS and CAHPS measures, OPM bases its calculations on Quality Compass benchmarks using the 10th, 25th, 50th, 75th, and 90th percentiles, adding proportional credit for results that fall between these values. Table 4 provides details.

OPM may consider other evidence-based reference ranges or thresholds of acceptable performance in the future. Additional information will be provided to carriers regarding such benchmarks if they are developed.

Table 4. Scoring Measure Results against Quality Compass Benchmarks

Measure result is....		Score
Greater than or equal to...	But less than....	
90 th percentile [†]	--	5
75 th percentile	90 th percentile	4 + difference
50 th percentile	75 th percentile	3 + difference
25 th percentile	50 th percentile	2 + difference
10 th percentile	25 th percentile	1 + difference
>0	10 th percentile	1.0

[†]: Percentile is the Quality Compass national percentile for commercial health plans for a given reporting product in 2020 (e.g., HMO, HMO/POS, PPO and EPO), and for ALOB starting in 2021.

⁶ Quality Compass® is a registered trademark of the National Committee for Quality Assurance (NCQA).

A sample Initial OPM Score calculation is provided below. Attachment I 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, Breast Cancer Screening has a 0.7437 measure result.

Step 2: Calculate Initial OPM Score

Each QCR measure receives a score commensurate with where it falls relative to the benchmark. A Breast Cancer Screening result of 0.7437 falls between the 50th (0.7339) and 75th percentile benchmark (0.7485) as shown in Table 5. A carrier receives partial credit for surpassing one benchmark but not yet reaching the next benchmark.

$$\begin{aligned}
 & \text{Score} = \\
 & \text{Benchmark score} + \frac{\text{Measure result} - \text{benchmark attained}}{\text{next higher benchmark} - \text{benchmark attained}} \\
 & \text{Initial OPM Score for Breast Cancer Screening} = 3 + \frac{.7437 - .7339}{.7485 - .7339} \\
 & = 3 + \frac{.0098}{.0146} \\
 & \text{Initial OPM Score for Breast Cancer Screening} = 3.67
 \end{aligned}$$

Table 5. Sample Breast Cancer Screening Benchmark Data⁷

Percentile Group	Benchmark	Score
90 th	0.7592	5
75 th	0.7485	4 + difference
50 th	0.7339	3 + difference
25 th	0.7022	2 + difference
10 th	0.6835	1 + difference

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

Step 3: Calculate Weighted Score

OPM attributes greater weight to measures based on agency priorities (see Tables 3 and 6 for additional information). The calculation is illustrated in the example below using the measure weight for 2020.

⁷ Please note these values are illustrative and do not represent actual NCQA Commercial Quality Compass data.

$$\text{Breast Cancer Screening score} = 3.67$$

$$\text{Priority Level 2 Measure Weight} = 1.25$$

$$\text{Weighted score} = 3.67 * 1.25 = 4.59$$

A weighted score is calculated for each QCR measure.

Calculating a Standardized QCR Score

The Standardized QCR Score is used to calculate the contribution of the QCR measures to the Overall Performance Score, discussed in more detail below. To calculate the Standardized QCR 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). Table 6 provides example results and weights used in Step 4 below.

Step 4. Calculating the QCR Score

$$\Sigma = \text{Sum}$$

$$\text{Raw Weighted QCR Score} = \frac{\Sigma \text{QCR weighted scores}}{[\Sigma \text{QCR Measure weights}^8]}$$

$$\text{Raw Weighted QCR Score} = \frac{99.24}{29.75} = 3.3359$$

Step 5. Calculating a Standardized QCR Score

$$\text{Standardized QCR Score} = \frac{\text{Raw Weighted QCR Score}}{\text{Maximum measure specific score}}$$

$$\text{Standardized QCR Score} = \frac{3.3359}{5} = 0.6672$$

Table 6. Example of QCR Weighted Scores

Performance Area	Measure	Measure Results	Measure-Specific OPM Score	Measure Weight	Weighted Score
Clinical Quality	Comprehensive Diabetes Care – HbA1c Control (<8%)	0.5937	3.67	2.5	9.18
	Controlling High Blood Pressure	0.5839	3.68	2.5	9.20
	Prenatal Care (Timeliness)	0.8621	3.04	2.5	7.60
	Asthma Medication Ratio	0.7725	1.63	1.25	2.04

⁸ Measure results with NA will not have those weights included in the denominator.

Performance Area	Measure	Measure Results	Measure-Specific OPM Score	Measure Weight	Weighted Score
Clinical Quality (Cont.)	Avoidance of Antibiotics in Adults with Acute Bronchitis	0.3542	3.53	1.25	4.41
	Breast Cancer Screening	0.7437	3.67	1.25	4.59
	Cervical Cancer Screening	0.7302	2.84	1.25	3.55
	Colorectal Cancer Screening	0.6438	3.11	1.25	3.89
	Flu Vaccinations for Adults Ages 18-64	0.5692	3.84	1.25	4.80
	Follow-up After Discharge from ED for Alcohol or other Drug Dep. (30 day)	0.1226	2.74	1.25	3.43
	Follow-up After Discharge from ED for Mental Illness (30 day)	0.4837	1.69	1.25	2.11
	Statin Therapy for Patients with CVD (Adherence)	0.7945	4.51	1.25	5.64
	Well Child Visits in the First 15 Months of Life	0.8601	3.21	1.25	4.01
Customer Service	Claims Processing	0.9378	4.36	1	4.36
	Coordination of Care	0.8421	3.27	1	3.27
	Getting Care Quickly	0.8954	4.63	1	4.63
	Getting Needed Care	0.8837	3.98	1	3.98
	Overall Health Plan Rating	0.8274	4.14	1	4.14
	Overall Personal Doctor Rating	0.8871	4.75	1	4.75
Resource Use	Emergency Department Utilization	1.3538	1.00	1.25	1.25
	Use of Imaging Studies for Low Back Pain	0.7534	3.37	2.5	8.43
Total				29.75	99.24

II. Improvement Increment

In addition to their Standardized QCR Score, carriers may earn an Improvement Increment for substantial year-to-year improvement on eligible measures. Substantial improvement is defined as change that exceeds 1.645 times the standard deviation of year-to-year change observed in all carriers reporting a given measure nationally by reporting product type. OPM will use ALOB standard deviations of year-to-year change starting in plan year 2021. Each of the first three

measures that exhibit substantial improvement will accrue one-third of the maximum value of the Improvement Increment. This means that carriers that achieve substantial improvement on one or two measures will receive a partial Improvement Increment. The Improvement Increment is worth up to 10% of the QCR score of the PPA, or 0.10 points. The maximum QCR score remains 1.00. OPM will closely monitor and assess Improvement Increment results and impact on the overall PPA. If methodology revisions are required over time, OPM will provide appropriate notice to FEHB carriers.

Carrier Eligibility Requirements

Carriers must meet the following requirements in order to be eligible to earn any portion of the Improvement Increment:

- In plan year 2020, a carrier must have consistent reporting product types between the two years. This requirement will no longer be relevant when ALOB benchmarks are used starting in plan year 2021;
- A carrier must report the measure result for the two applicable measurement years; and
- A carrier that reports more than one measure as NR or BR in the current reporting year may not receive any Improvement Increment regardless of their improvement on other measures.

Measure Eligibility Requirements

Before determining if a measure earns a portion of the Improvement Increment, OPM determines if the measure results meet the eligibility requirements. If there is a change in reporting status or measure specifications for the relevant time periods, the QCR measure will not be eligible for the Improvement Increment for any FEHB carrier.

At the carrier level, the following requirements must be met for a measure to be eligible to earn a portion of the Improvement Increment:

- QCR measure falls at or below the 50th percentile in the first of the two years being compared;
- Has a consistent data collection method in both of the years being evaluated;
- Does not change data collection method in the years being evaluated within a set of measure results that is rolled-up to the contract level;
- Is not reported as NA, NR, or BR in either of the years being evaluated; and
- Is not reported as NR or BR within a set of measure results that is rolled-up to the contract level.

Calculating the Improvement Increment

An example using one measure result, Well Child Visits in the First 15 Months of Life (W15) is provided below. Step 6 calculations show the process used to determine if a measure meets the 50th percentile eligibility requirement. In this example, other eligibility requirements have already been met. Please see the section titled Measure Eligibility Requirements for additional information. The below steps are performed for all measure results that meet the measure eligibility requirements.

Step 6. Calculating the Improvement Increment

$$\text{Year 1 W15 result} = 0.7823, \text{ Initial OPM Score} = 2.500$$

$$\text{Year 2 W15 result} = 0.8601, \text{ Initial OPM Score} = 3.21$$

$$\text{W15 Standard Deviation} = 0.0448$$

Step 6a. Determine if each measure result for the previous year was less than or equal to the 50th percentile for the appropriate reporting product.

$$\text{Year 1 W15 OPM Initial Score} \leq 3.000$$

$$2.500 \leq 3.000$$

The above statement is true, so the measure result meets this eligibility requirement, and proceeds to the next step to determine if the score improved enough to earn a portion of the Improvement Increment.

Step 6b. Multiply the measure's Standard Deviation of each measure by 1.645 for the appropriate reporting product to calculate the value for substantial improvement.

$$\text{W15 Standard Deviation} * 1.645 = \text{Substantial Improvement Value}$$

$$0.0448 * 1.645 = 0.074$$

$$\text{W15 Substantial Improvement Value} = 0.074$$

Step 6c. Subtract the current year measure result from the previous year measure result.⁹

$$\text{Year 2 W15 result} - \text{Year 1 W15 result} = \text{W15 difference}$$

$$0.8601 - 0.7823 = 0.0778$$

$$\text{W15 difference} = 0.0778$$

Step 6d. Compare the change in the measure result to the substantial improvement value for that measure.

$$\text{W15 difference} > \text{W15 Substantial Improvement Value}$$

$$0.0778 > 0.074$$

The above statement is true, so this measure earns a portion of the Improvement Increment.

⁹ In the case of measures that show improvement as a decreasing result, such as Emergency Department Utilization, the previous year measure result is subtracted from the current year result.

Step 6e. For each measure result that meets the eligibility requirements and also has substantial improvement, add 1/3 of the maximum Improvement Increment amount to the overall QCR Score.

$$\text{Maximum Improvement Increment} = 0.10$$

$$\frac{0.10}{3} = 0.033$$

$$\text{Improvement Increment to be added to Standardized QCR Score} = 0.033$$

$$\text{FINAL Standardized QCR Score} = 0.6672 + 0.033$$

$$\text{FINAL Standardized QCR Score} = 0.7002$$

III. Contract Oversight

Contract Oversight is the performance area of the PPA 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 7 outlines the percentage each domain contributes to the Contract Oversight score, as well as the maximum score for each domain. Examples of the components are provided in Attachment II. At the Contracting Officer’s discretion performance may be scored in one or multiple Contract Oversight domains, or within multiple components of a domain, according to the Contracting Officer’s assessment of severity and impact. An example situation is included in Attachment II.

Table 7. 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 by the Contracting Officer 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 carrier in a given year will not be included in the Contracting Officer’s evaluation, and carriers will not be penalized for components that do not apply. For example, a carrier may not undergo an audit every year, and the maximum score of 80 for the Contract Performance domain will still be available to that carrier. The rating categories and score ranges are listed in Table 8.

Table 8. 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 scores for each domain are summed and then divided by the maximum possible value (200), resulting in a score between zero and one. An example of the Contract Oversight calculation is shown below.

Step 7. Calculating the Contract Oversight Score

Table 9. 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

Domain	Component	Assessed against applicable standard *
Contract Performance (Cont.)	Responsiveness to timeline in transmittal letter **	n/a
	Documentation**	n/a
	Other	
	CO Assigned Domain Score (80 maximum)	64
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	✓
	Information security incident or data breach	✓
	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 carrier in a given year.

Step 8. Standardize the Contract Oversight Score

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

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

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

This value is used to calculate the contribution of Contract Oversight to the Overall Performance Score.

IV. Overall Performance Score and Final Calculations

The Overall Performance Score is calculated by multiplying the Final Standardized QCR Score and the Final Standardized Contract Oversight Score by their contributions to the Overall Performance Score shown in Table 2, and combining the results. In order to recognize the inherent differences between community-rated and experience rated contracting, OPM introduced the Community Rated Adjustment (CRA), which enables high performing community-rated carriers to receive their full net-to-carrier premiums, and potentially account for a performance incentive, if performance merits. The CRA is illustrated in Step 9b.

The steps below demonstrate how the Overall Performance Score and final calculations are applied to community-rated carriers and experience-rated carriers. OPM will notify carriers of the Overall Performance Score, accompanied by performance feedback.

Rounding and Display of Calculations

During the entire calculation process, no result is rounded until the Overall Performance Score is calculated. For clarity and consistency in the contracting process, the Overall Performance Score is rounded to the fourth decimal place (i.e., the ten-thousandths place) prior to calculating the Service Charge or Performance Adjustment. In preparing reports and displaying results, results of calculations may be shown with two to four significant digits depending on the circumstances, however no result is formally rounded until the calculation of the Overall Performance Score.

Community-Rated Carriers

Step 9a. Calculating the Overall Performance Score

The Overall Performance Score =

*(Final Std. QCR Score * QCR Weight) +
(Final Std. Contract Oversight Score * CO Weight)*

*The Overall Performance Score = (0.7002 * 0.65) + (0.82 * 0.35)*

The Overall Performance Score = (0.45513) + (0.287)

The Overall Performance Score = 0.7421

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 PPA process will be to apply the Overall Performance Score to establish the carrier's Performance Adjustment. The maximum Performance Adjustment will be 1.00 percent of subscription income.

Step 9b. Calculating the Community Rated Adjustment (CRA)

The CRA allows community-rated carriers performing at or better than the 50th percentile collectively across QCR benchmarks, and/or at or higher than the mid-range of “exceeds most expectations” in Contract Oversight to avoid withholding of net-to-carrier premium, and potentially account for a performance incentive, if performance merits.

QCR Threshold. The QCR component of the CRA is set at 0.6. The 50th percentile benchmark is a scored value of 3.00 in the PPA methodology (see Step 2), and the standardized version of this score using the 5-point scale is 0.6. This value is then multiplied by 0.65, the weight of the QCR component in the PPA.

CO Threshold. The CO component of the CRA is set at 0.95, which is a score at the mid-range of “exceeds most expectations” (see Step 8). This value is then multiplied by 0.35, the weight of the CO component in the PPA for that year.

$$\text{Formula: } CRA = 1 - ((QCR \text{ weight} * 0.6) + (CO \text{ weight} * 0.95))$$

$$\text{Example: } CRA = 1 - ((0.65 * 0.6) + (0.35 * 0.95))$$

$$\text{Result: } CRA = 0.2775$$

Step 9c. Calculating the Performance Adjustment

The Performance Adjustment Percentage for individual community-rated FEHB Program Carriers will be one percent (which is the maximum adjustment percentage) minus the Performance Based Percentage (PBP). The PBP is the sum of the Overall Performance Score plus the CRA, multiplied by 1 percent. The community-rated Performance Adjustment Percentage will be applied to the subscription income of the current contract year resulting in the Performance Adjustment.

A negative Performance Adjustment indicates that a carrier’s Overall Performance Score was above the threshold established to require a withholding of net-to-carrier premium. That is, if the Performance Adjustment result is negative a plan can elect to receive the absolute value of this amount from the plan’s Contingency Reserve which will be paid out on or about the second payment of March of the following contract year. The decision to receive this amount or to allow the amount to remain in the Contingency Reserve is at the sole discretion of the plan.

A positive Performance Adjustment indicates that a carrier will be subject to subsequent withholding of net-to-carrier income. The full Performance Adjustment will be withheld from net-to-carrier premium disbursements in the first quarter of the following contract year and placed in the carrier’s Contingency Reserve.

Below is an example for a community-rated carrier with a 2020 subscription income of \$5 million using the Overall Performance Score of Step 9a.

Calculating the Performance Adjustment

Performance Adjustment =
(Maximum adjustment percentage (1%) – [(Overall Performance Score + CRA)
** 1%]) * 2020 subscription income*

$$\text{Performance Adjustment} = ((0.01) - [(0.7421 + 0.2775) * 0.01]) * \$5,000,000$$

$$\text{Performance Adjustment} = (-0.000196) * \$5,000,000$$

$$\text{Performance Adjustment} = -\$980$$

In this example, no amount will be withheld from the net-to-carrier premium of the carrier, and the carrier will be able to choose whether all or part of the \$980 is to be received in an EFT. Carriers will have 10 days from OPM's notice of a final Performance Adjustment to indicate how this amount should be disbursed. In the absence of any other indication, the award amount will remain in the carrier's Contingency Reserve Fund.

Below is an additional example using a lower Overall Performance Score (OPS). Given an OPS of 0.6965 and the same subscription income:

Performance Adjustment =
(Maximum adjustment percentage (1%) – [(Overall Performance Score + CRA)
** 1%]) * 2020 subscription income*

$$\text{Performance Adjustment} =$$
$$((0.01) - [(0.6965 + 0.2775) * 0.01]) * \$5,000,000$$

$$\text{Performance Adjustment} = (0.00026) * \$5,000,000$$

$$\text{Performance Adjustment} = \$1,300$$

In the above example, the Performance Adjustment of \$1,300 would be withheld from the carrier's net-to-carrier premium and placed in the carrier's contingency reserve.

Experience-Rated Carriers

Step 9a. Calculating the Overall Performance Score

The Overall Performance Score =

*(Final Std. QCR Score * QCR Weight) +*
*(Final Std. Contract Oversight Score * CO Weight)*

$$\text{The Overall Performance Score} = (0.7002 * 0.65) + (0.82 * 0.35)$$

$$\text{The Overall Performance Score} = (0.45513) + (0.287)$$

$$\text{The Overall Performance Score} = 0.7421$$

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 (less the estimated service charge and the cost of facilities capital from the rate proposal) in the same manner as the service charge has been applied in previous years.

An example of an experience-rated carrier with \$4.5 million in projected incurred claims and \$500,000 in projected allowable administrative expenses using the example from Step 9a:

Step 9b. Calculating dollar value of the Service Charge for experience-rated carriers

Service Charge =
(Projected incurred claims and projected allowable administrative expenses)

** (Overall Performance Score * 1%)*

*Service Charge = (\$4,500,000 + \$500,000) * (0.7421 * 1%)*

*Service Charge = (\$5,000,000) * (0.007421)*

Service Charge = \$37,105

This carrier would be authorized to draw down a Service Charge of \$37,105 from their Letter of Credit Account (LOCA).

V. Scoring for New FEHB Carriers and Contracts

FEHB Carriers with new FEHB contracts do not receive a QCR score for the new contract in the first year. An FEHB contract is considered to be in its first year if either,

1. the carrier did not offer an FEHB plan in the prior contract year, or
2. the carrier adds a separate contract with a distinct service area or a new plan option.

A new health plan option offered under a carrier's existing contract or administrative renumbering or realignment of an ongoing contractual relationship is not an FEHB contract in its first year.

OPM determines the Performance Adjustment or Service Charge based on the carrier's OPS. Performance Adjustment or Service Charge payments are made in the year following receipt of the OPS. Any plan payments during the course of the initial year in the FEHB, if applicable, will be described in Appendix B of the carrier's new contract.

- For an experience rated carrier, sufficient funds must exist from the premiums after drawdown for claims and administrative expenses to pay a Service Charge, which the carrier begins drawing down in 12 monthly installments from the Letter of Credit Account (LOCA) beginning in January of the year following assessment.
- For community rated carriers, the Community Rated Adjustment does not apply to the first year of a new contract. Carriers with new contracts are not eligible for the Improvement Increment under the new contract until their third year in the FEHB.

Year by year details of Overall Performance Score determination for carriers with new FEHB contracts are described in the following paragraphs.

- At the end of the first year in the program, the Overall Performance Score will be based on the Contract Oversight score as determined by the Contracting Officer. The period of performance runs from the acceptance of the contract by OPM through June 30. Community rated carriers may receive up to their full net-to-carrier premium and experience rated carriers may receive up to the full Service Charge amount.
- At the end of the second year in the program, the Overall Performance Score will be determined based on the QCR and Contract Oversight scores. The QCR score will not include the Improvement Increment. Community rated carriers also receive the Community Rated Adjustment.
- At the end of the third year in the program, the Overall Performance Score will be based on the QCR score plus any Improvement Increment, and the Contract Oversight score. Community rated carriers also receive the Community Rated Adjustment.

VI. 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 carriers; or conversely for community-rated carriers, a withholding of a very high Performance Adjustment. OPM will base the threshold amount on the Contract Group Size Element minimum value range shown in 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 9a is less than 0.10, the Contracting Officer may assign a Threshold Overall Performance Score in lieu of the score calculated in step 9a, in recognition of insurance risk borne by that carrier 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 based on the ranges provided in Table 10, which will generally correlate to FEHB enrollment group size.

VII. Reporting Cycles

For QCR measures, OPM will score the measure results reported in the evaluation year. For example, CAHPS results received in 2020 (based on customer surveys administered in 2020) will be scored in the 2020 Performance Assessment. HEDIS results received in 2020 (based on data collected in 2020 reflecting 2019 claims or encounters) will be scored in the 2020 Performance Assessment.

The performance period for the Contract Oversight section of the Performance Assessment runs from July 1 to June 30. Throughout the annual contract cycle, carriers should be in contact with their Health Insurance Specialist (Contracts) and/or Contracting Officer regarding their progress. Carriers will have an opportunity to provide their OPM Contracting Officer or designated Health Insurance Specialist (Contracts) input. All input should be based on the components as set forth in this Carrier Letter. Carrier input must be received by the deadline OPM provides for the contract year being reviewed.

VIII. FEHB Standard Contracts and Additional Resources

OPM will include the relevant sections of the annual FEHB PPA Procedure Manual listing applicable measures in FEHB contracts each year.

As previously noted, OPM will issue an annual Procedure Manual detailing any specific procedures for carriers to meet their obligations under the PPA as well as procedures that OPM will utilize in administering the program. Any amendments to the Performance Adjustment or Service Charge *methodology* will be announced through separate Carriers Letters that will augment this Carrier Letter.

Carrier Resources

On-demand educational videos are available through the OPM YouTube channel listed under the PPA playlist. In addition, OPM hosts the FEHB PPA Best Practices Workgroup featuring presentations from selected FEHB carriers on successful strategies to improve quality and Overall Performance Scores. All carriers are encouraged to participate.

If you have questions on this Carrier Letter or other aspects of the FEHB Plan Performance Assessment process, please contact FEHBPerformance@opm.gov and copy your Health Insurance Specialist (Contracts).

Sincerely,

Laurie E. Bodenheimer
Acting Director
Healthcare and Insurance

Attachment I: Calculation Steps

Attachment II: Contract Oversight Examples

Attachment III: Glossary

Attachment I: Calculation Steps

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	0.7909
	Report 2	53,413	0.7342

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	Adjusted for enrollment
CS 9999	Report 1	10,789	0.7909	8,533.0201
	Report 2	53,413	0.7342	39,215.8246
	Total	64,202	--	47,748.8447

Prep step 3. Calculate the enrollment adjusted result

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

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

$$\text{Enrollment adjusted result} = \frac{47,748.8447}{64,202} = 0.7437$$

$$\text{Measure result for use in Step 1 below} = 0.7437$$

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, Breast Cancer Screening has a 0.7437 measure result.

Step 2: Calculate Initial OPM Score

Each QCR measure receives a score commensurate with where it falls relative to the benchmark. A Breast Cancer Screening result of 0.7437 falls between the 50th (0.7339) and 75th percentile benchmark (0.7485) as shown in Table 5. A carrier receives partial credit for surpassing one benchmark but not yet reaching the next benchmark.

$$\begin{aligned} \text{Score} &= \\ \text{Benchmark score} &+ \frac{\text{Measure result} - \text{benchmark attained}}{\text{next higher benchmark} - \text{benchmark attained}} \\ \text{Initial OPM Score for Breast Cancer Screening} &= 3 + \frac{.7437 - .7339}{.7485 - .7339} \\ &= 3 + \frac{.0098}{.0146} \\ \text{Initial OPM Score for Breast Cancer Screening} &= 3.67 \end{aligned}$$

Step 3: Calculate Weighted Score

OPM attributes greater weight to measures based on agency priorities (see Tables 3 and 6 for additional information). The calculation is illustrated in the example below using the measure weight for 2020.

$$\text{Breast Cancer Screening score} = 3.67$$

$$\text{Priority Level 2 Measure Weight} = 1.25$$

$$\text{Weighted score} = 3.67 * 1.25 = 4.59$$

Step 4. Calculating the QCR Score

$$\Sigma = \text{Sum Raw Weighted QCR Score} = \frac{\Sigma \text{QCR weighted scores}}{[\Sigma \text{QCR Measure weights}^{10}]}$$

$$\text{Raw Weighted QCR Score} = \frac{99.24}{29.75} = 3.3359$$

Step 5. Calculating a Standardized QCR Score

$$\text{Standardized QCR Score} = \frac{\text{Raw Weighted QCR Score}}{\text{Maximum measure specific score}}$$

¹⁰ Measure results with NA will not have those weights included in the denominator.

$$\text{Standardized QCR Score} = \frac{3.3359}{5} = 0.6672$$

Step 6. Calculating the Improvement Increment

Year 1 W15 result = 0.7823, Initial OPM Score = 2.500

Year 2 W15 result = 0.8601, Initial OPM Score = 3.21

W15 Standard Deviation = 0.0448

Step 6a. Determine if each measure result for the previous year was less than or equal to the 50th percentile for the appropriate reporting product.

$$\text{Year 1 W15 OPM Initial Score} \leq 3.000$$

$$2.500 \leq 3.000$$

The above statement is true, so the measure result meets this eligibility requirement, and proceeds to the next step to determine if the score improved enough to earn a portion of the Improvement Increment.

Step 6b. Multiply the measure's Standard Deviation of each measure by 1.645 for the appropriate reporting product to calculate the value for substantial improvement.

$$\text{W15 Standard Deviation} * 1.645 = \text{Substantial Improvement Value}$$

$$0.0448 * 1.645 = 0.074$$

$$\text{W15 Substantial Improvement Value} = 0.074$$

Step 6c. Subtract the current year measure result from the previous year measure result.¹¹

$$\text{Year 2 W15 result} - \text{Year 1 W15 result} = \text{W15 difference}$$

$$0.8601 - 0.7823 = 0.0778$$

$$\text{W15 difference} = 0.0778$$

Step 6d. Compare the change in the measure result to the substantial improvement value for that measure.

$$\text{W15 difference} > \text{W15 Substantial Improvement Value}$$

¹¹ In the case of measures that show improvement as a decreasing result, such as Emergency Department Utilization, the previous year measure result is subtracted from the current year result.

$$0.0778 > 0.074$$

The above statement is true, so this measure earns a portion of the Improvement Increment.

Step 6e. For each measure result that meets the eligibility requirements and also has substantial improvement, add 1/3 of the maximum Improvement Increment amount to the overall QCR Score.

$$\text{Maximum Improvement Increment} = 0.10$$

$$\frac{0.10}{3} = 0.033$$

$$\text{Improvement Increment to be added to Standardized QCR Score} = 0.033$$

$$\text{FINAL Standardized QCR Score} = 0.6672 + 0.033$$

Step 7. Calculate the Contract Oversight Score (performed by OPM)

Step 8. Standardize the Contract Oversight Score

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

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

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

Community-Rated Carriers

Step 9a. Calculating the Overall Performance Score

$$\text{The Overall Performance Score} =$$

$$\begin{aligned} & (\text{Final Std. QCR Score} * \text{QCR Weight}) + \\ & (\text{Final Std. Contract Oversight Score} * \text{CO Weight}) \end{aligned}$$

$$\text{The Overall Performance Score} = (0.7002 * 0.65) + (0.82 * 0.35)$$

$$\text{The Overall Performance Score} = (0.45513) + (0.287)$$

$$\text{The Overall Performance Score} = 0.7421$$

Step 9b. Calculating the Community Rated Adjustment (CRA)

$$\text{Formula: CRA} = 1 - ((\text{QCR weight} * 0.6) + (\text{CO weight} * 0.95))$$

$$\text{Example: CRA} = 1 - ((0.65 * 0.6) + (0.35 * 0.95))$$

$$\text{Result: CRA} = 0.2775$$

Step 9c. Calculating the Performance Adjustment

Calculating the Performance Adjustment

$$\begin{aligned} \text{Performance Adjustment} = \\ (\text{Maximum adjustment percentage (1\%)} - [(\text{Overall Performance Score} + \text{CRA}) \\ * 1\%]) * 2020 \text{ subscription income} \end{aligned}$$

$$\text{Performance Adjustment} = ((0.01) - [(0.7421 + 0.2775) * 0.01]) * \$5,000,000$$

$$\text{Performance Adjustment} = (-0.000196) * \$5,000,000$$

$$\text{Performance Adjustment} = -\$980$$

In this example, no amount will be withheld from the net-to-carrier premium of the carrier, and the carrier will be able to choose whether all or part of the \$980 is to be received in an EFT. Carriers will have 10 days from OPM's notice of a final Performance Adjustment to indicate how this amount should be disbursed. In the absence of any other indication, the award amount will remain in the carrier's Contingency Reserve Fund.

Below is an additional example using a lower Overall Performance Score (OPS). Given an OPS of 0.6965 and the same subscription income:

$$\begin{aligned} \text{Performance Adjustment} = \\ (\text{Maximum adjustment percentage (1\%)} - [(\text{Overall Performance Score} + \text{CRA}) \\ * 1\%]) * 2020 \text{ subscription income} \end{aligned}$$

$$\begin{aligned} \text{Performance Adjustment} = \\ ((0.01) - [(0.6965 + 0.2775) * 0.01]) * \$5,000,000 \end{aligned}$$

$$\text{Performance Adjustment} = (0.00026) * \$5,000,000$$

$$\text{Performance Adjustment} = \$1,300$$

In the above example, the Performance Adjustment of \$1,300 would be withheld from the carrier's net-to-carrier premium and placed in the carrier's contingency reserve.

Experience-Rated Carriers

Step 9a. Calculating the Overall Performance Score

$$\text{The Overall Performance Score} =$$

$$\begin{aligned} & (\text{Final Std. QCR Score} * \text{QCR Weight}) + \\ & (\text{Final Std. Contract Oversight Score} * \text{CO Weight}) \end{aligned}$$

$$\text{The Overall Performance Score} = (0.7002 * 0.65) + (0.82 * 0.35)$$

$$\text{The Overall Performance Score} = (0.45513) + (0.287)$$

$$\text{The Overall Performance Score} = 0.7421$$

Step 9b. Calculating dollar value of the Service Charge for experience-rated carriers

Service Charge =
(Projected incurred claims and projected allowable administrative expenses)

$$* (\text{Overall Performance Score} * 1\%)$$

$$\text{Service Charge} = (\$4,500,000 + \$500,000) * (0.7421 * 1\%)$$

$$\text{Service Charge} = (\$5,000,000) * (0.007421)$$

$$\text{Service Charge} = \$37,105$$

This carrier would be authorized to draw down a Service Charge of \$37,105 from their Letter of Credit Account (LOCA).

Attachment II: Contract Oversight Examples

Performance Area	Domain		Component	Examples <i>(Please note these examples are illustrative and not intended to be an exhaustive list)</i>
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 <i>(Please note these examples are illustrative and not intended to be an exhaustive list)</i>
Contract Oversight	Responsiveness to OPM	Timely, accurate, and complete information	All communication received by Health Insurance 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.
	Contract Compliance	Quality management	Development of corrective action plans as needed for quality measures results, and demonstrated activity on quality improvement projects. Meeting accreditation requirements.
		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 <i>(Please note these examples are illustrative and not intended to be an exhaustive list)</i>
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: <ul style="list-style-type: none"> - PBM changes - Claims systems changes - Annual system updates
		Consumer tools	Plan reports, member complaints, HIT survey responses, or other information such as: <ul style="list-style-type: none"> - Personal health records offered - Online member accounts - Pricing information available - Quality information available - Innovative ways to interact with consumers
		Information security incident or data breach	Occurrence of information security incident or data breach of any type. Response to information security incident or 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

An example of a performance issue that might be scored in multiple Contract Oversight domains, or within multiple components of a domain is network management issues. The impacts and implications cross all four domains and numerous components within those domains. At the Contracting Officer’s discretion, their assessment might include the following domains and components, or others.

Example of Contract Oversight Performance Crossing Multiple Domains and Multiple Components – Provider Network Management Issues

Domain		Components Scored
Contract Performance	<u>Benefits & Network Management</u>	<ul style="list-style-type: none"> - Pharmacy benefits management - Medical benefits management - Network management and adequacy - Disaster recovery - Emergency access during disasters - Reconsideration/disputed claims - Other
	Audit Findings & Fraud/Waste/Abuse Prevention	<ul style="list-style-type: none"> - Repeat Findings - Implemented corrective action plans for audits - Resolved audit findings - Innovation to prevent fraud/waste/abuse - Notification and referral - Responsiveness to timeline in transmittal letter - Documentation - Other
Responsiveness to OPM		<ul style="list-style-type: none"> - Timely, accurate, and complete information - Rates and benefits proposal process - OPM Call Letter initiatives - Legal review - Open Season preparation - Innovation - Quality management - Other
Contract Compliance		<ul style="list-style-type: none"> - Administrative cost management - Subcontracting oversight - Notification of events - Family member eligibility determinations - Responsiveness to direction issued between contract negotiations - Federal socioeconomic programs - Other

Domain	Components Scored
Technology Management & Data Security	<ul style="list-style-type: none">- Claims system effectiveness- Benefits testing- Systems transitions- Consumer tools- Information security incident or data breach- Other

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.

All Lines of Business (ALOB): The NCQA Level 1 benchmark that will be used starting in plan year 2021 to score QCR measures.

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

Biased rate (BR): The NCQA designation assigned when the calculated rate was materially biased.

Clinical Quality: One of four PPA performance areas. Assesses the quality of health care provided to members in a clinical setting.

Community Rated Adjustment (CRA): The PPA adjustment that accounts for differences in FEHB contract structure, allowing high performing community-rated carriers to receive their full net-to-carrier premium, and potentially account for a performance incentive.

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

Contract Oversight: One of four PPA performance areas.

Customer Service: One of four PPA performance areas. Used to assess member perspective of health plan and provider services.

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 a carrier has.

FEHB Plan Performance Assessment (PPA): The complete structure used to measure carrier performance.

Final Standardized CO Score: The Contract Oversight score on a scale of zero to one. This score contributes to the Overall Performance Score.

Final Standardized QCR Score: The Standardized QCR Score plus the Improvement Increment. This score contributes to the Overall Performance Score.

Improvement Increment: The additional incentive earned by carriers that substantially improve on QCR measures from year to year, worth up to 10% of the QCR portion of Plan Performance Assessment.

Initial OPM Score: A component of the QCR Scoring process based on the initial results and factoring in the relevant benchmarks. Using this process, carriers receive partial credit for surpassing one benchmark but not yet reaching the next benchmark.

Measure: 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.

Measures Farm Team: Measures that are reported but not included in QCR scoring.

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

Not reported (NR): The NCQA designation assigned when the organization chose not to report the measure.

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.

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 carrier performance relative to carrier-selected reporting product type (e.g. HMO, HMO/POS, PPO and EPO) on particular QCR measures. The Performance Assessment uses four percentile benchmarks (the 25th, 50th, 75th, and 90th), resulting in five performance categories.

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

Performance Adjustment Percentage: The term used for the maximum adjustment percentage (1%) for community-rated carriers in the CRA calculation minus the Performance Based Percentage.

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.

Performance Based Percentage: The term used for the sum of the Overall Performance Score plus the CRA, multiplied by 1%.

Plan reporting 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 (e.g., HMO, HMO/POS, PPO and EPO).

Priority Level: The OPM-assigned hierarchy of QCR measures that corresponds to an assigned weight. The full list is provided in Table 4.

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.

Reporting cycle: The reporting cycle refers to the year in which measurement data, including CAHPS surveys, are collected, validated, submitted, and ratings are calculated.

Resource Use: One of four PPA performance areas assessing appropriate use of health care resources.

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

Small denominator (NA): The NCQA designation assigned when the organization followed the specifications, but the denominator was too small to report a valid rate. The threshold for measures is set by the measure stewards and provided in measure specifications.

Standardized QCR score: The score for all measures within the QCR performance areas on a scale of zero to one.