
FEHB Program Carrier Letter

All FEHB Carriers

U.S. Office of Personnel Management
Healthcare and Insurance

Letter No. 2016-11

Date: August 1, 2016

Fee-for-Service [X]

Experience-rated HMO [X]

Community-rated [X]

SUBJECT: Plan Performance Assessment Improvement Increment

The purpose of this Carrier Letter is to release the methodology for the FEHB Plan Performance Assessment Improvement Increment that OPM will implement as part of the Fall 2017 Clinical Quality, Customer Service, and Resource Use (QCR) calculation. In Carrier Letter 2015-10, OPM announced its commitment to recognize improvement and allow carriers to earn additional credit toward their performance adjustment or service charge by demonstrating year-to-year improvement on the QCR measure set. This notice describes an initial methodology for the 2017 Improvement Increment. To develop this method, we reviewed similar calculations made by other federal programs, including the Medicare Advantage Stars program.

The QCR score rewards FEHB carriers for their actual performance relative to external benchmarks. Beginning in 2017, carriers are also eligible to earn an Improvement Increment as part of the QCR calculation. Carriers may earn the Increment for substantial year-to-year improvement on any measure that falls at or below the 50th percentile in the first of the two years being compared. Carriers achieving substantial improvement can increase their overall Plan Performance Assessment result.

Method

The Improvement Increment is worth up to 10% of the QCR portion of the Plan Performance Assessment. See Attachment 1 for a sample calculation.

All QCR measures are eligible for consideration unless there are changes in reporting status or measure specifications for the relevant time periods. 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 product type.

Each of the first three measures that exhibit substantial improvement will accrue one-third of the maximum value of the Increment. This means that carriers that achieve substantial improvement on one or two measures will receive a partial Increment. We will then apply the Improvement Increment to the QCR portion of the overall Plan Performance Assessment.

Special Circumstances

Any measure reported as “Not Available” (NA), “Not Reported” (NR) or “Biased Rate” (BR) in either of the years being evaluated is not eligible for the Improvement Increment. In addition, if an NR or BR is reported within a set of measure results that is rolled-up to the contract level, that rolled-up measure is ineligible for the Improvement Increment. A carrier that reports more than one measure as NR or BR in the current reporting year is ineligible to receive any Improvement Increment regardless of their improvement on other measures.

The measure “Follow-up after Hospitalization for Mental Illness” (FUH) has two components, one is a 7-day rate and the other is a 30-day rate. For the QCR score, carriers receive credit for whichever component receives a higher result. For purposes of calculating an Improvement Increment on this measure, the specific rate (7-day or 30-day) that is used for QCR scoring must be the same in both years in order to be eligible for an Improvement Increment.

Example

Attachment 1 is an example of the calculation of the Improvement Increment.

- The blue columns, labeled 1 and 2, show the measure results as reported to OPM.
- The yellow columns show initial OPM scores relative to the benchmarks.
- The purple columns show the scores weighted by OPM priorities.
- Column 3 shows the difference in measure results between the current reporting year and the prior year (Column 2 minus Column 1).
- Column 4 flags whether the measure result reported in Column 1 fell at or below the 50th percentile benchmark for that measure.
- Column 5 shows the amount of change associated with substantial improvement for each measure.
- Column 6 reflects measures eligible for an Improvement Increment (where Column 3 is greater than Column 5 and Column 4 is flagged “1”).
- Measures that have not been reported for two years because they are new and measures whose specifications changed between the two reporting years are not eligible for an Improvement Increment. Those measures are marked with an “X” in Column 6.

In the example, one measure (Getting Needed Care) is eligible for the Improvement Increment. Accordingly, one-third of the maximum Improvement Increment is added to the QCR score as a result of the improved performance.

OPM will closely monitor and assess the Improvement Increment results and its impact on the overall Plan Performance Assessment. OPM may revise this methodology based on the 2017 experience.

Technical Updates

1. CL2015-10 refers to HEDIS and CAHPS codes for data that is missing or is determined to have been biased as “Not Reported” (NR). A new HEDIS code

effective 2016 retains the NR code and adds another code, “Biased Rate” (BR). OPM will treat BR codes in the same manner as the NR codes. For more information refer to CL2015-10.

2. OPM obtains the following commercial benchmarks from the National Committee for Quality Assurance based on plan product type: HMO; HMO/POS; PPO; and All Lines of Business (ALOB). When a plan is reported to us as a POS it will be compared to the HMO/POS benchmark. If a plan is reported to us as any play type other than an HMO; HMO/POS; or PPO, OPM will utilize the ALOB benchmark. If a plan would otherwise be evaluated against the ALOB benchmark and wishes to be evaluated against a different benchmark, they should submit a written request to their contract specialist and OPM’s Plan Performance Assessment technical team will review their request.

If you have questions or comments on this Carrier Letter or other aspects of the Performance Assessment process, please consult Carrier Letter 2015-10 or contact FEHBPerformance@opm.gov and copy your Health Insurance Specialist (Contracts). In addition to these resources, a webinar explaining this methodology will be announced separately.

Sincerely,

John O’Brien
Director
Healthcare and Insurance

Attachment 1: Example of Improvement Increment methodology

Attachment 2: Frequently Asked Questions (FAQs) regarding the Improvement Increment methodology