

Managed Care Incentive Payment (MCIP) Program Updates

Response to HR 312 of the 2025 Regular Legislative Session

Quarter 3

Louisiana Department of Health

Bureau of Health Services Financing

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Introduction

The Managed Care Incentive Payment (MCIP) program is designed to incentivize the Medicaid Managed Care Organizations (MCOs) for achieving quality objectives that increase access to health care, improve the quality of care, and enhance the health of members the MCOs serve. The MCOs have chosen to contract with two networks of hospitals to assist in the achievement of these quality objectives. The MCIP program leverages federal regulations that allow state Medicaid programs to include incentive arrangements in MCO contracts. An incentive arrangement is a payment mechanism under which an MCO may receive additional funds over and above the capitation rate in exchange for meeting specified targets. Incentive arrangements may provide for payments up to 5% above the approved capitation payments attributable to enrollees or services covered by the Approved Incentive Arrangements (AIA). Payments are made when the MCOs, through the networks, achieve the specified activities, targets, performance measures, or quality-based outcomes identified in the AIA. Failure to achieve these activities, targets, performance measures, or quality-based outcomes reduces the amount of incentive payments.

House Resolution (HR) 312 was passed by the House of Representatives of the Louisiana Legislature during the 2025 Regular Legislative Session. HR 312 urges the Louisiana Department of Health (LDH) to address oversight gaps in the MCIP program and to submit quarterly progress reports to the House Committee on Health and Welfare.

LDH monitors the program's performance through the MCIP Protocol and MCO contracts. LDH has implemented improvements to the program in 2025 in response to the Louisiana Legislative Auditor's recommendations and has further advanced its efforts for continual quality improvements in 2026 and beyond. The following quarterly reports delineates updates performed by LDH to demonstrate their progress in improving their processes for the MCIP program and address prior concerns with potential gaps and oversight in its performance.

Quarterly Reports

July 2025 - September 2025

In the spirit of advancing and improving care for Louisiana citizens, LDH hosted the inaugural Quality and Value Convention on July 15-16, 2025. The convention brought together internal and external stakeholders from Louisiana hospitals, payors, Medicaid staff, public health experts, community organizations, advocacy groups, and consultants. LDH leadership presented on the history of Louisiana health outcomes, current Louisiana health outcomes ranking, the history and status of the MCIP program, and workgroups created amongst participants targeting the key areas of behavioral health, maternal health, chronic disease, and access to identify together ways to improve. Upon completion of the convention, key chairs were established for each subcommittee and continuous meetings were performed online and facilitated with consultants to create specific MCIP measures that aligned local efforts with federal, nationally designated, and evidence-based measures for these four areas. Further discussions were had to design MCIP key performance indicators (KPIs) to drive and monitor improvement that extended into the following quarter (October 2025-December 2025) and were submitted to LDH.

Important examples of such discussions and KPIs established from these working groups include the screening of substance use disorder in pregnant women at their first prenatal visit and for those that screened positive capturing if they have been referred and receiving treatment. In reviewing data from our own maternal mortality data, many of the deaths are due to substance use disorder and the need for screening, referral, and treatments are validated ways to improve healthcare outcomes in this population. Therefore, two of the measures for the maternal and child health group were data-driven decisions with validated tools and ability to capture to ensure improved outcomes for this population. Similarly, from the Chronic Disease workgroup, data has shown that while cancer screening rates are performed at a high rate in Louisiana, cancer mortality rates are near the bottom and need improvement. Therefore, the workgroup designed a KPI aimed at reducing the number of days between initial cancer screening and treatment by establishing cancer navigation services to bridge gaps between cancer screenings, follow ups, and treatment plans to improve cancer outcomes in Louisiana. This engaged process with key stakeholders with real data focused on administrative, process, and now real outcomes for this next stage of quality care alignment with MCIP incentive payments is an example of bold new steps for LDH and care in Louisiana.

In August 2025, LDH contracted with an outside consultant to provide the “State Fiscal Year 2026 Health Louisiana Medicaid Managed Care Capitation Rate Certification” for MCOs that supported this work on new MCIP quality measures. This evaluation started in first quarter on the new MCIP quality measures and continued through second and third quarters demonstrating that such measures and goals being created were achievable compared to past performance in Louisiana and other states.

LDH staff advanced MCIP internal processes to address recent findings with audits and requests from legislature that included evaluation of MCO contract changes, tighter oversight and protocols, and collaboration with consultants to perform continuous quality improvement.

Examples included:

1. The MCIP Annual Progress Report and MCIP Annual Meeting Report were no longer tied to incentives in the MCIP Protocol. Prior to 2025, a percentage of MCIP incentives was tied to timely submission of an Annual Progress Report and Annual Meeting Report, with the remaining

incentive dollars distributed for meeting improvement targets. In 2025, all MCIP dollars are allocated to improvement of KPIs with no incentives distributed solely for a report submission.

2. To improve closer monitoring of MCO performance on KPIs, LDH required quarterly reporting for some specific measures, along with biannual, or annual reporting for others.
3. Establishing rules to distribute funds only once if specific measures requirements were met.
4. LDH has also restricted the amount of the incentives that MCOs and/or their third party contractors may retain for administering the program. A total of 1.5% may be retained and the remaining 98.5% must be distributed to participating network providers. This ensures that providers driving the KPI improvement are incentivized to do so. LDH now has greater oversight of how the MCIP dollars are used.

To ensure consistent communications, LDH also continued to work with stakeholders to ensure providers have the tools needed to track and report their performance. LDH continued to meet with MCOs, their third-party contractors, and MCIP-participating hospitals at least monthly, and sometimes weekly. LDH continued to request input from those stakeholders on implementing the selected KPIs and makes improvements to the data collection and reporting processes based on their input and identify other ways to improve the program.

October 2025 – December 2025

After the initial convention and subsequent subcommittee online meetings, the four key groups and their chairs submitted their KPIs to LDH and the following below were accepted. LDH, their Medicaid Quality staff, and consultants aligned such measures with national quality measures such as the National Committee for Quality Assurance (NCQA), Healthcare Effectiveness Data and Information Set (HEDIS), Agency for Healthcare Research and Quality (AHRQ), Joint Commission, and others while further working on specific technical specifications required and contractual submission.

LDH continued to meet with MCOs, their third-party contractors, and MCIP-participating hospitals at least monthly, and sometimes weekly. Continual input was received from those stakeholders on selected KPIs, potential challenges, concerns, and opportunities for improvements with data collection and reporting processes based on their input. Processes and oversight around technical specifications, performance measures, and fund distribution were had. The following were the preliminary listing of the potential 2026 MCIP Measures of which there are eighteen and the MCO Withhold measures of which there were fifteen for 2026 with five additional ones on the horizon established for 2027.

2026 MCIP established were the following 18 measures:

Behavioral Health

1. Narcan Distribution in Inpatient Settings
2. Narcan Distribution in Emergency Departments
3. Administration of Medications for Opioid Use Disorder in Hospital Based Setting

4. Bridge Program Implementation

Chronic Disease:

1. Cancer Navigation Plan
2. All Cause Readmission
3. Healthy Lifestyle Program
4. Optimal Diabetes Care
5. Tobacco/Vaping Screening and Intervention

Maternal Health*:

*(*Maternal deaths and complications are primarily due to mental health, substance use disorder, or hypertension/cardiovascular disease during pregnancy so the following measures have been designated):*

1. Cesarean Birth
2. Unexpected Complications in Term Newborns
3. Postpartum Depression Screening and Follow Up
4. Screen all pregnant women for substance use disorder during first prenatal visit
5. Percent of pregnant women with substance use disorder receiving or referred to recovery treatment services
6. Timely treatment of hypertension
7. Schedule postpartum blood pressure and symptoms check for patients with severe hypertension
8. Prescribing low-dose aspirin after 12 weeks of gestation to persons at high-risk for preeclampsia
9. Cardiovascular Disease (CVD) Risk Assessment Measure - Proportion of Pregnant/Postpartum Patients that Receive CVD Risk Assessment with a Standardized Instrument

2026 MCO Withhold Measures 20 total with 15 incentivized in 2026 and 6 added for 2027

Behavioral Health:

1. Follow-Up After Hospitalization for Mental Illness (FUH) - 7 days
2. Follow-Up After Emergency Department Visit for Mental Illness: Age 6 and up (FUM) - 7 Days
3. Follow-Up After Emergency Department Visit for Substance Use: Age 13 and Older (FUA) - 7 Days
4. Pharmacotherapy for Opioid Use Disorder (POD)

Chronic Disease:

1. Cervical Cancer Screening
2. Colorectal Cancer Screening
3. Controlling High Blood Pressure
4. Plan All-Cause Readmissions
5. Age-Adjusted Cancer Mortality Rate
6. HIV Viral Load Suppression (2027)
7. Tobacco Intervention Quit Rate (2027)
8. Follow-Up After Abnormal Mammogram Assessment (2027)
9. Tobacco Use Screening and Cessation Intervention (2027)

Maternal Health:

1. Prenatal and Postpartum Care: Timeliness of Prenatal Care
2. Prenatal and Postpartum Care: Postpartum Care
3. Percentage of Low Birthweight Births
4. Severe Maternal Morbidity Rate
5. Increase Successful Tobacco Quit Attempts in Pregnancy (2027)

Access:

1. Well-Child Visits in the First 30 Months of Life
2. Reduction in ED visits for low-acuity conditions

LDH had been in conversations for recruiting a Chief Quality Officer to confirm, oversee, and build processes with oversight for such measures and processes for the MCIP program while continuing ongoing conversations with stakeholders. Confirmed start date for the individual in upcoming quarter.

January 2026 – March 2026

In January 2026, Dr. Esteban Gershanik, was hired as LDH Chief Quality Officer to build upon the Quality and Value Convention, subsequent workgroups, and lead the Medicaid Managed Care Incentive Payment (MCIP) Program. With prior LDH leadership experience, current maternal and child health subcommittee participation, and expertise in quality and informatics, Dr. Gershanik developed a strategy aligning current Louisiana America's Health rankings and outcomes with current MCIP work. Initial steps taken by Dr. Gershanik with LDH Medicaid Quality team included:

1. MCIP Quality Measures Alignment with America's Health Rankings for Quality Outcomes

America's Health Rankings annually publishes an analysis of over 250 measures from more than 50 publicly available data sources on historical and comprehensive health, environmental and socioeconomic data to assess the national health on a state-by-state basis. In their 2025 report, Louisiana ranked 50th - last amongst all states in the United States. Leading negative impact factors and our state rankings were frequent mental distress where we ranked 48th, drug deaths (46th), premature deaths (48th), obesity (47th), low birth weight (49th), multiple chronic conditions, and smoking. Furthermore, Louisiana ranked 48th in preventable hospitalizations and 44th for patients avoiding care due to costs. The report also showed Louisiana ranked 12th amongst states for cancer screening and 14th for having a dedicated healthcare provider. This information supported the targeted initiatives created for MCIP incentives around Access, Behavioral Health, Chronic Disease, and Maternal and Child Health and the evidence-based and cost-effective approaches to support MCOs and their networks. This structured framework linking MCIP Incentive and MCO withhold measures with America's Health Rankings also helps build measurable improvements in clinical quality, population health, and health system performance that aligns with federal Medicaid managed care regulations under 42 CFR 438.6(b).

2. Communicating MCIP Quality Updates to External Stakeholders

LDH continued to meet with MCOs, their third-party contractors, and MCIP-participating hospitals at least monthly, and sometimes weekly to continue messaging. LDH continued to request input from those stakeholders on implementing the selected KPIs and makes improvements to the data collection and reporting processes based on their input and identify other ways to improve the program. Inventory of questions received to address concerns. Presentations given at Louisiana Hospital Association Winter Meeting in Baton Rouge on February 11, 2026, as well at LDH's Health Systems Innovation Committee on February 19, 2026. Secretary Greenstein answered MCIP questions from Legislative Appropriations Committee on March 16th, 2026. Potential future Frequently Asked Questions for External Stakeholders to be established for future communications as well.

3. Amendment 13 Attachment H for Managed Care Contracts reviewed, edited, and confirmed between legal and Dr. Gershanik and signed by Secretary Greenstein to place into effect.

4. MCIP Process Proposed and in Final Stages for all to be established for upcoming quarter

- All MCIP Incentives and withhold measures reviewed for their evidence, federal policies, and reviewed with consultants to evaluate if reasonable, doable, and compared with other states.

- MCIP Program Hospital Attestations were created for the first two quarters of 2026 with LDH legal to support and understand which hospitals will be participating in the MCIP KPI milestones and ensure any necessary updates on the documentation and use of these funds for oversight on their attestation. Many of the evidence-based, cost-effective programs and other Approved-Incentive Arrangements (AIA) under the MCIP Program will require hospitals to utilize initial funds to build programs to improve the quality outcomes for people they serve.
 - Technical specifications of measures reviewed with data analytics team and consultants to properly track measures quarterly throughout the year.
 - LDH MCIP Executive Committee in process of being created for oversight of quarterly MCO and their networks performance with data analytics support monitoring and measuring performance and have financial accountability per rules established and for future payment use monitoring.
 - Establishment of Quarterly Quality Session with MCOs and participating provider networks on performance, lessons learned, challenges with data analytics review and additional updates to support transparency, accountability, and collaborative problem-solving.
5. **Prior five Corrective Action Procedures for the Louisiana Legislative Auditor’s (LLA) Performance Audit on the MCIP from SFY24 reviewed and appear to be completed with continual monitoring to ensure compliance.**
 6. **Outside consultants Louisiana Department of Health Measurement Year 2026 Quality Target Assessment Report Performed to Support MCIP Program.**

Next Steps for Upcoming Quarter

1. Confirm new MCIP Program Process has been incorporated.
2. Review of the new MCIP Process, initial data analytics, initial feedback, and lessons learned.
3. Bridge Clinic Certification Process Updates
4. Additional updates, initiatives, quality improvement processes and reporting with potential organization of future Quality and Value Convention

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