

Managed Care Incentive Payment (MCIP) Program Updates

Response to HR 312 of the 2025 Regular Legislative Session

Quarter I and Quarter 2

Louisiana Department of Health

Bureau of Health Services Financing

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Introduction

The Managed Care Incentive Payment (MCIP) program is designed to incentive 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 Legislature of Louisiana in 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 implemented improvements to the program in 2025 in response to the Louisiana Legislative Auditor's recommendations and will continue to implement improvements in 2026.

Incentive Improvements

LDH hosted the Quality and Value Convention in July 2025 to bring internal and external stakeholders together to identify ways to improve in the key areas of behavioral health, maternal health, chronic disease, and access. Workgroups consisting of Medicaid, the MCOs, advocacy groups and physician quality leaders, continued to collaborate following the convention. The workgroups met weekly to design MCIP key performance indicators (KPIs) to drive and monitor improvement.

KPIs were designed by identifying the most important issues preventing quality improvement in those four areas and determining how to best affect those issues. For example, the Chronic Disease workgroup determined that, while cancer screening rates are generally positive in Louisiana, cancer mortality rates need more improvement. As a result, the workgroup designed a KPI related to reducing the number of days between initial cancer screening and treatment through the use of cancer navigation services. Each workgroup produced an inventory of KPIs that were selected and those that were considered but not used, with details on why the decisions were made.

The KPIs are all directly tied to health outcomes, which means that all MCIP incentives are now based on the improvement of KPIs rather than partially on administrative activities. These KPIs are below and serve as the MCIP measures for 2026.

- Increase Narcan distribution in inpatient and emergency department settings
- Increase Hospital Bridge Program recognition participation
- Increase the administration of medications for opioid use disorder (MOUD) in hospital-based inpatient services
- Decrease all-cause readmissions
- Improve timeliness of cancer diagnosis and treatment through cancer navigation programs
- Improve the prevention of chronic disease through community-based healthy lifestyle interventions
- Improve optimal diabetes care in the outpatient setting
- Increase tobacco/vaping screening and intervention
- Decrease low-risk cesarean birth rates
- Decrease unexpected complications in term newborns
- Increase postpartum depression screening and follow-up
- Increase screening of all pregnant women for substance use disorder (SUD)
- Increase the rate of pregnant women with SUD receiving or being referred to recovery treatment services
- Improve timely treatment of hypertension among pregnant and postpartum women
- Increase the scheduling of postpartum blood pressure and symptoms check
- Increase the prescribing of low-dose aspirin for postpartum women at high-risk for preeclampsia
- Increase the use of cardiovascular Disease (CVD) risk assessments for pregnant and postpartum women

Approved incentive arrangements (AIAs) are MCIP projects that group the KPIs into focus areas. AIAs are designed to last five years, and AIAs that are further along in their five-year life cycle are more focused on incentivizing the improvement of KPIs. Only AIAs entering their fourth or fifth year in 2025 were continued into 2025. These AIAs focused on improving breast and lung cancer screenings, developmental and autism screening, and tobacco cessation services. All other AIAs were in the early

implementation phases and were therefore retired early, allowing for a stronger focus on improving health outcomes. The AIAs that continued into 2025 concluded at the end of that year so that the above KPIs could be focused on for 2026.

Protocol Improvements

Changes to the MCIP Protocol have been made to enable greater oversight of LDH's distributed incentives. Changes were decided based on input from the Louisiana Legislative Auditor and external stakeholders such as the MCIP hospital networks and MCOs.

For any KPIs reported on an annual rather than quarterly basis, MCOs must now report preliminary performance mid-year. This allows LDH to better monitor whether or not improvements are being made and intervene when necessary.

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.

The MCIP Protocol now allows for some KPIs to be reported quarterly rather than annually, allowing LDH to more closely monitor performance.

Lastly, the MCIP Annual Progress Report and MCIP Annual Meeting Report are no longer tied to incentives in the MCIP Protocol. Prior to 2025, a percentage of the MCIP incentives were tied to the timely submission of an Annual Progress Report and Annual Meeting Report, with the remaining incentive dollars distributed for meeting improvement targets. Beginning with 2025, all MCIP dollars are allocated to the improvement of KPIs. Incentives are no longer distributed for the submission of reports.

LDH is continuing to work with stakeholders to ensure providers have the tools to track and report their performance. LDH meets with MCOs, their third-party contractors, and MCIP-participating hospitals at least monthly and sometimes weekly. LDH continues 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. LDH will continue to monitor the MCIP Program and KPI results to identify other ways to improve the program.

In summary, LDH has implemented improvements to the MCIP program that expand LDH's oversight and ensure that the incentive dollars are tied directly and solely to quality-related KPIs. LDH will evaluate the MCOs' progress throughout 2026. MCOs will submit an Annual Progress Report by 7/31/26 that details their preliminary performance and steps taken to implement the KPIs. LDH will use the Annual Progress Reports and quarterly performance data submissions to evaluate how the MCIP program is impacting the health of Medicaid members.

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