POLICY AND PROCEDURE

POLICY NAME: Physician Incentive Plan (P4P)	**POLICY ID:** LA.QI.23
BUSINESS UNIT: LHCC	**FUNCTIONAL AREA:** Quality Improvement
EFFECTIVE DATE: 01/12	**PRODUCT(S):** Medicaid
REVIEWED/REVISED DATE: 1/11, 09/12, 05/13, 4/14, 11/14, 09/15, 9/16, 9/17, 9/18, 9/19, 8/20, 6/22, 6/23	
REGULATOR MOST RECENT APPROVAL DATE(S): n/a	

POLICY STATEMENT:
This policy outlines the Physician Incentive Plan (P4P).

PURPOSE:
The purpose is to implement a pay for performance program that delivers direct rewards to practitioners for providing quality and cost-effective care that promotes a medical home and emphasizes prevention and self-management.

SCOPE:
Louisiana Healthcare Connections (Plan) Quality Improvement and Network Management departments

DEFINITIONS:

Physician incentive plan — Any compensation arrangement at any contracting level between an MCO and a physician or physician group that may directly or indirectly have the effect of reducing or limiting services furnished to Medicare or Medicaid enrollees in the MCO. Managed Care Organizations must report on physician incentive plans between the MCO itself and individual physicians and groups and also between groups or intermediate contracting entities (e.g., Physician-Hospital Organizations) and individual physicians and groups. The MCO only needs to report the details on physician incentive plans between groups and individual physicians if those physicians are placed at substantial financial risk by the group's incentive arrangement.

PIP Disclosure - must contain the following information in detail sufficient to enable the Louisiana Department of Health (LDH) to determine whether the incentive plan complies with the P4P Program requirements:

1. Whether services not furnished by the physician group are covered by the incentive plan. If only the services furnished by the physician or physician group are covered by the incentive plan, disclosure of other aspects of the plan need not be made.
2. The type of incentive arrangement; for example, withhold, bonus, capitation.
3. If the incentive plan involves withhold or bonus, the percent of withhold or bonus.
4. Proof that the physician or physician group has adequate stop-loss protection, including the amount and type of stop-loss protection.
5. The panel size and, if patients are pooled, the approved method used.
6. In the case of capitated physicians or physician groups, capitation payments paid to primary care physicians for the most recent calendar year broken down by percent for primary care services, referral services to specialists, and hospital and other types of ~~provider~~providers (for example home health agency) services.
7. In the case of those prepaid plans that are required to conduct beneficiary surveys, the survey results (which must be provided in a timely manner to Medicaid recipients upon request)

The disclosure requirements numbers 1 through 5 must be provided prior to Provider Agreement approval and upon the effective date of its renewal. Disclosure requirement number 6 must be provided for the previous calendar year by April 1 of each year. The Plan will disclose this information to LDH when requested. The Plan will provide the capitation data required no later than three (3) months after the end of the calendar year. The Plan will provide to the beneficiary upon request whether the prepaid plan uses a physician incentive plan that affects the use of referral services, the type of incentive arrangement, whether stop-loss protection is provided, and the survey results of any enrollee/disenrollee surveys conducted.

POLICY:
In accordance with 42 CFR §422.208 and §422.210, the Plan may operate a Physician Incentive Plan, however, the Physician Incentive Plan will not incent providers to reduce, limit or withhold medically necessary care or services. The Plan's incentive programs do not place physicians at substantial financial risk.

PROCEDURE:

1. The Plan shall receive prior LDH approval of the Physician Incentive Plan and shall submit to LDH any contract templates that involve an incentive plan for review as a material modification. The Plan shall disclose the following:
    a. Services that are furnished by a physician/group that are covered by any incentive ~~plan;~~plan.
    b. Type of incentive arrangement, e.g. withhold, bonus, capitation;
    c. Percent size, and if patients are pooled, the approved method used; and
    d. If the physician/group is at substantial financial risk, the entity must report proof the physician/group has adequate stop loss coverage, including amount and type of stop-loss.
2. The Contractor's Physician Incentive Plans shall be in compliance with 42 CFR§438.3(i), §422.208, and §422.210 and ~~this~~the current LDH contract. ~~the MCO Manual (this contract)~~The Plan shall provide the information specified in 42 CFR §422.21(b) regarding its physician incentive plans to any Medicaid member upon request.
3. The Plan will maintain adequate information specified Incentive Program regulations and make it available to LDH, if requested, in order that LDH may adequately monitor the Plan's Program.
4. Plan's Incentive programs include only the services furnished by the physician or physician group and is not based on membership panel size.
5. The incentive arrangement is not based on withhold or capitation. All providers are eligible to receive a pre-determined 'fee schedule rate' amount for designated services provided to the member. Payment is calculated monthly and issued to providers upon validation on a separate explanation of payment. Proof of service must be documented in the member's medical record,
6. Plan will implement a program that is relative to the practitioner and member population and to the mission of both Louisiana Healthcare Connections and the LDH. Consideration of State, CMS and NCQA recommendations and specific nuances often encountered by the Medicaid population (i.e.: continuous enrollment) will be ~~taken into account~~considered during the development of the measures, as indicated.
7. The incentive program ~~will~~ can be communicated to providers during contracting and provider orientation phases. Providers will receive cumulative reports of incentive payments they have earned at least annually.
8. ~~Plan will monitor appropriate utilization of services, both under and overutilization through data and member feedback for concerns regarding access to appropriate care and services.~~
9.8. Plan's Quality Assessment Performance Improvement (QAPI) Committee, which includes representation from local practitioners, will review and approve the incentive program at least annually. Interim updates on payout activities will be reported at least quarterly and recommendations for change considered as indicated. Plan will conduct an annual evaluation of program effectiveness that will be included in the QI Program Evaluation.

REFERENCES:
CFR 42 §422.208; 42 CFR §438.3(i), §422.208, and §422.210~~§422.210 and §422.21(b)~~
3.0 MCO Contract

ATTACHMENTS:
~~Appendix Q – DHH Requirements for MCO Physician Incentive Plans~~

AppendixQ_PhysicianIncentivesRules.pdf

ROLES & RESPONSIBILITIES:

REGULATORY REPORTING REQUIREMENTS:
HB 434, Act 319 applies to material changes to this policy.

REVISION LOG

REVISION TYPE	REVISION SUMMARY	DATE APPROVED & PUBLISHED
New Policy Document	Updated effective date to 01/12	11/2011
Annual Review	Updated provider payment frequency	04/24/14
Ad Hoc Review	Changed P4P language to use "incentive", deleted attachments, and inserted DHH review and approval language. Payment is calculated monthly instead of quarterly. RFP requirement – 6.10	11/19/14
Annual Review	RFP requirements – 9.8 Added attachment: Appendix Q	09/24/15

Annual Review	Updated DHH to LDH “Plan’s Incentive programs include only the services furnished by the physician or physician group and is not based on membership panel size. (removed “or pooling of members”) Changed ‘bill above’ to ‘fee schedule rate’	09/26/16
Annual Review	No Revisions to policy	09/25/17
Annual Review	No Revisions	09/25/18
Annual Review	No Revisions	09/24/19
Annual Review	Removed attachments (PMPM FAQs, PMPM Training Form, and PMPM Draft)	08/25/20
Annual Review	No Revisions	06/29/22
Annual Review	Updated to new template, added PIP disclosure, removed “8. Plan will monitor appropriate utilization of services, both under and overutilization through data and member feedback for concerns regarding access to appropriate care and services.”, added 42 CFR §438.3(i), §422.208, and §422.210, updated reference to current contract	06/2023

POLICY AND PROCEDURE APPROVAL

The electronic approval retained in RSA Archer, the Company’s P&P management software, is considered equivalent to a signature.