Quality Metrics and Value-based Payments

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Take Home Message

- **Medicare is the world’s largest VBID/VBP laboratory**
  - Strong political tailwind
  - Medicaid, state exchanges, commercial purchasers following on heels of Medicare

- **Star Ratings drive the market, and bar is rising**

- **Precipice for payors, providers and vendors**
Political Tailwind

FINAL PASSAGE VOTE ON "DOC FIX" FOR MEDICARE PAYMENTS TO DOCTORS
Random Acts of Bipartisanship

- **Medicare Access and CHIP Reauthorization Act (2015)**
- **Senate**
  - Yea: 92
  - Nay: 8
- **House**
  - Yea: 392
  - Nay: 37
Quality Focus within MACRA (2015)

**Paying physicians: the old way**
- Medicare Physician Fee Schedule (MPFS)
- Sustainable growth rate (SGR) formula
  - Ensure that Medicare increases did not exceed growth in GDP
  - Resulted in frequent “Doc fixes” by congress

**New method: Merit-based Incentive Payments (MIPs)**
- MPFS increased by 0.5% 2016-2019
  - PQRS, Value-based Modifier, Meaningful Use in effect
- MIPs go into effect 2019
Merit-based Incentive Payments

- Physicians given a publicly reported score of 1-100
  - Quality measures (PQRS)
  - Efficiency measures (Value-based Modifier)
  - Meaningful use of electronic health records (MU)
  - Clinical practice improvement activities

- Physicians performance rewarded or penalized
  - Thresholds established based on mean performance composites
  - Providers scoring below threshold subject to payment reductions
    - -4% in 2019, -5% in 2020, -7% in 2021, and -9% in 2022
  - Providers scoring above threshold receive bonuses (funded by penalties)
    - +12% in 2019, +15% in 2020, +21% in 2021, +27% in 2022
  - $500M bonus pool for “best of best”

- Providers in alternative models may opt out
Federal Value-based Payment Goals

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Medicare Fee-for-Service

**GOAL 1:** 30%
Medicare payments are tied to quality or value through alternative payment models (categories 3-4) by the end of 2016, and 50% by the end of 2018.

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**GOAL 2:** 85%
Medicare fee-for-service payments are tied to quality or value (categories 2-4) by the end of 2016, and 90% by the end of 2018.

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**NEXT STEPS:**
Testing of new models and expansion of existing models will be critical to reaching incentive goals.
Creation of a Health Care Payment Learning and Action Network to align incentives for payers.

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Sylvia Burwell Jan 26, 2015 HHS Announcement--NEJM Article/Meeting/Press Release

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Comprehensive Overview of CMS Quality Programs

<table>
<thead>
<tr>
<th>Hospital Quality</th>
<th>Physician Quality</th>
<th>PAC Quality</th>
<th>Payment Models</th>
<th>Population Health</th>
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<tbody>
<tr>
<td>Meaningful use EHR incentive</td>
<td>Meaningful use EHR incentive</td>
<td>Inpatient rehabilitation facility</td>
<td>Medicare Shared Savings Program (ACOs)</td>
<td>Medicare Part C</td>
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<tr>
<td>Inpatient quality reporting</td>
<td>Physician Quality Reporting System (PQRS)</td>
<td>Nursing Home Compare measures</td>
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<td>Medicare Part D</td>
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<tr>
<td>Outpatient quality reporting</td>
<td>Value-based Payment Modifier (VM)</td>
<td>LTCH quality reporting</td>
<td>Hospital value-based purchasing</td>
<td>Medicaid Adult Core Measures</td>
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<td>Ambulatory surgical centers</td>
<td>Maintenance of certification</td>
<td>Hospice quality reporting</td>
<td>Physician Feedback</td>
<td>Medicaid Child Core Measures</td>
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<tr>
<td>Readmission reduction program</td>
<td></td>
<td>Home health quality reporting</td>
<td>ESRD QIP</td>
<td>Health Insurance Exchange Quality Reporting System (QRS)</td>
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<tr>
<td>HAC payment reduction program</td>
<td></td>
<td></td>
<td>Innovations Pilots</td>
<td></td>
</tr>
<tr>
<td>PPS-exempt cancer hospitals</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inpatient psychiatric facilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Pharmacy Quality Alliance

- Develops measures of safe and appropriate medication use
- Consensus-based, non-profit alliance with >180 member organizations, including:
  - Health Plans & PBMs
  - Pharmacies & professional associations
  - Federal agencies (CMS, FDA)
  - Pharmaceutical manufacturers
  - Consumer advocates
  - Technology & consulting groups
  - Universities
Pharmacy Quality Alliance’s Mission Statement:

Improve the quality of medication management and use across health care settings with the goal of improving patients’ health through a collaborative process to develop and implement performance measures and recognize examples of exceptional pharmacy quality.

2006
- Medicare Part D Launches

PQA Timeline

2010
- PQA is established as a public-private partnership
- Medicare Stars Rating Program for Medicare Part C & D is established
- PQA’s quality measures become part of the Medicare Stars Rating Program

2016
- PQA celebrates its 10th year of developing measures
  - Patient Safety,
  - Medication Adherence
  - MTM (CMR)
  - Mental Health, and
  - Appropriate Use
- Five PQA measures are in the Medicare Part D Stars Rating in 2016
Where PQA Measures are Used Today

Medicare Part D Plan Ratings
• Star Measures
• Display Measures

Health Insurance Marketplace Quality Rating System

Accreditation Programs
• URAC & CPPA

National Business Coalition on Health
• eValue8 *health plan screening and evaluation)

Pharmacies and Health Plans
• EQuIPP

Physician Offices
• IHA of California
• Community Care of North Carolina

Pay-for-Performance Pharmacy Networks
• Inland Empire
• Pharmacy First
• CVS Health/Silverscript

Medicaid Care Coordination Program
• Community Care of North Carolina

Medicare-Medicaid Dual Eligible Pilot
Medicare C and D Star Ratings

- **Annual ratings of Medicare plans that are made available on Medicare Plan Finder and CMS website**
  - Ratings are displayed as 1 to 5 stars
  - Stars are calculated for each measure, as well as each domain, summary, and overall (applies to MA-PDs) level
  - Part C stars include 32 measures of quality, and Part D stars include 15 measures of quality

- **Two-year lag between “year of service” and reporting year for Star Ratings**
  - 2014 drug claims are used for 2016 Star Ratings
  - 2016 Star Ratings were released in October 2015 to inform beneficiaries who were enrolling for 2016
Star Ratings Drive the Market

- Medicaid, exchanges already following MA approach
- MA plans beat commercial in HEDIS/PQA metrics
- <4 Star: Competitive disadvantage
- <3 Star: Stand to lose sponsorship

<table>
<thead>
<tr>
<th>Star Rating</th>
<th>Complaints/1,000</th>
<th>% Disenroll Annually</th>
</tr>
</thead>
<tbody>
<tr>
<td>★★</td>
<td>0.91</td>
<td>21.5%</td>
</tr>
<tr>
<td>★★ ½</td>
<td>0.55</td>
<td>17.48%</td>
</tr>
<tr>
<td>★★★</td>
<td>0.42</td>
<td>14.79%</td>
</tr>
<tr>
<td>★★★ ½</td>
<td>0.33</td>
<td>9.27%</td>
</tr>
<tr>
<td>★★★★</td>
<td>0.22</td>
<td>6.92%</td>
</tr>
<tr>
<td>★★★★ ½</td>
<td>0.15</td>
<td>4.89%</td>
</tr>
<tr>
<td>★★★★★</td>
<td>0.16</td>
<td>1.91%</td>
</tr>
</tbody>
</table>
High Stakes for Part C/D Stars

- **Enrollment Implications**
  - Quality Bonus Payments (MA-PD)
  - Poor performers identified by CMS—the “Scarlet Letter”
  - Low-performer icon
  - One-star difference—new beneficiaries: 10%, changing beneficiaries: 5%

- **Worst Performers for Part D**
  - Several Medicare contracts received a “low performer icon” which means that they have consistently been below 3 stars
  - Over 100 contracts had 2 stars or lower on all PQA adherence measures

- **Removal from Medicare for continued poor overall performance (< 3 stars for 3 years in a row)**
  - Squirt gun last year; live ammo this year
Medicare drug plans receive an overall rating on quality as well as four domain scores (15 individual measures in total in 2016)

Domain on *pricing & safety* contains six measures:
- 1 measure of price accuracy and stability
- 2 measures of medication safety
  - High risk medications in the elderly
  - Comprehensive medication review completion rate
- 3 measures of medication adherence
  - Oral diabetes medications
  - Cholesterol medication (statins)
  - Blood pressure (renin-angiotensin-aldosterone inhibitors)
PQA Measures Weighted Highest

- **Process Measure (weighted X 1)**
  - Price Stability / Accuracy

- **Access / Patient Experience Measure (weighted X 1.5)**
  - Members choosing to leave the plan

- **Intermediate Outcome Measure (weighted X 3)**
  - Four of five PQA measures

*Due to the higher weighting of clinically relevant measures, the PQA medication use measures account for 43% of Part D summary ratings for 2016*
<table>
<thead>
<tr>
<th>Measure ID</th>
<th>Measure Name</th>
<th>Part D Summary</th>
<th>MA-PD Overall</th>
</tr>
</thead>
<tbody>
<tr>
<td>D01</td>
<td>Call Center—Foreign Language Interpreter and TTY</td>
<td>1.5</td>
<td>1.5</td>
</tr>
<tr>
<td>D02</td>
<td>Appeals Auto—Forward</td>
<td>1.5</td>
<td>1.5</td>
</tr>
<tr>
<td>D03</td>
<td>Appeals Upheld</td>
<td>1.5</td>
<td>1.5</td>
</tr>
<tr>
<td>D04</td>
<td>Complaints about the Drug Plan</td>
<td>1.5</td>
<td>1.5</td>
</tr>
<tr>
<td>D05</td>
<td>Members Choosing to Leave the Plan</td>
<td>1.5</td>
<td>1.5</td>
</tr>
<tr>
<td>D06</td>
<td>Beneficiary Access and Performance Problems</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>D07</td>
<td>Drug Plan Quality Improvement</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>D08</td>
<td>Rating of Drug Plan</td>
<td>1.5</td>
<td>1.5</td>
</tr>
<tr>
<td>D09</td>
<td>Getting Needed Prescription Drugs</td>
<td>1.5</td>
<td>1.5</td>
</tr>
<tr>
<td>D10</td>
<td>MPF Price Accuracy</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>D11</td>
<td>High Risk Medication</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>D12</td>
<td>Medication Adherence for Diabetes Medications</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>D13</td>
<td>Medication Adherence for Hypertension (RAS antagonists)</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>D14</td>
<td>Medication Adherence for Cholesterol (Statins)</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>D15</td>
<td>Comprehensive Medication Review Completion</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

From CMS 2015 Star Ratings Technical Notes
Quality Bonus Payments

- The star ratings now affect payment to Medicare Advantage plans wherein higher-rated plans get higher payment
- Quality Bonus Payments (QBPs) are being awarded on a sliding scale according to star ratings
- 2016 payments will be based on 2015 ratings which are based on 2013 and 2014 data
- QBP opportunity for many large MA-PDs (Humana, United Healthcare, Aetna/Coventry, CIGNA/HealthSpring) exceed $100 million
## Changing Dynamics: Patient Adherence Improvement

PQA Analysis. Average across all contracts for each year.

<table>
<thead>
<tr>
<th>Measure</th>
<th>MA-PD</th>
<th>PDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>PDC - Diabetes</td>
<td>73.0%</td>
<td>73.7%</td>
</tr>
<tr>
<td>PDC – RASA</td>
<td>72.2%</td>
<td>73.9%</td>
</tr>
<tr>
<td>PDC - Cholesterol</td>
<td>68.0%</td>
<td>69.0%</td>
</tr>
</tbody>
</table>

PQA
## Distribution of 2016 Star Ratings

### MA-PD

<table>
<thead>
<tr>
<th>Overall Rating</th>
<th>2015</th>
<th></th>
<th>2016</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of Contracts</td>
<td>%</td>
<td>Weighted by Enrollment</td>
<td>Number of Contracts</td>
</tr>
<tr>
<td>5 stars</td>
<td>11</td>
<td>2.78</td>
<td>9.88</td>
<td>12</td>
</tr>
<tr>
<td>4.5 stars</td>
<td>61</td>
<td>15.44</td>
<td>19.59</td>
<td>65</td>
</tr>
<tr>
<td>4 stars</td>
<td>86</td>
<td>21.77</td>
<td>30.32</td>
<td>102</td>
</tr>
<tr>
<td>3.5 stars</td>
<td>136</td>
<td>34.43</td>
<td>26.78</td>
<td>112</td>
</tr>
<tr>
<td>3 stars</td>
<td>73</td>
<td>18.48</td>
<td>10.98</td>
<td>66</td>
</tr>
<tr>
<td>2.5 stars</td>
<td>26</td>
<td>6.58</td>
<td>2.37</td>
<td>12</td>
</tr>
<tr>
<td>2 stars</td>
<td>2</td>
<td>0.51</td>
<td>0.08</td>
<td>0</td>
</tr>
<tr>
<td>Total Number of Contracts</td>
<td>395</td>
<td></td>
<td>369</td>
<td></td>
</tr>
<tr>
<td>Average Star Rating*</td>
<td></td>
<td></td>
<td></td>
<td>3.92</td>
</tr>
</tbody>
</table>

### Key Points
- Number of contracts decreased by 26
- Average star rating increased

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From CMS 2016 Star Ratings Fact Sheet
### Distribution of 2016 Star Ratings

**Key Points**
- Number of contracts decreased by 2
- Average star rating decreased

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<table>
<thead>
<tr>
<th>Part D Rating</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of Contracts</td>
<td>%</td>
</tr>
<tr>
<td>5 stars</td>
<td>3</td>
<td>4.92</td>
</tr>
<tr>
<td>4.5 stars</td>
<td>11</td>
<td>18.03</td>
</tr>
<tr>
<td>4 stars</td>
<td>17</td>
<td>27.87</td>
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<tr>
<td>3.5 stars</td>
<td>18</td>
<td>29.51</td>
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<tr>
<td>3 stars</td>
<td>7</td>
<td>11.48</td>
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<tr>
<td>2.5 stars</td>
<td>3</td>
<td>4.92</td>
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<tr>
<td>2 stars</td>
<td>1</td>
<td>1.64</td>
</tr>
<tr>
<td>1.5 stars</td>
<td>1</td>
<td>1.64</td>
</tr>
<tr>
<td>Total Number of Contracts</td>
<td>61</td>
<td></td>
</tr>
</tbody>
</table>

Average Star Rating*:
- **2015**: 3.75
- **2016**: 3.40

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From CMS 2016 Star Ratings Fact Sheet
## High Performer Icon 2016

### MA-PD

<table>
<thead>
<tr>
<th>Contract</th>
<th>Contract Name</th>
<th>Enrolled 10/2015</th>
</tr>
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<tbody>
<tr>
<td>H0354</td>
<td>CIGNA HEALTHCARE OF ARIZONA, INC.</td>
<td>43,881</td>
</tr>
<tr>
<td>H0524</td>
<td>KAISER FOUNDATION HP, INC.</td>
<td>1,037,349</td>
</tr>
<tr>
<td>H0630</td>
<td>KAISER FOUNDATION HP OF CO</td>
<td>98,584</td>
</tr>
<tr>
<td>H1230</td>
<td>KAISER FOUNDATION HP, INC.</td>
<td>31,396</td>
</tr>
<tr>
<td>H2150</td>
<td>KAISER FNDN HP OF THE MID- ATLANTIC STS</td>
<td>63,681</td>
</tr>
<tr>
<td>H2256</td>
<td>TUFTS ASSOCIATED HEALTH MAINTENANCE ORGANIZATION</td>
<td>104,812</td>
</tr>
<tr>
<td>H2462</td>
<td>GROUP HEALTH PLAN, INC. (MN)</td>
<td>49,484</td>
</tr>
<tr>
<td>H2610</td>
<td>ESSENCE HEALTHCARE, INC.</td>
<td>52,525</td>
</tr>
<tr>
<td>H5262</td>
<td>GUNDERSEN HEALTH PLAN</td>
<td>14,287</td>
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<tr>
<td>H5591</td>
<td>MARTIN'S POINT GENERATIONS, LLC</td>
<td>32,611</td>
</tr>
<tr>
<td>H5652</td>
<td>SIERRA HEALTH AND LIFE INSURANCE COMPANY, INC.</td>
<td>4,502</td>
</tr>
<tr>
<td>H9003</td>
<td>KAISER FOUNDATION HP OF THE NW</td>
<td>79,591</td>
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### PDP

<table>
<thead>
<tr>
<th>Contract</th>
<th>Contract Name</th>
<th>Enrolled 10/2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>S0655</td>
<td>TUFTS INSURANCE COMPANY</td>
<td>7,874</td>
</tr>
<tr>
<td>S5753</td>
<td>WISCONSIN PHYSICIANS SERVICE INSURANCE CORPORATION</td>
<td>22,999</td>
</tr>
</tbody>
</table>

From CMS 2016 Star Ratings Fact Sheet  

PQA
Low Performer Icon in 2016

- **Medicare contracts may receive a low-performer icon**
  - Contract received less than 3 stars for 3 years in a row
  - Part C or Part D summary ratings

- **Six Medicare Advantage contracts received a low-performer icon for 2016**
  - Three of these contracts are at risk for termination at end of 2016
  - Enrollment in these six plans is less than 75,000 lives which represents 0.4% of the 17.5 million Medicare Advantage enrollees
  - Enrollment for these low-performers is primarily in NYC and southern states
HRM will move to Display in 2017
- Concern with not having appropriate diagnosis for those that do need medications

Part C Display measures will include Statin Therapy for Patients with CV disease

Part D Display measures will include SUPD measures for 2017 (2015 data) and Star Measure for 2018 Stars (2016 data)

Part D Display measures will include all three opioid measures in 2018 (2016 data) - and the measures will NOT move to Star measures
2016 Star Ratings - Enrollment Weighted Average PDP Part D Rating in Non-EGHP Counties
How Important Do Plans Think This Is?

Percentage of respondents who replied “Important” or “Extremely important” when asked how they would rate the importance of each factor on their value-based strategy in MA:

- MA quality bonus: 90%
- Commitment to federal and state initiatives on VBC: 88%
- Risk-adjustment revenue: 83%
- Opportunity to implement clinical innovations: 77%
- Demand from providers: 58%
- Pressure from competition: 36%

Source: Deloitte Center for Health Solutions, 2015 Study of Medicare Advantage Health Plans and Providers
Health Plan Response

- Formularies, clinical strategies, network contracts, marketing/promotions, aligning with star measures
- Significant investments in “drive to 5”
- Contract strategies for pharmacy networks
  - Preferred pharmacy network based partly on star performance of chain or stores
  - Pay for Performance (P4P) – pharmacies may be eligible for bonus payment based on star performance
Quality and value now criteria for selection of preferred pharmacies
- Minimum quality expectations spelled out in preferred contracts
- May lead to adjustment of DIR rates
- Quality scores could be used to identify pharmacies that can fill geographic gaps in existing networks

Some PBMs are creating Quality-Based Networks or Value-Based Networks
- May be a subset of preferred pharmacy network
- May include requirements / incentives related to quality
A few health plans have already implemented P4P for pharmacies, including:
- Silverscript
- HealthFirst
- Inland Empire Health Plan
- Michigan BCBS

**Example: Inland Empire Health Plan (IEHP)**
- Launched in October 2013
- Pharmacies are evaluated on PQA Star measures plus asthma and GDR
- EQuIPP allows pharmacies to track their performance
- Bonuses based on number of patients at each store in addition to score on each measure
<table>
<thead>
<tr>
<th>Measure</th>
<th>Trend</th>
<th>Pharmacy</th>
<th>Versus Goal</th>
<th>Versus Others</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td># of Patients</td>
<td>Performance Score</td>
<td>Goal</td>
</tr>
<tr>
<td>Asthma - Absence of Controller Therapy</td>
<td></td>
<td>4</td>
<td>75%</td>
<td>25%</td>
</tr>
<tr>
<td>Cholesterol PDC</td>
<td></td>
<td>164</td>
<td>72.5%</td>
<td>75%</td>
</tr>
<tr>
<td>Diabetes PDC</td>
<td></td>
<td>124</td>
<td>70.1%</td>
<td>77%</td>
</tr>
<tr>
<td>Diabetes Treatment</td>
<td></td>
<td>210</td>
<td>94.2%</td>
<td>87%</td>
</tr>
<tr>
<td>High Risk Medications</td>
<td></td>
<td>76</td>
<td>1.3%</td>
<td>5%</td>
</tr>
<tr>
<td>RASA PDC</td>
<td></td>
<td>227</td>
<td>79.2%</td>
<td>79%</td>
</tr>
</tbody>
</table>

*HOW DO I IMPROVE?*

Performance Data Date Range: JUL 2014 - DEC 2014
United States has significant healthcare quality gaps

US had a National Quality Strategy for improving health

Federal government is shifting risk from itself to healthcare providers

Primary vehicle for accomplishing this is through quality measurement

There are many types of quality measures, with emphasis being placed now on outcome measures and patient-level measures

Market forces related to quality measurement are eliciting strong responses across healthcare settings

Pharmacies are impacted by these forces
Networking & Learning Through PQA

- 2016 PQA Annual Meeting (May 18th to 20th)
  - Please save the date for the 2016 PQA Annual Meeting, to be held on May 18-20, 2016 at the Renaissance Arlington Capital View Hotel in Virginia
    * * As a PQA member, your registration fee will be waived for the 2016 PQA Annual Meeting * *

- 2016 PQA Leadership Summit (4th Quarter, 2016)
  - The PQA Leadership Summit is a high level, strategy based, member-only meeting where senior level executives from member organizations convene to learn and share strategies and best practices with each other

- EPIQ – Educating Pharmacists In Quality
  - Our award winning (AHI) Continuing Education program is a great introduction or refresher on quality topics, & is complimentary to register on PQA’s website

- Monthly Quality Forums
  - PQA’s Quality Forums provides our members with the opportunity to learn from industry and thought leaders via monthly webinars

- Bi-Monthly Quality Connections
  - The Quality Connection is a bi-monthly newsletter that members can use to review PQA’s activities and achievements at a glance
Questions

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