Blue Cross Blue Shield of Michigan MVC-based Pay-for-Performance (P4P) Measure

Frequently Asked Questions: Program Year 2022-2023

The Blue Cross Blue Shield of Michigan (BCBSM)'s P4P program includes a metric based on MVC data accounting for a portion of the overall incentive. This metric measures hospital performance using price-standardized, risk-adjusted 30-day episode payments for Commercial and Medicare Advantage beneficiaries with BCBSM preferred provider organization (PPO) or Blue Care Network (BCN) coverage as well as Medicare Fee-for-Service (FFS) patients. Below is a series of frequently asked questions related to the P4P measure. Additional information may be found in the MVC P4P Technical Document.

How will hospital performance be assessed?

Each hospital will choose two conditions for measurement. Each hospital's condition specific total episode payment will be assessed for year-over-year <u>improvement</u> compared to its baseline year or its <u>achievement</u> respective to the appropriate MVC cohort. Hospitals will receive the higher of their improvement or achievement points for each condition.

Which years are being used to assess my performance?

See Table 1 below for the timeline of the 2022 and 2023 program years. The MVC Coordinating Center will assess the performance year data during the program year and will provide a final score for the MVC-based measure to BCBSM for payment in 2023 and 2024, respectively. On the MVC registry's P4P Year-Over-Year Performance Comparison report, "Current Total ($)" represents performance year data, and the point targets are calculated using baseline year data.

Table 1: Timeline for Program Years 2022 and 2023

	Baseline Year	**Performance Year**	**Payment Year**
Program Year 2022	2019	2021	2023
Program Year 2023	2020	2022	2024

How are hospital year-over-year improvement and achievement targets calculated?

Points are scored based on Z-scores, which reflect the standardized percent reduction from the baseline payment. Z-scores are calculated by subtracting the hospital's mean performance payment from the mean baseline payment and dividing that difference by the winsorized MVC standard deviation. For improvement targets the baseline is the hospital's baseline, whereas for achievement the baseline is the cohort's baseline payment.

$$Z - Score = \frac{Baseline\ Payment - \ Hospital\ Payment}{MVC\ Standard\ Deviation}$$

$$Target\ Payment = Baseline\ Payment - (Z - score * MVC\ Standard\ Deviation)$$

How will the COVID-19 pandemic affect the P4P program?

The Coordinating Center is currently evaluating how the COVID-19 pandemic has impacted the calendar year of 2020 and beyond. Baseline data for calendar year 2020 may be adjusted to account for the pandemic and any adjustment will be communicated to the Collaborative.

Why might my registry baseline payments and targets be slightly different compared to the previous report, and why might they continue to shift in the future?

As anticipated, two factors contribute to different values as data is updated:

1. Improvements in pricing methodology and risk-adjustment

In response to feedback from the Collaborative, MVC strives to continuously improve pricing methodology to better align with real world reimbursement practices. Additionally, MVC has updated the P4P methodology to better account for outlier cases by calculating the observed/expected ratio based on MVC-wide data for all years instead of at the patient level for one year. These updates make the data more reflective of real-world payments and more stable from year to year.

2. The addition of more recent data can affect both price standardization and risk-adjustment

Standard prices are calculated based on all available Medicare data; therefore, new data will result in small changes to standardized prices. Risk-adjustment also takes into account all available data, and new data will update the risk-adjustment modeling. For more information on MVC risk-adjustment, please refer to the MVC P4P Technical Document.

How will shifts in baseline and target payments impact my score?

The MVC Coordinating Center will distribute a mid-year and a final P4P report in addition to the reports available on the registry. Hospitals will be evaluated on the targets shown on the registry when the full year of performance data is available. These targets will be captured in the final P4P reports distributed to hospitals. Each report on the registry has a footnote indicating the dates of data that are currently shown on the registry. As more data is added, the current total payment will shift accordingly.

What if there aren't enough hospitals in my cohort who are eligible for a condition?

The Coordinating Center will inform hospitals at the time of condition selection if any of the conditions don't have four or more hospitals that would make up the cohort average. Hospitals will still have the option to select the condition.

How will my score for the MVC-based measure impact my BCBSM P4P payment?

The MVC-based measure accounts for 10 percent of the BCBSM 2022 P4P program. Different from CMS value-based programs, hospitals participating in BCBSM's 2022 P4P program will not be penalized based on their performance scores, only rewarded. Any remaining, unearned incentive dollars will be redistributed differentially within each P4P program component. More information on BCBSM's P4P program and payment methodology may be accessed here.

What changes have been made to the 2022 and 2023 program years?

1. Cohort Methodology was shifted to account for the addition of critical access hospitals and maintain even distribution of hospitals. For details on the new cohort methodology please see pages 4-7 of the Technical Document. Complete lists of the PY22 and PY23 cohorts are available here: CABG, Spine, and all other conditions.
2. Scoring for both improvement and achievement was moved to z-scores. Please see the Change Document for details.
3. Bonus point methodology was altered so that participants can earn additional points by completing two questionnaires (one per selected condition) and submitting these to the MVC Coordinating Center by November 1st of each Program Year.

Updated 7/23/2021