



**Department
of Health**

VBP QIP Facility Plan Guidance Document

Updated as of 3/17/17

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VBP QIP Facility Plans

The Value Based Payment Quality Improvement Program (VBP QIP) was developed to provide financially distressed hospitals and the Performing Provider System (PPS) with which each is associated an opportunity to collaborate with a Medicaid Managed Care Organization (MCO) on development of Facility Transformation Plans (Facility Plans). Facility Plans should address issues affecting the sustainability of programs and services that are vital to the wellbeing of individual Medicaid beneficiaries and the communities within which they reside. VBP QIP is linked to and supportive of the New York State (NYS) Delivery System Reform Incentive Payment (DSRIP) program, given the focus in the DSRIP program on the transition from fee-for-service to value-based payment arrangements and on the achievement of the so-called ‘triple aim’ – better care, lower cost, improved outcomes. The VBP QIP initiative provides a unique opportunity for MCOs to contribute to hospitals’ understanding of the key measures that will drive their successful participation in VBP contracts.

Facility Plans are crucial to the success of VBP QIP. These Facility Plans should reflect a distressed facility’s overall approach to improve quality and outcomes in a way that aligns with NYS’ Payment Reform as a means to achieve long-term sustainability. Through the development of these plans, facilities will not only have an opportunity to assess the factors contributing to their current state, but will also develop plans to address those factors. The development of reporting and performance metrics is essential to this process. As a performance based program, starting in Demonstration Year (DY) 3 (April 1, 2017- March 31, 2018) the reporting and accountability metrics set forth in the Facility Plans will be the driver of payment for the remainder of VBP QIP. VBP QIP Facility Plans are expected to be developed by the facility in collaboration with its PPS partner and ultimately approved by its VBP QIP paired MCO.

Purpose of this Document

Updated Facility Plans for all facilities participating in VBP QIP are expected to be in place by April 1, 2017 (start of DY3). The purpose of this document is not only to provide guidance to VBP QIP participants as they create their Facility Plans, but also for the state to explicitly clarify programmatic parameters around crucial Facility Plan elements.

This document contains guidance on the following:

- Program Payments
- Measure Selection
- Measure Reporting
- Measure Evaluation
- VBP Contracting Requirements
- Penalties and Measure Credits
- Program Schedule
- Frequently Asked Questions (FAQs)

As stated in the title, this document contains “guidance” that the Department of Health (DOH) recommends based off of best practices from prior draft submissions of Facility Plans, as well as, clarifying information from DOH that VBP QIP participants should consider and potentially adopt in their effort to create a structured transformation; however, the final authority to adopt the recommendations made in this document is left to the discretion of the VBP QIP- paired MCO. Furthermore, while some VBP QIP pairings may already have the Facility Plans in place, DOH hopes that paired MCOs and facilities will use the remainder of DY2 to update their Facility Plans should the partners come across any meaningful recommendations in this document that could strengthen the Facility Plan. Facility Plans should be considered finalized unless there is a significant change in the facility’s status, including, but not limited to, a corporate restructuring or reorganization.

VBP QIP Payments

VBP QIP is designed to provide distressed facilities the opportunity to earn program payments through both Pay for Performance (P4P) and Pay for Reporting (P4R) activities. With performance measures and VBP contracting milestones established in the Facility Plan, VBP QIP funds will begin to flow to facilities based on achievement of those established measures and milestones in DY3.

As VBP QIP progresses, the percentage of funds available for reporting (P4R) will decrease and become increasingly weighted toward achieving performance outcomes on quality measures (P4P). In DY3, 50% of payment will be based on reporting on VBP contracting progress (P4R) and 50% on actual performance improvement (P4P) on a facility’s selected quality measures. In the first two quarters of DY3, funds will be paid solely for P4R and in the remaining two quarters of DY3 funds will be solely for P4P. In DY4, P4R and P4P will occur simultaneously with 20% of funds flowing for P4R and 80% of funds flowing through P4P. In DY5, all programmatic funds flow through achievement of performance metrics. [See Figure 1a & 1b below for details].

Figure 1a: DY3-DY5 Annual Payment Distribution

	DY3	DY4	DY5
VBP Contracting Progress (P4R) %	50% (Paid in Q1 & Q2)	20%	0%
Performance Improvement (P4P) %	50% (Paid in Q3 & Q4)	80%	100%

Figure 1b: DY3-DY5 Quarterly Payment Distribution

	DY3				DY4				DY5			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
VBP Contracting Progress (P4R) %	25%	25%			20% (split across 4 qtrs.)				0%			
					5%	5%	5%	5%				
Performance Improvement (P4P) %			25% ¹	25%	20%	20%	20%	20%	25%	25%	25%	25%

*All percentages are a proportion of annual payments

P4R activities are designed to assess progress made towards VBP contracting arrangements.

P4P activities are designed to capture improvements in quality through measurement of performance outlined in the Facility Plan.

DOH encourages all VBP QIP MCO-Facility pairings, at a minimum, to adopt the payment distribution shown in Figure 1a above for DY3-DY5. Since VBP QIP is a performance program, the percentage requirements in any Facility Plan should not be less than the percentages shown above in the *P4P* category for each respective program year. For example, a MCO could accept a Facility Plan with a DY3 P4R/P4P split of 40/60, because the Facility Plan meets the minimum P4P percentage threshold, but a MCO should not accept a Facility Plan with a DY3 P4R/P4P split of 60/40, because at least 50% of payments need to flow through P4P in DY3. The following sections describe important program elements related to the P4P and P4R requirements for VBP QIP.

P4P Measure Selection

Recommended Quality Measures

Each VBP QIP Facility Plan is expected to contain six (6) **All-Payer**² quality measures for pay for performance (P4P) evaluation. While it is recommended that ***facilities (in consultation with their paired PPS) choose the measures which the facility is assessed, it is***

¹ To be clear, the P4P payment in DY3 Q3 is made for a facility reporting baselines on all six VBP QIP quality measures the facility has chosen. DY3 Q4 is the first quarter where payment is driven by the facility's ability to maintain or improve performance on the quality measures.

² All-Payer measures are recommended over Hospital/MCO specific measures or Medicaid only populations because there would be the possibility of running into "small cell size/denominator" issues.

expected that the facility's paired-MCO agrees to the measures selected for the Facility Plan. Once selected, the facility will be assessed on its performance on these quality measures for the remainder of VBP QIP, barring corporate restructuring/reorganization. DOH advises that Facility Plans contain no more than six measures as there should be a focus on improving in targeted areas. The Office of Quality and Patient Safety (OQPS) has researched **All-Payer** measures that would be appropriate to implement at a facility level. Figure 2 provides a menu of recommended quality measures based on the guidelines below:

1. Nationally recognized measures (e.g. NQF, NCQA, AHRQ, CMS, CDC)³
2. Avoidable hospital use measures
3. Measures tracking Hospital Acquired Infections.

Please note that DOH has specific guidance for measure selection and reporting for facilities with less than 100 licensed medical/surgical beds. Please refer to the Addendum for Rural Health and Critical Access Hospitals.

³ Spelling of abbreviations: NQF: National Quality Forum; NCQA: National Committee for Quality Assurance; AHRQ: Agency for Healthcare Research and Quality; CMS: Centers for Medicare & Medicaid Services; CDC: Centers for Disease Control and Prevention.

Figure 2: VBP QIP Recommended P4P Measure Menu

#	Measure Name	Data Steward	Focus Area/Domain
1	Acute MI Mortality (IQI #15)	AHRQ	Mortality
2	Stroke Mortality (IQI #17)	AHRQ	Mortality
3	Pneumonia Mortality (IQI #20)	AHRQ	Mortality
4	CAUTI Rate per 10,000 Patient Days (Population Rate) or CAUTI Rate per Device Days	NHSN	Hospital Acquired Conditions
5	CLABSI per 10,000 Patient Days (Population Rate) or CLASBI per Device Days	NHSN	Hospital Acquired Conditions
6	CDI Healthcare Facility - Onset Incidence Rate per 10,000 Patient Days	NHSN	Hospital Acquired Conditions
7	Falls with Injury	NDNQI	Hospital Acquired Conditions
8	3-Hour Sepsis Bundle	NYSDOH	Hospital Acquired Conditions
9	Pressure Ulcer Rate, Stage III or IV	NDNQI	Hospital Acquired Conditions
10	Episiotomy Rate	Pediatric Measure Center of Excellence	Maternity
11	Primary C-Section (IQI #33)	AHRQ	Maternity
12	Avoidable ED Use	3M ⁴	Utilization
13	Avoidable Admissions	3M ⁵	Utilization

Quality Measure Alternatives (DOH Recommendation: Maximum of 2 allowed)

As an alternative, facilities may choose quality measures not included in Figure 2 as long as the measures selected follow criteria similar to the OQPS measure selection logic listed on the previous page. If alternate measures are chosen, the facility is required to not only document the reasons for using alternatives measures, but also state how data will be collected and reported to its paired MCO. As with all measures in the Facility Plan, the facility's paired-MCO has to review and accept an approach using alternate measures. Recommended criteria for alternate measure selection include:

1. Other nationally recognized measures not included in Figure 2.
2. Measures similar to nationally recognized measures that are currently in use at the facility as part of existing quality improvement efforts. Some examples fitting this description may include measures with facility-defined specifications related to:
 - a) Length of stay

⁴ 3M (SPARCS) Measures: Facilities looking to select measure #12 or #13 should confirm that they have the mechanisms/partnerships in place to report out on this data to MCOs within 120 days following the end of the performance period. Facilities may face challenges reporting out on SPARCS data in a timely fashion, because either the facility will need to have a 3M software license and knowledge on how to appropriately use the software or have an outside organization do the performance calculations and report back on performance to the facility before the quarterly report is due to the facility's VBP QIP paired MCO.

b) Hospital acquired infections

The facility should select alternate measures where it has the ability to show improvement. Some examples of alternate measures could include:

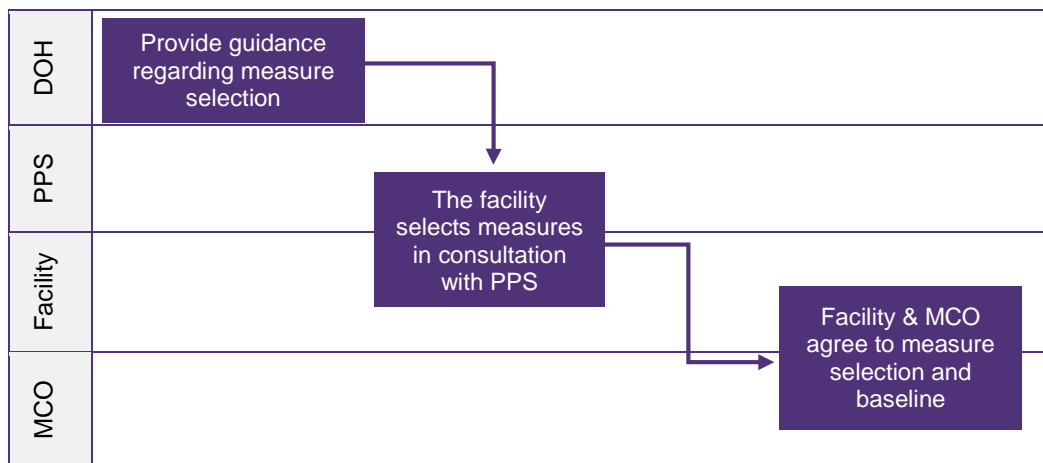
- Sepsis Mortality
- Care Transition Measure (HCAHPS – CTM-3)
- ED-1 Median time for ED arrival to ED departure for admitted ED patients
- ED-2 Admit Decision Time to ED Departure Time for Admitted Patients
- SSI
- 6-hour Sepsis Bundle
- MRSA Infection Rate
- AMI-08a Primary PCI Received Within 90 Minutes of Hospital Arrival
- VTE-6 Incidence of potentially preventable VTE

PPS/Facility Partnership in Measure Selection

VBP QIP facilities and their paired PPS are expected to collaboratively select the six P4P quality measures. A facility’s selected measures should align with the PPS’ DSRIP goals and the paired PPS should also provide support (non-financial) and guidance to the participating facility. By the facility and PPS aligning measures, the PPS can help the facility identify areas of improvement that will not only help the facility meet its VBP QIP metrics, but also help the PPS meet its DSRIP metrics. The facility will benefit by focusing on a specific set of actions to perform well in both the VBP QIP and DSRIP program, and the facility will benefit from guidance and help the PPS can share in aligned areas.

For reference, Figure 3a (below), provides a visual of the measure selection process that should be undertaken in developing a VBP QIP Facility Plan.

Figure 3a: Measure Selection Process



In selecting the six P4P quality measures, facilities and their PPS should consider the following:

- Measure must have true opportunity for improvement (i.e. facilities and MCOs should not select measures for which there is little room for improvement).
 - If a facility chooses a measure it is already performing well in, a facility will most likely find it harder to demonstrate continuous improved performance in later reporting periods.
- Measures should align with the goals of the DSRIP project plan of the PPS.
- Measures should relate to initiatives described in the Facility's Transformation Plan submitted to the DOH Division of Health Economics and Provider Assistance (HEAPA).
- Facilities should choose measures with denominators that consistently impact more than 30 events per year. The denominator is based on events during the rolling annual period, not averages. It may be prudent for facilities to run baselines on as many measures of interest as possible to identify which measures need improvement and have enough volume.

P4P Measures with Denominators Under 30

- If a facility selects a measure where the denominator is under 30 events for a given reporting period, that measure's performance cannot count as achieved for the reporting period. Hence, the facility's P4P performance for the period would then be based on the 5 other valid measures with the facility needing to achieve four (4) out of five (5) remaining valid measures to ensure it earns the full allowable payment for that period.
 - If multiple denominators are invalid during the same reporting period, more valid measures will need to be achieved for a facility to earn full payment for the period. Performance for at least 4 measures will need to be achieved in a reporting period for the facility to earn full payment for that period.
 - If 3 or more measures have invalid denominators during a reporting period, the facility will earn up to the amount of achieved valid measures. Since less than 4 valid measures can be achieved, unearned P4P dollars will be available through the AIT.
- The facility could also not earn performance for a measure where the rolling annual denominator was less than 30 in the following/next quarter, because there would not be a most recent valid rolling annual quarter with which to measure success. Therefore, the measure would be reported to the MCO and recorded so that the valid quarterly measurement could be used as a baseline to assess the performance on the measure in the following quarter. Hence, for

a reporting period following a period where a facility was not able to report valid performance, the facility's P4P performance for the period would then be based on the other measures with valid denominators with the facility needing to achieve 4 of the remaining measures with valid denominators to ensure it earns the full allowable payment for that period.

- If a facility's measure denominator is invalid for two or more periods during a baseline measurement or performance measurement period, the measure will be deemed invalid and will not be considered for AIT, meaning that the facility will need to achieve other measures with valid AIT baselines and performance measurements to receive AIT awards.

Figure 3b (below) illustrates a scenario where multiple measures' denominators fall below 30 throughout a demonstration year.

In DY4 Q1, this facility has three (3) measures where denominators were less than 30. Since the facility is required to achieve four (4) out of six (6) measures to receive 100% of the quarterly award amount, the facility could only receive a maximum of 75% of the quarterly award amount in DY4 Q1 if it achieves three (3) out of the three (3) remaining measures.

Although the six (6) measures have denominators of at least 30 in DY4 Q2, the three (3) measures that were invalid in the prior quarter are still invalid because there is no baseline from the prior quarter to compare the current quarter against. Since the facility is required to achieve four (4) out of six (6) measures to receive 100% of the quarterly award amount, the facility could only receive a maximum of 75% of the quarterly award amount in DY4 Q1 if it achieves three (3) out of the three (3) remaining measures.

All six (6) measures have valid denominators in DY4 Q3. The three (3) measures that were originally invalid in DY4 Q1 had denominators are now valid in DY4 Q3 because they have denominators above 30 and a baseline from the previous quarter. The facility needs to achieve at least four (4) out of six (6) measures to receive 100% of the DY4 Q3 award amount.

In DY4 Q4, the denominator for Measure 6 falls below 30 again. Therefore, the denominator is deemed invalid for DY4 Q4 and the facility is required to achieve four (4) out of five (5) valid measures to receive 100% of the DY4 Q4 award amount.

Figure 3a: Example of P4P Measures with Denominators Less Than 30

Quarterly Improvement Target Achievement

Measure	DY4 Q1				DY4 Q2			
	Denom.	Denom Valid?	Measure Valid?	Needed Achievement	Denom.	Denom Valid?	Measure Valid?	Needed Achievement
Measure 1	25	No		3/3*	40	Yes		3/3*
Measure 2	68	Yes	✓		78	Yes	✓	
Measure 3	29	No			78	Yes		
Measure 4	90	Yes	✓		95	Yes	✓	
Measure 5	109	Yes	✓		101	Yes	✓	
Measure 6	26	No			32	Yes		
<p>3 measures are invalid due to denominators less than 30. Since the Facility is required to achieve 4 out of 6 measures to receive 100% of the quarterly award amount, the Facility could only receive a maximum of 75% of the quarterly award amount in DY4 Q1 if it achieves 3 out of 3 of the remaining measures.</p>					<p>Although the 6 measures have denominators of at least 30, the 3 measures that were invalid last quarter are still invalid because there is no baseline from the prior quarter to measure the current quarter against. Since the Facility is required to achieve 4 out of 6 measures to receive 100% of the quarterly award amount, the Facility could only receive a maximum of 75% of the quarterly award amount in DY4 Q2 if it achieves 3 out of 3 of the remaining measures.</p>			

* Facilities are required to achieve at least 4 measures to receive 100% of awards. Since the Facility only has 3 valid measures, the maximum amount it can receive is 75% of the award for achieving 3 out of 3 measures.

Quarterly Improvement Target Achievement

Measure	DY4 Q3				DY4 Q4			
	Denom.	Denom Valid?	Measure Valid?	Needed Achievement	Denom.	Denom Valid?	Measure Valid?	Needed Achievement
Measure 1	33	Yes	✓	4/6	39	Yes	✓	4/5
Measure 2	72	Yes	✓		77	Yes	✓	
Measure 3	84	Yes	✓		86	Yes	✓	
Measure 4	90	Yes	✓		88	Yes	✓	
Measure 5	97	Yes	✓		100	Yes	✓	
Measure 6	35	Yes	✓		29	No		
<p>All 6 measures have valid denominators. The 3 measures that were originally invalid in DY4 Q1 because of low denominators are now valid because they have denominators above 30 and a baseline from the previous quarter. Facility needs to achieve at least 4 out of 6 measures to receive 100% of the DY4 Q3 award amount.</p>					<p>Measure 6 becomes invalid again due to a denominator less than 30. The Facility is required to achieve 4 out of 5 valid measures to receive 100% of the DY4 Q4 award amount.</p>			

The facility has the opportunity to earn the previously unearned P4P funds that it missed in DY4 Q1 and DY4 Q2 if it meets its AIT. Since the denominators for Measures 1 and 3 only fell below 30 for one (1) quarter, they are still valid to evaluate for performance for AIT. Conversely, since the denominator for Measure 6 fell below 30 for more than one (1) quarter

in DY4, this measure is deemed invalid when evaluating AIT. Therefore, the facility would need to achieve performance in four (4) of the five (5) remaining measures to meet its AIT.

Annual Improvement Target Achievement

Measure	Valid for DY4 AIT?	Measure Valid?	Needed Achievement/ Valid Measures
Measure 1	Yes	✓	Facility has the opportunity to earn back unearned funds from DY4 Q1 and Q2. Since Measure 6 had two or more instances of denominators under 30 during the year, the measure is invalid for AIT. Therefore, the facility needs to achieve at least 4 out of the 5 remaining measures to receive 100% of the remaining funds.
Measure 2	Yes	✓	
Measure 3	Yes	✓	
Measure 4	Yes	✓	
Measure 5	Yes	✓	
Measure 6	No		

P4P Measure Reporting

P4P measure results will be provided quarterly using a “rolling annual” calculation. A “rolling annual measurement” process is being utilized to not only minimize the impact of any unusual variations in any given DY quarter’s results, but to also minimize issues pertaining to low denominators.

Facilities, through a report on measure performance accompanied by an attestation signed by a senior leader within the facility⁶, will submit their P4P measure results to their VBP QIP paired MCO four times a year following the completion of each DY quarter. DOH recommends a 180-day timeline from the quarterly measurement period end for MCOs to notify facilities of their decision on the report and prepare payment.

While the terms are to be agreed upon between the paired MCO and facility, DOH proposes that facilities submit quarterly reports to the MCO no later than one hundred and twenty (120) days following the close of each DY quarter. In reporting quarterly to the MCOs on their results, the facilities will compare the most recently completed DY quarter’s rolling annual results with the immediately preceding DY quarter’s rolling annual results.

⁶ A facility’s VBP QIP paired MCO as well as any other governing authority has the right to seek additional information to validate results submitted by the facility. If there is a situation where proprietary information to the facility is in question, the facility’s VBP QIP paired MCO may bring those concerns to the State for further review.

In addition, as part of the Facility Plan development process, it is recommended that for each measure facilities also include measure collection and reporting specifications. This will not only ensure consistency of self-reported data, but also serve as a reference should any governing body, choose to review measure performance. These measure collection specifications should include, at minimum, numerator and denominator information for each quality measure, but also details as to how the facility pulls, aggregates and reports measurement information. PPS and MCOs should be engaged in this process.

Furthermore, due to the possibility that there may be only small differences in performance between reporting periods, partners should also consider agreeing to the number of places after the decimal point used in calculating and reporting on performance. These mutual decisions should be stated in the measure specifications that the facility provides to the MCO. For partner's information, NYSDOH usually uses four places after the decimal (ten-thousandths) when calculating and reporting on performance measures.

Finally, DOH proposes that MCOs have a 60-day period to review reports, notify the facility of their decision, and prepare payment. Specifically, DOH recommends MCOs complete their review and approval of VBP QIP related reports no later than 45 days after the initial submission of materials from the facility. This will allow the remaining 15 days within the 180-day reporting and review cycle for the MCO to notify facility and PPS partners of their decision and to finalize payment procedures, so that the MCO can execute payment (as long as the MCO has received payment from DOH for that payment cycle).

P4P Measure Evaluation

The section below describes the recommended mechanism MCOs and facilities could use in order to define quality improvement for the purposes of the P4P incentives in VBP QIP. Facilities and paired MCOs are required to:

1. Agree to the methodology for reporting Quarterly Improvement Targets (QITs) and Annual Improvement Targets (AITs);
2. Agree to the methodology for calculating, reviewing and approving the results for each measure in each reporting period (MCO is the final authority as to whether or not a measure has been met).

Calculating Quarterly Improvement

Improvement for each P4P quality measure will be assessed every DY quarter starting in DY3 Q4. The most recently completed DY quarter's rolling annual results will be compared with the immediately preceding⁷ DY quarter's rolling annual results for each quality measure. Quarterly Improvement will be considered achieved for a given P4P quality measure if the most recently completed quarter's annual rolling results indicate maintaining or improving the level of quality over the preceding quarter's annual rolling results regardless of the magnitude of improvement.

For example, if the DY3 Q4 result for a quality measure remained constant over the baseline established in DY3 Q3, Quarterly Improvement is considered achieved. Similarly, if DY4 Q1 results are improved over DY3 Q4, Quarterly Improvement is also considered achieved for DY4 Q1. Figure 4 (below) is a chart that highlights the P4P payment period and its corresponding performance/measurement period.

⁷ Baseline metrics reflect a facility's actual experience for that measure in the previous quarter (using a rolling annual) or previous year (in the case of AIT). Baselines will be reported by the facility, not the State or Independent Assessor.

Figure 4: Measurement Period gets Paid Out in Corresponding Performance Period

P4P Payment Date	P4P Measurement Period	Rolling Annual Performance Measurement Timeframe	Rolling Annual Baseline Timeframe
DY3 Q3	DY2 Q4*	April 2016 – March 2017	*N/A – payment is tied to reporting baseline for DY3 Q1.
DY3 Q4	DY3 Q1	July 2016 – June 2017	April 2016 – March 2017
DY4 Q1	DY3 Q2	October 2016 – September 2017	July 2016 – June 2017
DY4 Q2	DY3 Q3	January 2017 – December 2017	October 2016 – September 2017
DY4 Q3	DY3 Q4	April 2017 – March 2018	January 2017 – December 2017
DY4 Q4	DY4 Q1	July 2017 – June 2018	April 2017 – March 2018
DY5 Q1	DY4 Q2	October 2017 – September 2018	July 2017 – June 2018
DY5 Q2	DY4 Q3	January 2018 – December 2018	October 2017 – September 2018
DY5 Q3	DY4 Q4	April 2018 – March 2019	January 2018 – December 2018
DY5 Q4	DY5 Q1	July 2018 – June 2019	April 2018 – March 2019

Quarterly P4P Payments (Starting DY3 Q3 – DY5 Q4)

Reporting on performance of P4P quality measures is a critical part of VBP QIP starting in DY3. **Quarterly award dollars based on performance of quality measures will start flowing P4P in DY3 Q3.** DOH understands that it may take time for facilities to fully implement their reporting mechanisms. This gives facilities more time to get their reporting systems reliably up to speed. The DY3 Q3 payment is tied to performance in DY2 Q4 (April 2016 – March 2017); however, this performance period is currently underway.

Hence, DY2 Q4 performance will be used as the baseline to start quarterly performance assessment. Therefore, **facilities will earn the DY3 Q3 payment by reporting baselines for all of its selected VBP QIP P4P measures to their paired MCO on time.** In the next quarter, DY3 Q4, to receive P4P payments, facilities must demonstrate that they have maintained or improved their P4P quality measures' rolling annual results for DY3 Q1 compared to the rolling annual results for these same measures in DY2 Q4 (baseline). VBP QIP partners should keep in mind that **although performance is measured on a quarterly basis, VBP QIP payments are still expected to be paid out on a monthly basis.** See

Figure 5a below for a visual representation of the VBP QIP P4P performance, reporting and payment timeline.

Figure 5a: P4P - QIT Timeline

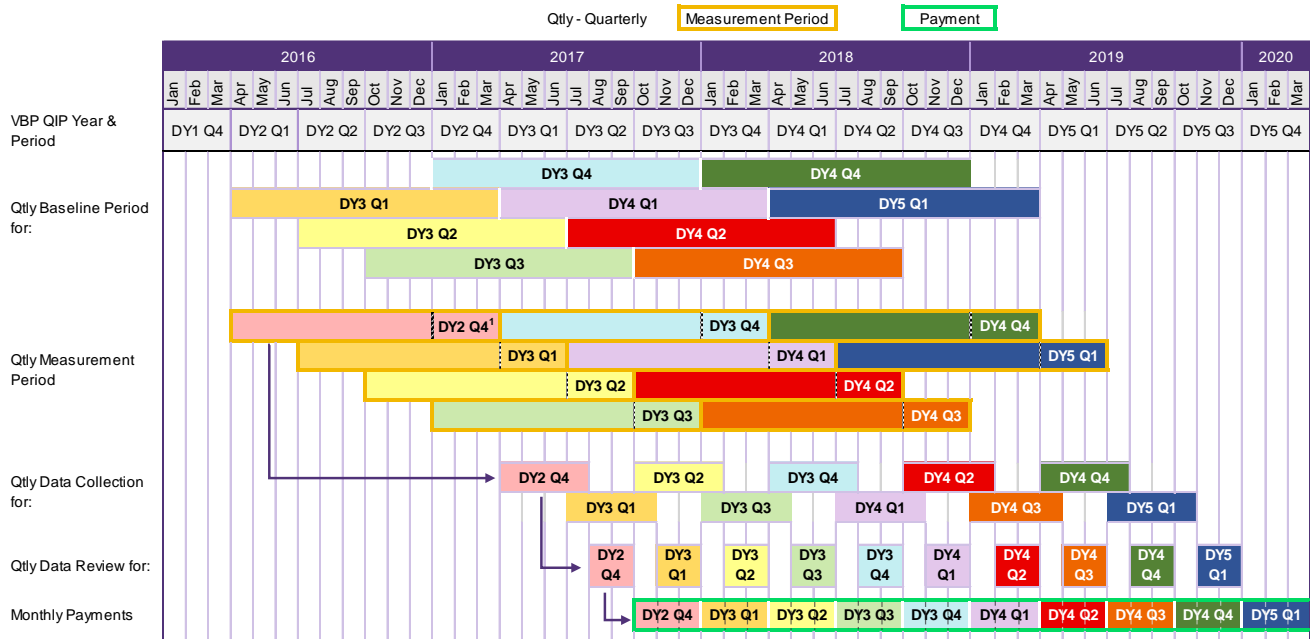
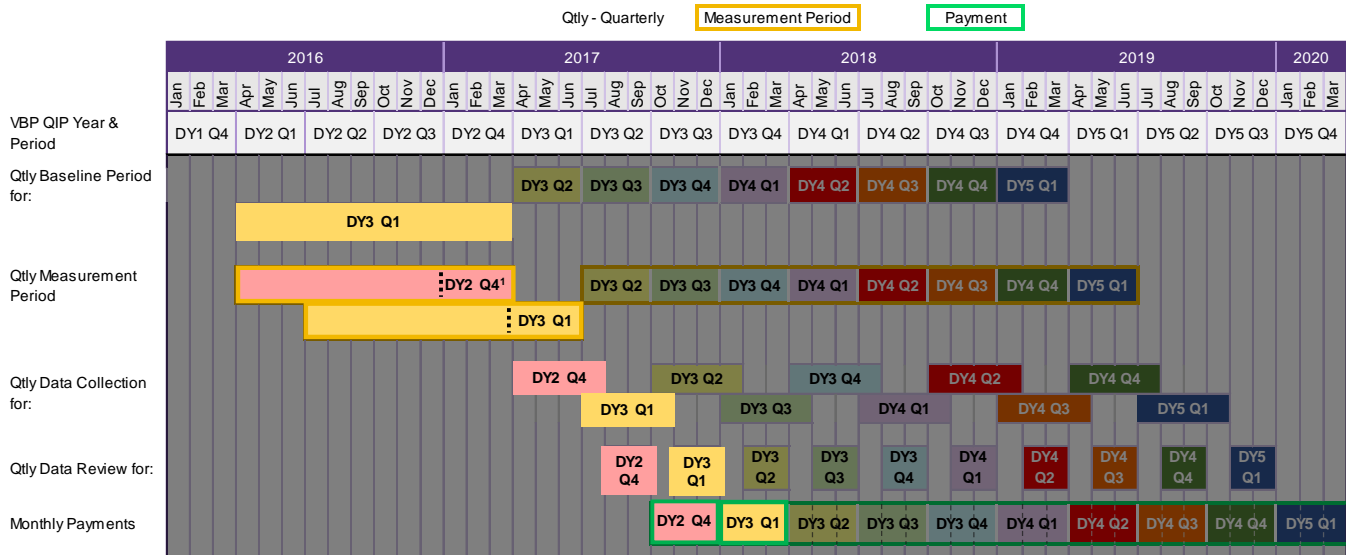


Figure 5b below illustrates an example of the QIT timeline for two measurement quarters, DY3 Q1 and DY3 Q2.

- VBP QIP Year and Period** - illustrates the period in the program and shows when the actual performance achieved will be paid out. For example, performance achieved in DY3 Q1 will be paid out monthly in DY3 Q4. It is important to remember that the first “P4P” payment for DY2 Q4 (ie. reporting the DY3 Q1 baseline) will be used as the initial baseline for DY3 Q1, the first measurement period for the quarterly performance assessment.
- Qtlly Baseline Period** – displays the baseline period as the prior quarter’s rolling annual calculation. The rolling annual in DY3 Q1 will be measured against its baseline, the rolling annual calculation in DY2 Q4, including the three months of DY2 Q4 + the nine preceding months (April 2016 – March 2017).
- Qtlly Measurement Period** – shows the measurement period included in the quarter’s rolling annual calculation. In this example, the rolling annual for DY3 Q1 includes the three months of DY3 Q1 + the nine preceding months (July 2016 – June 2017).
- Qtlly Data Collection** – demonstrates the 120-day window the facility has to collect and report P4P measure data to their paired MCO.
- Qtlly Data Review** – includes the 60 days MCOs have to review the facility submitted reports and prepare payments.

- Monthly Payments** – shows when payments for P4P performance achieved in that quarter should get distributed.

Figure 5b: P4P - QIT Quarterly Example



1 - Facilities will report their initial baseline for DY2 Q4. Therefore, there is no measurement associated with this quarter.

Quarterly Percentage of P4P Payment by Number of Measures Achieving Maintenance or Improvement

Quarterly P4P payments to facilities will be based on the number of P4P quality measures the facility either maintained or improved on compared to the preceding quarter's annual rolling results. A facility will receive 100% of its quarterly P4P award if at least four of its six P4P quality measures have either maintained or improvement over the rolling annual results from the preceding quarter. The P4P award amounts for a quarter will be reduced by 25% for each P4P quality measure that did not maintain or improvement over the rolling annual results from preceding quarter below 4 measures, as shown in Figure 6 below.

Figure 6: Quarterly Percentage of P4P Payment by Number of Measures Achieving Improvement

Measures Achieved	4+	3	2	1	0
Percentage of Quarterly P4P Awarded Earned	100%	75%	50%	25%	0%

Annual Improvement Target (AIT) [DY 4 & DY5 Only]

For DY4 & DY5⁸, an AIT will be calculated by the facility and reviewed by its paired MCO to confirm improvement over the course of a four quarter “measurement period” compared to a “baseline period.” DOH recognizes that due to updating process flows to achieve better performance, facilities may see temporary declines in performance metrics, potentially leading to missed quarterly achievement on a P4P quality measure. Facilities will have an opportunity to earn P4P dollars in DY4 and DY5 that may have been missed in quarterly performance periods due to these short-term variations in performance by calculating an AIT and reviewing its paired MCO to confirm improvement over the course of a four quarter measurement period.

An AIT will be considered achieved for a specific measure as follows:

For Payment in DY4:

1. If the DY4 Annual Measurement Period result is better than the DY4 Annual Baseline Period result (performance improves over the baseline) ; **AND**
2. If the facility achieves results for the DY4 Annual Measurement Period that are better than the mean NYS results for the specific measure as per the most recently published report by the designated data source (NYSDOH, CMS, AHRQ, NHSN, NQF, etc.).

For Payment in DY5:

1. If the DY5 Annual Measurement Period result is better than the DY5 Annual Baseline Period result (performance improves over the baseline); **AND**
2. If a facility achieves a result for the DY5 Annual Measurement Period that is better than the mean NYS results for the specific measure as per the most recently published report by the designated data source (NYSDOH, CMS, AHRQ, NHSN, NQF, etc.).

For the second requirement for AIT payment in each DY, the facility is required to compare its results to the mean of the NYS results for the specific measure. Figure 7 below outlines the 13 P4P measures and includes the units and data source of the NYS results. OQPS and GNYHA will provide the data for comparison for the measures below. The mean included in the table below is the most recent published data for the measures for illustrative purposes only. OQPS will release the NYS mean results for DY4 in June 2017. Mean data will be pulled based on the most recent data available as of May 1, 2017.

⁸ An AIT will not be paid in DY3 because there is only one quarter where payment is based on actual performance (DY3 Q4). Payment in DY3 Q3 is based on reporting on quality measures that will be used as a baseline.

Figure 7: P4P Measure Data Source and Units for AIT

#	Measure Name	Data Steward	Focus Area/Domain	Measure Definitions	Units	Data Source	Period	Rate, Mean (30+ or more Disch) for Illustration Only*
1	Acute MI Mortality (IQI #15)	AHRQ	Mortality	In-hospital deaths per 1,000 hospital discharges with acute myocardial infarction (AMI) as a principal diagnosis for patients ages 18 years and older. Excludes obstetric discharges and transfers to another hospital.	Rate per 1000 Discharges	NYSDOH (SPARCS)	2014	84.26
2	Stroke Mortality (IQI #17)	AHRQ	Mortality	In-hospital deaths per 1,000 hospital discharges with acute stroke as a principal diagnosis for patients ages 18 years and older. Includes metrics for discharges grouped by type of stroke. Excludes obstetric discharges and transfers to another hospital.	Rate per 1000 Discharges	NYSDOH (SPARCS)	2014	90.3
3	Pneumonia Mortality (IQI #20)	AHRQ	Mortality	In-hospital deaths per 1,000 hospital discharges with pneumonia as a principal diagnosis for patients 18 years and older.	Rate per 1000 Discharges	NYSDOH (SPARCS)	2014	40.19
4	CAUTI Rate per 10,000 Patient Days (Population Rate) or 1,000 Device Days	NHSN	Hospital Acquired Conditions	Catheter-associated urinary tract infections (CAUTI)	CAUTI Rate per 10,000 Patient Days or 1,000 Device Days	GNVHA NYSPFP/CMS	2016/2015	2.41/12.77

#	Measure Name	Data Steward	Focus Area/Domain	Measure Definitions	Units	Data Source	Period	Rate, Mean (30+ or more Disch) for Illustration Only*
5	CLABSI per 10,000 Patient Days (Population Rate)	NHSN	Hospital Acquired Conditions	Central line-associated bloodstream infections (CLABSI)	CLABSI Rate per 10,000 Patient Days or 1,000 Device Days	GNVHA NYSPFP / CMS	2016/2015	2.16/9.93
6	CDI Healthcare Facility - Onset Incidence Rate per 10,000 Patient Days	NHSN	Hospital Acquired Conditions	Clostridium difficile (C diff) Laboratory-identified Events	CDI Rate per 10,000 Patient Days	CMS	2015	5.99
7	Falls with Injury	NDNQI	Hospital Acquired Conditions	Acute Patient Fall Rate	Falls per 1,000 Patient Days	GNVHA NYSPFP	2016	0.52
8	<u>3-Hour Sepsis Bundle</u>	NYSDOH	Hospital Acquired Conditions	The percentage of adult patients with sepsis treated in the emergency room with the hospital's sepsis protocol who received all the recommended early treatments in the 3-hour early management bundle within three (3) hours of their arrival	Percent Compliance	NYSDOH	2015	TBD**
9	Pressure Ulcer Rate, Stage 2	NDNQI	Hospital Acquired Conditions	Stage III or IV pressure ulcers or unstageable (secondary diagnosis) per 1,000 discharges among surgical or medical patients ages 18 years and older	Rate per 1,000 discharges among surgical or medical patients ages 18 years and older	GNVHA NYSPFP	2016	1.18

#	Measure Name	Data Steward	Focus Area/Domain	Measure Definitions	Units	Data Source	Period	Rate, Mean (30+ or more Disch) for Illustration Only*
10	Episiotomy Rate	Pediatric Measurement Center of Excellence	Maternity	Patients who underwent an episiotomy	Per 100 Vaginal Deliveries	NYSDOH	2014	15.87
11	Primary C-Section (IQI #33)	AHRQ	Maternity	First-time Cesarean deliveries without a hysterotomy procedure per 1,000 deliveries. Excludes deliveries with complications (abnormal presentation, preterm delivery, fetal death, multiple gestation diagnoses, or breech procedure).	Rate per 1000 Deliveries	NYSDOH (SPARCS)	2014	189.1
12	Avoidable ED Use	3M	Utilization	Potentially Avoidable ED Use	Rate per 100 Discharges	NYSDOH (SPARCS)	2014	72.23
13	Avoidable Admissions	3M	Utilization	Potentially Avoidable Admissions	Rate per 100 Admissions	NYSDOH (SPARCS)	2014	23.97

* This column's data is for illustration purposes only. Updated SPARCS and CMS data will be available and used to establish the mean NYS result (applicable to the DY4 AIT payment) by June 30, 2017 – before the start of the DY4 Measurement Period.

**This benchmark is currently unavailable and data will be released in the near future.

For alternate measures, the facility is responsible for the calculation. The facility must use NYS data for comparison in the second requirement of each DY. If this data is not available, the facility can use a national average for the measure. The facility must use the most recent published reports at May 1, 2017 for DY4 and May 1, 2018 for DY5. The MCO is responsible for confirming the sources for alternate measures.

Additionally, facilities electing to use means provided by GNYHA must choose this option at the beginning of DY3. Once this option is selected, facilities must commit to using the specific measure definition for the duration of the program.

As seen in Figure 8a below, facilities will work with their paired-MCO to establish AIT baselines before the start of the AIT performance period, so the facility can be aware of how their performance compares to the statewide mean.

AIT P4P Payments (DY 4 & DY5 Only)

A facility meeting its AIT at the end of DY4 and DY5, will be provided the opportunity earn any *remaining quarterly P4P award dollars the facility **did not already earn** for achieving quarterly improvement during the DY.* Through achievement of the AIT, a facility can earn up to the full amount of VBP QIP P4P DY allocation that the State designated for the facility. Unearned P4R funds cannot be earned back through achieving AITs.⁵

- If a facility meets four (4) of their six (6) measures for the AIT, the facility is entitled to the full potential annual P4P award at the end of the DY. (Any payments previously withheld by not achieving QIT will be awarded to the facility).
- If a facility fails to meet four (4) of their six (6) measure for AIT, the potential annual P4P award will be reduced by 25% for each measure missed below four (4) measures. Figure 8b below, shows the percentage of potential annual P4P award earned based on the number of AIT achieved.

⁵ To be clear, the AIT only applies to unearned P4P funds and does not apply to unearned P4R funds due to penalties for not meeting VBP contracting deliverables.

Figure 8a: AIT Timeline

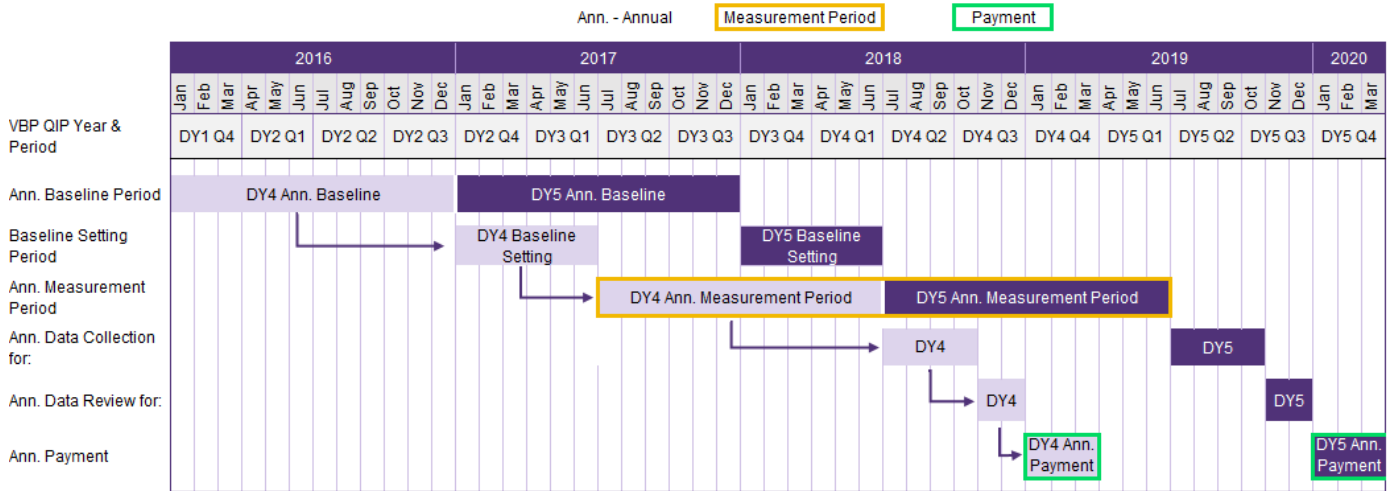


Figure 8b: Annual Award Dollar Percentage by P4P Quality Measures Achievement

Measures Achieved	4+	3	2	1	0
Percentage of Potential Annual P4P Award Earned	100%	75%	50%	25%	0%

As show in in the calculation below, the payout for the annual award will be equal to the potential Annual P4P Award less the total dollars earned through quarterly payments throughout the DY.⁶

Annual Award Payout Calculation:

$\text{Annual P4P Award Payout} = \text{Potential Annual P4P Award} - \text{Total DY Quality Achievement Payments}$

⁶ If the total DY Quarterly Achievement Payments equal the Potential Annual P4P Award in a given DY, the AIT Award payout at the end of the DY will be zero. A facility cannot earn more than its expect VBP QIP annual award valuation that is tied to P4P.

P4R Requirements

During the first two years of VBP QIP, a majority of the payments have been made based on the reporting deliverables relating to facility planning and sustainability efforts. Starting in DY3, the P4R requirements for VBP QIP will shift to promote a focus on VBP Contracting. Since the adoption of VBP is an essential component of VBP QIP, the P4R portion of VBP QIP funds for DY3 through DY5 will be earned through facilities reporting to their VBP QIP paired MCO on their achievement of VBP contracting milestones⁷. In DY3, P4R accounts for 50% of the annual funds a facility can potentially earn. P4R milestones in DY3 Q1 and Q2 will drive all the payments for those quarters and P4P deliverables drive payments for DY3 Q3 and Q4. In DY4, facilities can earn P4R payments in all quarters by having and maintaining qualifying Level 1 VBP contracts and working toward higher levels of VBP.

Ultimately, by the beginning of DY4 (April 1, 2018), in alignment with the NYS VBP Roadmap, VBP QIP facilities are expected to update current or have entered into new Medicaid MCO contracts where at least 80% of total Medicaid MCO contracted payments⁸ to the facility are tied to at least one Level 1 value based purchasing components.

Again, a “qualified VBP contract” is expected to meet the requirements set forth in NYS’ VBP Roadmap. In order to enter into a qualified VBP contract, a VBP QIP facility may decide to enter into a VBP contract on its own, or create or join qualified VBP contracting entities. While the roadmap provides guidelines for attribution used on PCP connections for a consortium of providers coming together, entities are able to work with their MCO VBP contracting partner to create attribution models that will work for individual providers such as hospitals.

In order to earn P4R payments, a facility will need to meet certain VBP milestones outlined in Figure 9 (below).

⁷ Please note that in the VBP arrangements, the facilities’ performance will also be evaluated based on the VBP arrangement quality measures developed by the Clinical Advisory Groups and reviewed, and approved by the DOH.

⁸ Due to the nature of services offered by VBP QIP facilities (hospitals), we are expecting most of these contracts to be mainstream (including HARPs) contracts. However, the type of MCO contract is not as important as the total amount of dollars, in aggregate, the facility has tied to VBP arrangements with its Medicaid MCOs.

Figure 9: P4R Payment Requirements

DY	P4R Deliverables
3 ⁹	<p><u>DY3 Q1 Payment:</u> By April 1, 2017, a VBP QIP facility <i>must provide the following:</i></p> <ol style="list-style-type: none"> 1. Provide its paired MCO and DOH with a Letter of Intent (LOI) documenting that it will enter into a qualified VBP contract with one Medicaid MCO by July 1, 2017 (MCO can be different from its VBP QIP paired MCO). <ol style="list-style-type: none"> a. The LOI can be substituted with a Contract Attestation if a VBP contract exists by April 1, 2017. <p>AND</p> <ol style="list-style-type: none"> 2. Provide DOH (only) a MCO Contract List that includes calendar year 2015 Managed Care revenue from cost reports for each Medicaid Managed Care contract the facility had in that year. The facility should also include projections for which VBP contracts will have a Total Care for General Population (TCGP) VBP arrangement by April 1, 2018. <hr/> <p><u>DY3 Q2 Payment:</u> By July 1, 2017, a VBP QIP facility <i>must provide the following:</i></p> <ol style="list-style-type: none"> 1. Submit to DOH and paired MCO with a Contract Attestation attesting that the Facility and the MCO listed in the LOI submitted April 1, 2017 signed at least one, Level 1, VBP contract (MCO can be different from its VBP QIP paired MCO). <ol style="list-style-type: none"> a. If a Contract Attestation was submitted in April 1, 2017 in lieu of an LOI, DOH does not expect the facility to resubmit the Contract Attestation in July. However, partners should agree to this term. <p>AND</p> <ol style="list-style-type: none"> 2. Submit to DOH and the paired MCO LOIs with the remaining Medicaid MCOs needed to meet the 80% VBP contracting target (as outlined in the updated MCO Contract List the facility will also submit on July 1, 2017). <ol style="list-style-type: none"> a. LOIs can be substituted with Contract Attestations if a VBP contract exists by July 1, 2017. <p>AND</p> <ol style="list-style-type: none"> 3. Submit to DOH (only) an updated MCO Contract List with calendar year 2016 Medicaid Managed Care revenue from cost reports as well as VBP arrangement information outlining a plan to meet the 80% VBP contracting target. <ol style="list-style-type: none"> a. The MCO Contract List submitted on July 1 must be accompanied by an attestation confirming the accuracy of the data by a senior financial manager at the facility. b. Additionally, the MCO Contract List and LOIs should align.
4	<ol style="list-style-type: none"> 1. Facility must provide DOH and their VBP QIP paired MCO Contract Attestations confirming that the partners have indeed signed VBP contracts and that these contracts fulfill the

⁹ See the P4R Penalties and Measure Credits for information on deliverable weightings.

DY	P4R Deliverables
	<p>requirements of the NYS VBP Roadmap. The VBP QIP paired MCO will check contract attestations against LOIs submitted in July 2017.</p> <p>a. By April 1, 2018, VBP QIP facility must have Medicaid MCO contracts where at least 80% of total Medicaid MCO contracted payments (based on the 2016 data reported in the July 1, 2017 MCO Contract List) to the facility are tied to at least Level 1 value based purchasing components.</p>
5	PPS must comply with DY4 P4R requirement or risk a 50% reduction in DY5's P4P payment.

Inability to meet these deadlines or on the contrary, exceeding them, may result in either incurring financial penalties or achieving measure credits, all described in the section below.

P4R Documentation

LOIs

LOIs are needed to meet P4R requirements in DY3 Q1 and DY3 Q2. DOH released an LOI template for the DY3 Q1 requirement for April 1, 2017 and is in the process of developing an additional template for the DY3 Q2 requirement for July 1, 2017. Partners should complete all information in the template and submit completed templates to DOH and their paired MCOs.

Contract Attestations

Contract Attestations are the supporting documentation facilities will submit to DOH and their paired MCOs in lieu of an actual detailed contract. DOH provided a Contract Attestation template. These attestations must be signed by a senior leader from both the facility and the MCO with whom the facility is contracting. One Contract Attestation should be submitted per MCO. Facilities should submit their Contract Attestations to both DOH and their VBP QIP paired MCO. At a minimum, one Contract Attestation must be submitted by July 1, 2017. The remaining Contract Attestations that align to LOIs submitted on July 1, 2017, should be submitted no later than April 1, 2018.

MCO Contract List

DOH provided the MCO Contract List required on April 1, 2017. This list should provide each facility with a tool to evaluate and assess opportunities to transition services to VBP TCGP arrangements; collect information on each MCO that the facility is currently contracted with, as well as, measure what percentage of those contract payments are part of VBP arrangements; and assist DOH in evaluating each facility's VBP progress. The spreadsheet should be populated based on 2015 Medicaid Managed Care revenue for each MCO accessed from the facility's cost reports.

Additionally, DOH will provide the MCO Contract List required for July 1, 2017. This spreadsheet should be completed with 2016 Medicaid Managed Care revenue for each MCO included from the facility's cost reports. In addition to TCGP, this spreadsheet will allow the facility to populate other non-TCGP VBP arrangement types. The VBP arrangements outlined in this MCO Contract List for each MCO should directly align to the LOIs submitted on July 1, 2017. This MCO Contract List and aligned LOIs will be the basis to compare actual Contract Attestations in April 1, 2018 to evaluate the 80% VBP requirement. Therefore, this spreadsheet **must** be accompanied by an attestation confirming the accuracy of the 2016 Medicaid Managed Care revenue data by a senior financial manager at the facility. A facility will not get credit for submitting the MCO Contract List on July 1, 2017, if it is not accompanied by a signed attestation.

MCO Contract Lists should be sent to DOH only. DOH will communicate with VBP QIP paired MCOs on the alignment of the LOIs to the MCO Contract List. Please submit MCO Contract Lists to the VBP QIP mailbox at vbp_qip@health.ny.gov with the facility's name and "MCO Contract List" in the subject line.

P4R Roles

PPS Roles in VBP Contracting

While PPS themselves are not qualified VBP contractors, these entities can be a valuable resource to VBP QIP facilities in their VBP contracting efforts. There are many PPS entities that are working to become qualified VBP contractors by forming state recognized contracting entities like Accountable Care Organizations (ACOs) or Independent Practice Associations (IPAs). VBP QIP facilities can join these IPAs or ACOs to meet the facility's VBP QIP P4R contracting milestones. These entities will need hospitals in their networks and VBP QIP facilities, through their work on quality measures, can be attractive partners as they can help the entity yield significant performance gains. Additionally, many PPS have resources knowledgeable about contracts, measures and partnerships who can assist facility leadership serving as a "match maker" and "dating tutor" to facilities looking for partners.

MCOs Roles in VBP Contracting

The State has incentivized MCOs to come to the table and work on VBP contracts with providers throughout the state. Beginning in State Fiscal Year (SFY) 2017 (April 1, 2016 – March 31, 2017), the State allocated \$85 million in stimulus funding as a down payment for MCOs to enter into VBP contracts (at any level). MCOs may use these dollars to further incentivize providers to move into VBP contracts. This "guaranteed" stimulus funding will only be available for SFYs 2017 and 2018 and beginning [SFY19 (April 1, 2018-March 31, 2019)] the "guaranteed" stimulus dollars will be used to fund MCO premium stimulus adjustments directly tied to MCO level of VBP contracting.

Furthermore, not only are there opportunities for MCOs to earn stimulus funds, but starting in April 2018, MCOs will also face penalties for failing to meet certain dollar thresholds of total MCO expenditures in Level 1 VBP contracts. Hence, 2017 is an ideal time for VBP QIP facilities to work with MCOs to enter into VBP arrangements.

Note that although PPS and MCOs play an important role in VBP contracting for VBP QIP, it is ultimately the facility’s responsibility to enter into Level 1 VBP contracts per program requirements.

P4R Penalties and Measure Credits

Penalties

For Facilities that do not meet the specified VBP contracting expectations, DOH advises that VBP QIP pairings abide by the following penalties shown in Figure 10 & Figure 11:

Figure 10: P4R Payment Requirements with Potential Penalties

Each deliverable listed in each time period should be evaluated separately on a pass/fail basis. Hence, there is no partial credit for individual deliverables. For example, if a facility only provides a few of the remaining LOIs for the July 1, 2017 requirement, partial credit tied to that individual deliverable should not be awarded.

DY	P4R Deliverables	% of Total P4R Payment in DY
3 ¹⁰	<p>DY3 Q1 Payment: By April 1, 2017, a VBP QIP facility <i>must provide the following:</i></p> <ol style="list-style-type: none"> 1. Provide its paired MCO and DOH with a Letter of Intent (LOI) documenting that it will enter into a qualified VBP contract with one Medicaid MCO by July 1, 2017 (MCO can be different from its VBP QIP paired MCO). <ol style="list-style-type: none"> a. The LOI can be substituted with a Contract Attestation if a VBP contract exists by April 1, 2017. <p>AND</p> <ol style="list-style-type: none"> 2. Provide DOH (only) a MCO Contract List that includes calendar year 2015 Managed Care revenue from cost reports for each 	<p>Penalty if Not Met:</p> <p>(Up to 50% of P4R Funds in DY3)</p> <p>(50%-100% DY3 Q1 Payment)</p> <p>DOH recommends that each deliverable is weighted equally (50%)</p>

¹⁰ In DY3 Q1 the P4R deliverables have two components and each component is worth 50% of the payment for that quarter. In DY3 Q2 the P4R deliverables have three components and each component is worth approximately 33.33%.

DY	P4R Deliverables	% of Total P4R Payment in DY
	<p>Medicaid Managed Care contract the facility had in that year. The facility should also include projections for which VBP contracts will have a Total Care for General Population (TCGP) VBP arrangement by April 1, 2018.</p> <p>DY3 Q2 Payment: By July 1, 2017, a VBP QIP facility <u>must provide the following:</u></p> <ol style="list-style-type: none"> 1. Submit to DOH and paired MCO with a Contract Attestation attesting that the Facility and the MCO listed in the LOI submitted April 1, 2017 indeed signed at least one, Level 1, VBP contract (MCO can be different from its VBP QIP paired MCO). <ol style="list-style-type: none"> a. If a Contract Attestation was submitted in April 1, 2017 in lieu of an LOI, DOH does not expect the facility to resubmit the Contract Attestation in July. However, partners should agree to this term. <p>AND</p> 2. Submit to DOH and the paired MCO LOIs with the remaining Medicaid MCOs needed to meet the 80% VBP contracting target (as outlined in the updated MCO Contract List the facility will also submit on July 1, 2017). <ol style="list-style-type: none"> a. LOIs can be substituted with Contract Attestations if a VBP contract exists by July 1, 2017. <p>AND</p> 3. Submit to DOH (only) an updated MCO Contract List with calendar year 2016 Medicaid Managed Care revenue from cost reports as well as VBP arrangement information outlining a plan to meet the 80% VBP contracting target. <ol style="list-style-type: none"> a. The MCO Contract List submitted on July 1 must be accompanied by an attestation confirming the accuracy of the data by a senior financial manager at the facility. b. Additionally, the MCO Contract List and LOIs should align. 	<p>for the DY3 Q1 payment.</p> <p>Penalty if Not Met:</p> <p>(Up to 50% of P4R Funds in DY3)</p> <p>33%-100% of DY3 Q2 Payment</p> <p>DOH recommends that each deliverable is weighted equally (33.34%) for the DY3 Q2 payment.</p> <p>*Note: MCO Contract List will not be accepted in this quarter without a signed attestation.</p>
4	<p>DY4 Payments: By April 1, 2018, a VBP QIP facility <u>must provide the following:</u></p> <ol style="list-style-type: none"> 1. Facility must provide DOH and their VBP QIP paired MCO Contract Attestations confirming that the partners have indeed signed VBP contracts and that these contracts fulfill the requirements of the NYS VBP Roadmap. The VBP QIP paired MCO will check contract attestations against LOIs submitted in July 2017. <ol style="list-style-type: none"> a. By April 1, 2018, VBP QIP facility must have Medicaid MCO contracts where at least 80% of total Medicaid MCO contracted payments (based on the 2016 data reported in 	<p>Value Lost if Not Met:</p> <p>100% of P4R Funds in DY4</p>

DY	P4R Deliverables	% of Total P4R Payment in DY
	the July 1, 2017 MCO Contract List) to the facility are tied to at least Level 1 value based purchasing components.	
5	PPS must comply with DY4 P4R requirement or risk a 50% reduction in DY5's P4P payment.	<p>Penalty:</p> <p>50% of P4P Funds in DY5¹¹</p>

¹¹ Funds forfeited by VBP QIP facility due to the DY5 penalty for not having VBP Contracts in place by April 1, 2019 cannot be earned back through meeting AITs.

Figure 11: Penalties tied to missing P4R Deliverables

VBP Contract	By DY3 (April 1)	By DY3 (July 1)	By DY4 (April 1)	By DY5 (April 1)
No LOI with at least 1 MCO	Penalty	-	-	-
No MCO Contract List (with signed attestation in July 2017)	Penalty	Penalty	-	-
No Level 1 VBP Contract with at least 1 MCO	-	Penalty	-	-
No LOIs with Remaining VBP Contracting MCOs	-	Penalty	-	-
VBP arrangements are not present in components that drive at least 80% of dollars for the facility's Medicaid MCO contracts	-	-	Penalty	Penalty

Moreover, please remember that unearned P4R funds due to penalties for not meeting VBP contracting deliverables cannot be made-up through performance on the facility's AIT. AIT awards only apply to unearned P4P funds.

Finally, VBP QIP facilities should thoroughly document their efforts to enter into VBP contracts. While there are incentives to bring VBP partners to the table, the facility's VBP QIP paired-MCO and the State understand that there may be situations where, even with significant effort, a facility may not be able to get a partner to contract in a timely fashion. In such a special case, the VBP QIP paired MCO may choose to award a percentage of the P4R dollars for that period based on effort. Again, the burden is on facilities to document its efforts, including notifying their paired MCO and the state of contracting difficulties with sufficient time in advance of a reporting deadline. MCOs have the final authority to make determinations, but can seek guidance from the state should such situations like the one described above arise.

Additionally, the paired MCO may distribute funds to the facility for P4R deliverables upon the submission. However, DOH reserves the right to validate the LOIs, MCO listings, and VBP contracts and may recoup P4R funds if the submissions do not align with program requirements.

Measure credits

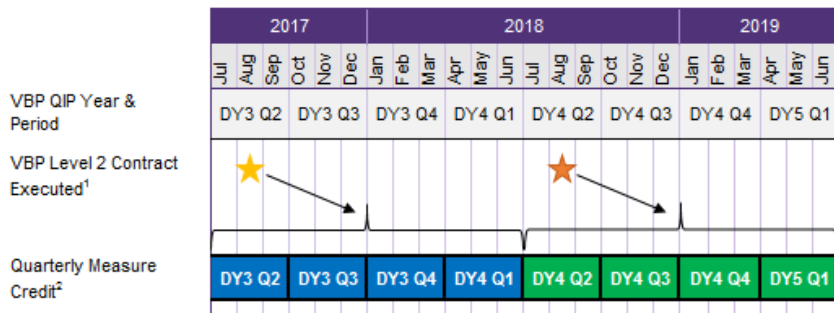
Starting in DY3, facilities that complete certain VBP contracting milestones earlier than expected will be granted measure credits for their efforts. Measure credits can be used by a facility to meet performance targets for VBP QIP P4P quality measures. If a facility earns a measure credit, the credit will be applied to both the calculation of VBP QIP quarterly and

annual¹² measure achievement by adding an additional achieved measure to the numerator of each calculation, while keeping the denominator constant.

All credits start in the quarter the qualification is met and measure credits can only be applied to calculations in the year earned and cannot be carried over into future demonstration years. As the administrator of the program, it will be the responsibility of the MCO to keep track of a facility's measure credit eligibility, but facilities should include measure credit eligibility in their calculation of QIT and AIT through reports submitted to MCOs. A facility cannot earn more than one (1) measure credit in a given reporting period.

The facility earns a quarterly measure credit in the current quarter the requirement is met and the three subsequent quarters. In the example below in Figure 12a, the facility executed a Level 2 VBP contract on August 15, 2017. Therefore, it would receive a measure credit in the current quarter, DY3 Q2, and the three subsequent quarters, DY3 Q3 to DY4 Q1. If the Level 2 VBP contract extends through later years, the Facility is required to re-certify that a contract is in place to earn a measure credit the next year.

Figure 12a: Measure Credits for QITs Example



- 1- For example, the Facility executed a Level 2 VBP contract on August 15, 2017. Therefore, it would get a quarterly measure credit in the current quarter and each of the three quarters thereafter.
- 2- The facility would need to re-certify the Level 2 VBP contract after one year to receive measure credit quarterly in the following year.

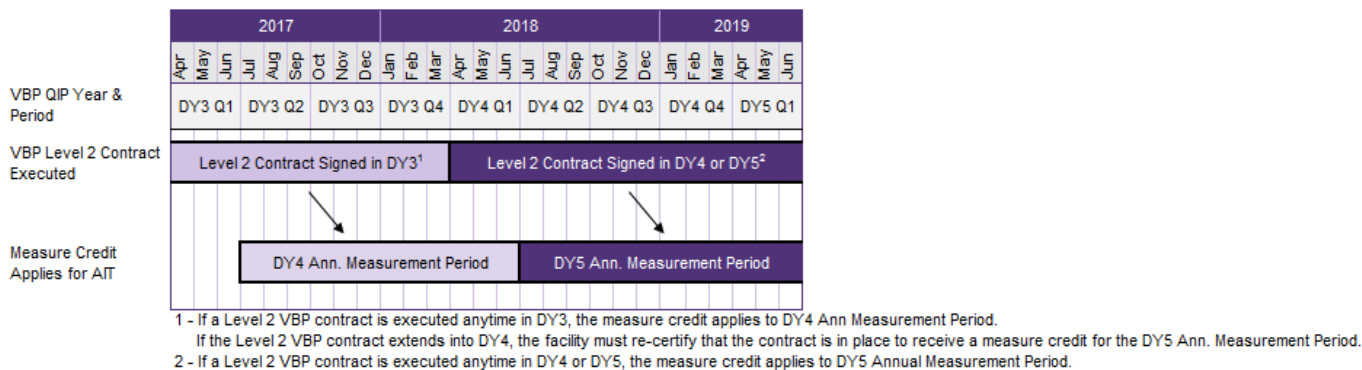
If during the first quarter, the facility initially achieved performance on four out of the six measures, the measure credit would be added as one more achieved measure to the final calculation making the total measure achievement for that quarterly reporting period: five out of six measures achieved (100% of quarterly performance funds earned). While in this first quarter, the measure credit did not have an impact, it is possible that a facility improves its quality, it may become increasingly difficult for the facility to maintain or increase performance on these measures on a quarterly basis. If by the fourth quarter of that year the facility only initially achieves performance on three out of six measures, when applying the measure credit

¹² Measure credit for AITs are only applicable in DY4 & DY5.

in the calculation, the PPS will then meet its quarterly performance target and earn the full performance award for that quarter.

If a facility has unawarded P4P funds during the DY for not meeting its full QITs, it has the opportunity to earn these funds by meeting its AIT. As illustrated below in Figure 12b, if a facility has an executed Level 2 VBP contract during DY3, it can earn an additional measure credit applied to the DY4 AIT measures. If the facility has an executed Level 2 VBP contract in DY4 or DY5, it can earn an additional measure credit applied to the DY5 AIT measures. If the Level 2 VBP contract is executed in DY3 and extends through later years, the Facility is required to re-certify that a contract is in place to earn a measure credit for its DY5 AIT.

Figure 12b: Measure Credits for AITs



The State advises that VBP QIP pairings abide by the following measure credits qualifications in situations where facilities exceed specified VBP contracting expectations:

For DY3, DY4 & DY5:

- Facilities that are part of at least one Level 2 or higher qualified VBP contract

Figure 12c: Measure Credits

VBP Contract	By DY3	By DY4	By DY5
Level 2 or Higher qualified VBP Contract	Measure Credit	Measure Credit	Measure Credit

VBP QIP Facility Plan Schedule & Key DY3 Goals

Figure 13: Updated Program Schedule

Date	Milestone*
March 31, 2017	Updated Facility Transformation Plans are due for both Group 1 and 2.
April 1, 2017	Letters of Intent (LOI) and MCO Contract List
July 1, 2017	At least 1 Contract Attestation of a Level 1 VBP contract, outstanding LOIs for Medicaid MCOs to contract by April 1, 2018, and updated MCO Contract List with signed attestation.
April 1, 2018	VBP QIP Facility <u>must</u> have Medicaid MCO contracts where at least 80% of total Medicaid MCO contracted payments (based on CY2016 data) to the facility are tied to Level 1 value based purchasing components.

* Please note: inability to achieve the milestones will result in penalties to the facility.

Appendix A: Deliverable Submission Table

Report	Submitted by	Submitted to	Frequency	Location
VBP QIP Contracts	MCOs	DOH	As updated	vbp_qip@health.ny.gov
Approved Facility Plans	MCOs	DOH	March 31, 2017	vbp_qip@health.ny.gov
1 LOI or Contract Attestation	Facilities	MCOs & DOH	April 1, 2017	vbp_qip@health.ny.gov
MCO Contract List with 2015 data	Facilities	DOH	April 1, 2017	vbp_qip@health.ny.gov
1 Contract Attestation for Level 1 VBP	Facilities	MCOs	July 1, 2017	
Remaining LOIs (or Contract Attestations)	Facilities	MCOs & DOH	July 1, 2017	vbp_qip@health.ny.gov
MCO Contract List with 2016 data and Facility Attestation	Facilities	DOH	July 1, 2017	vbp_qip@health.ny.gov
Remaining Contract Attestations	Facilities	MCOs & DOH	April 1, 2018	vbp_qip@health.ny.gov
Documentation of achievement of P4P metrics	Facilities	MCOs	Quarterly	
Documentation of approval of P4P deliverables and supporting documentation	MCOs	DOH	Quarterly	vbp_qip@health.ny.gov

Appendix B: VBP QIP Facility Plan FAQs

1) Q: Does the Facility Plan guidance document govern the actual contract with MCOs or is it more comprehensive guidance on the VBP QIP contract?

- A: There are a couple of documents that are important to the VBP QIP program. All VBP QIP partners have a VBP contract and a separate governance document. These are the documents that really govern the partnership. A number of recommendations are contained in the VBP QIP Facility Guidance Document which reflects some of the best practices found in the submitted Facility Plans. These recommendations provide partners with an opportunity to see what other VBP QIP participants submitted and the State highly recommends reviewing and potentially adopting some of the structure and best practices provided in the VBP QIP Facility Plan guidance document. That said, VBP QIP is an MCO driven

program and it's up to the facility's paired MCO to specify what requirements will govern the actual contract in terms of complying with the program.

2) Q: Who will incur financial penalties?

- A: The facility will incur the penalties if it fails to meet the VBP QIP program requirements. This is a managed care program that is overseen by the facility's VBP QIP paired MCO, but it is ultimately the facility that must comply with the program's requirements in return for receiving funding. MCOs are expected to hold the facilities accountable for the deliverables in the facility plans.

3) Q: With facility penalties, will funding levels be changed or will the adjustment be followed/recouped by the PPS or facility?

- A: DOH is going to distribute money to the MCO for the respective year. If your facility meets quality measures it will get paid. If not, then the money will be held by the MCO and a "true-up"/ "reconciliation" will be performed at the end of the year and the State will recoup any undistributed VBP QIP funds. The MCOs do not get to keep undistributed VBP QIP funds.

4) Q: Are quality measures different for VBP QIP vs. the actual contracts with MCO partners?

- A: Yes. While the measures do relate, there is a specified menu of measures DOH has suggested for VBP QIP and there are suggested measures for each of the different types of VBP arrangements. VBP QIP measures are facility specific, but we expect significant alignment between facility measures for VBP QIP, PPS measures for DSRIP and VBP contract measures.

5) Q: Is DOH confident that the facilities are capable of producing data on performance measures within 120 days of the end of the performance period?

- A: DOH believes that many facilities can abstract data from their own databases to comply within 120 days for all of the proposed menu of VBP QIP quality measures suggested by the State. However, each facility's collection and reporting process may differ, so facilities need to assess the ability to collect performance data on each of the quality measures it selects for VBP QIP.

6) Q: Why is DOH recommending P4P and P4R payments be paid in distinctly separate quarters of the third performance year (DY3)?

- A: DOH is recommending that all P4R payments in DY3 be paid in the first two quarters of DY3, so there is more predictable cash flow for the facilities during the first half of DY3. This structure also provides the facilities with more time to implement and fully operationalize their performance measurement systems.

7) Q: What if a facility wants to choose an alternative performance measure that is not nationally recognized but is specific to the facility?

- A: While this is not recommended by DOH, a facility can elect to use an alternative performance measure that is specific to that facility, but they must be prepared to justify their selection and fully document the measurements specification. It will be up to the facility's VBP QIP paired MCO to accept the criteria for any alternative measures, as well as, to approve the specifications for that measure.

8) **Q: Do all six performance measures have to be finalized before submitting final facility plan updates?**

- A: Yes.