

New York
Pay for Performance, Medicaid

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- I. **Program Type:** Medicaid Managed Care
- II. **Established:** Rewarding with more members: 2000; Rewarding with higher premiums: 2002
- III. **Service Population:** The incentive is directed at full risk, capitated health plans in New York enrolling Medicaid managed care enrollees (currently 2.1 million enrollees statewide)
- IV. **Program Description:** Health plans performing at or above a set benchmark on standardized quality measures which include “effectiveness of care” and “patient experience” can receive up to 3% of their Per Member Per Month (PMPM) premium as an enhancement. They are also eligible to receive preference in enrolling members who are mandated to join plans, but have not chosen a plan.
- V. **Staffing:** The Bureau of Quality Management and Outcomes Research, which has broader responsibility beyond the P4P, includes approximately 21 individuals (including support staff), with ~1/3 involved in data collection. Some services, such as collection of “experience of care” surveys (CAHPS), are accomplished through vendors.
- VI. **Results:** 1) Plans with high performance have attracted more members; 2) for 2005-2006 fiscal year, the Department will pay out over 40 million dollars in incentives to health plans; 3) plans are able to use the incentive for a variety of activities to support on-going quality improvement ranging from investment in plan infrastructure to use of provider level incentives; 4) currently, through a Commonwealth Grant, the Urban Institute is performing a quantitative and qualitative analysis of the impact of the Quality Incentive on health plans.
- VII. **Leading Organization/s:** Office of Managed Care, NYS Department of Health
- VIII. **Key Partners:** Division of Budget; Health plans (and their associations); IPRO (NY’s external quality review organization or QIO);
- IX. **Lessons Learned:** Paying for quality provides a reason for organizations to invest in improvement; the methodology must be transparent, fair, and provide enough incentive to get attention (but there are many, many, ways to construct this and not a single “right” answer).

State Innovations to Advance Quality

- X. **Funding:** Staff through state (and federal Medicaid match) funding; incentive dollars are part of overall budget for the Medicaid managed care program determined in conjunction with executive, budget office, CMS.