2023-2025 Attachment 7 Refresh Workgroup

August 12, 2021

AGENDA

Time	Topic	Presenter
10am-10:05	◆ Welcome and introductions	Thai Lee
10:05-10:30	◆ Affordability and Cost: addressing cost barriers to high-value medications	Thai Lee
10:30-11:00	◆ Disparities reduction	Taylor Priestley
11:00-11:20	◆ Quality Transformation Initiative Update	Margareta Brandt
11:20-11:30	◆ Open discussion & next steps ◆ Adjourn	Thai Lee

Affordability and Cost

Thai Lee, Senior Quality Improvement Specialist

AFFORDABILITY AND COST GOALS

Covered California will enhance its focus on affordability and cost in 2023 and future years

- ❑ To ensure high-value health plan networks through measuring the quality and cost performance of physician groups and hospitals; health plans should not only contract with higher performers, but also work to improve performance of lower performers
- ❑ To ensure affordability for high-value drugs and services and improve access to effective treatments
- ❑ To explore effectiveness and impact of cost transparency initiatives

PROGRAM AND POLICY CONTEXT

- AB 97 (Nazarian) – Assembly bill prohibiting a deductible from being applied to insulin prescriptions. Other cost sharing measures such as copayments and coinsurance are not addressed. *Currently in Appropriations committee (August 2021).*
- SB 568 (Pan) – Senate bill requiring health plan contracts and health insurance policies to eliminate the deductible for outpatient prescription drugs and some covered benefits that are used to treat chronic conditions. *Currently in Health committee (June 2021).*
- IRS Notice 2019-45 (June 2019) expands the list of allowable preventive services without a deductible in High Deductible Health Plans (HDHPs) to include chronic diseases such as insulin and other glucose lowering agents.
- Massachusetts health exchange insulin VBID (PY2021) – Requires health plan issuers to offer at least one of each class of insulins in vial and pen injector formulations at the Tier 1 copay amount corresponding to each metal tier standard plan before deductible applies.
- U.S. Senate Chronic Disease Management Act of 2021 – Increases coverage for chronic disease services on a pre-deductible basis.

2022 CURRENT VS 2023-25 PROPOSED REQUIREMENTS

Affordability and Cost

2022 Current Requirements	2023-25 Proposed Requirements
Article 9.01 Designing and Managing Networks Based on Value • Include quality and cost in the evaluation and selection criteria for all providers and all facilities when designing and managing networks	• Enhance reporting requirements for quality criteria used in determining networks, along with results of analysis for all contracted hospitals and provider groups
Article 9.02 Hospital Networks Based on Value • Work with Cal Hospital Compare, California hospitals, and Covered California to profile and analyze variation in performance on hospital quality measures • Report on engagement efforts with network hospitals to hold them accountable for performance • Report the rationale for continued contracting with each hospital performing in the lowest decile • Report on how hospital and facility costs are managed	• Alone or in collaboration with other Covered California issuers, analyze and address quality and safety performance of hospitals that are in the lowest tier of performance as determined by Cal Hospital Compare • Issuers that contract with these lowest tier hospitals must develop an intervention plan that may include quarterly performance reviews, tying hospital payment to quality and safety, providing technical assistance for specific quality and safety domains, or other similar activities; the intervention plan must be submitted to and approved by Covered California

2022 CURRENT VS 2023-25 PROPOSED REQUIREMENTS

Affordability and Cost

2022 Current Requirements	2023-25 Proposed Requirements
Article 9.03 Physician Networks Based on Value • Work with IHA, provider groups, and Covered California to profile and analyze variation in performance on provider quality measures • Participate in the IHA Align.Measure.Perform (AMP) program for physician groups and report AMP performance results for each QHP contracted physician group annually • Report on engagement efforts with contracted physician groups as well as independent physicians to hold them accountable for performance • Report on analysis of performance variation, provision of technical assistance to poor performers, and management of costs for contracted physician groups	• Continue to require IHA data submissions • Issuers that contract with provider groups in the lowest quartile of AMP performance must develop an intervention plan that may include quarterly performance reviews, tying provider payment to quality and safety, providing technical assistance for specific quality and safety domains, or other similar activities; the intervention plan must be submitted to and approved by Covered California
Article 11.01 Demonstrating Action on High Cost Pharmaceuticals • Reporting requirement on how plans consider cost and quality on high-cost pharmaceuticals in their formularies	• Move to quality playbook • Exploring options for addressing high cost pharmaceuticals

POTENTIAL REQUIREMENTS/AREAS OF EXPLORATION

- Addressing cost barriers for high value drugs
  - Insulin
    - Nearly 2.6 million California adults have diagnosed type 2 diabetes in 2017; diabetes disproportionately affects black and Latino adults at a higher rate compared to white adults, 9.7% to 6.87% respectively*
    - Out of pocket costs for insulin have increased significantly in recent years
    - Removing cost barriers to insulin will save lives and mitigate racial and socioeconomic disparities in diabetes management
    - Covered California continues to track and monitor AB 97 and SB 568 addressing deductible exemptions for high-value medications
- Analysis of QHP issuer's wasteful drug utilization and its impact on affordability and cost
- Analysis of other high-value drugs or services that Covered California could pursue for Attachment 7 beyond 2023

*Source: CDPH.gov

ONGOING WORK AND RESEARCH

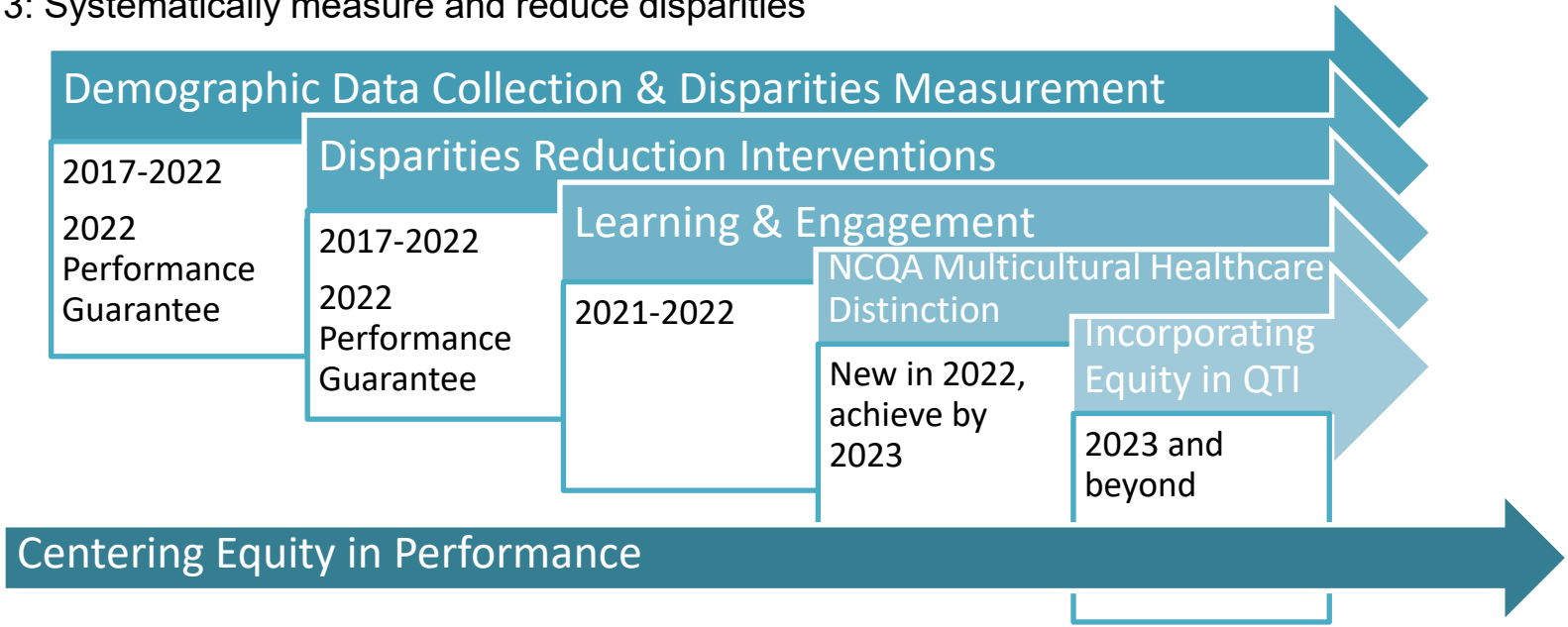
- Covered California is currently in discussions with other state-based exchanges and consultants on addressing cost barriers for high-value medications
- Ongoing research and analysis
  - Analysis of QHP issuer medication formularies to understand how cost and value are incorporated into drug pricing
  - Analysis of how removing cost barriers for high-value drugs and services will affect AV calculator
  - Analysis of diabetic medication utilization in our patient population
- Covered California will continue to review the federal cost transparency initiatives and other efforts to look for opportunities for alignment

Disparities Reduction

Taylor Priestley, Health Equity Officer

2017–2022 DISPARITIES REDUCTIONS GOALS

Covered California's multi-year disparities reduction initiatives have been in place since 2017 and seek to achieve the following goals:
Goal 1: Improve disparity data capture to support measurement and
Goal 2: Improve structure and rigor for disparities intervention development in order to
Goal 3: Systematically measure and reduce disparities



PROGRAM AND POLICY CONTEXT

- ❑ DMHC: AB 133 Health Quality and Equity Measures development
- ❑ NCQA: HEDIS measure race/ethnicity stratification requirements 2022-2024; evolution of Multicultural Health Care Distinction to Health Equity Accreditation effective 2023
- ❑ National Quality Forum (NQF) Measure Applications Partnership (MAP) Health Equity Advisory Group
- ❑ Health Care Payment Learning and Action Network (HCP-LAN) Health Equity Advisory Team (HEAT)

2022 CURRENT VS 2023-25 PROPOSED REQUIREMENTS (1 OF 2)

Disparities Reduction

2022 Current Requirements	2023-25 Proposed Requirements
Article 1.01 Demographic Data Collection Achieve 80% self-identification of race and ethnicity data for Covered California members.	(1) Continue race/ethnicity data collection. Consider increased penalty (7.5% in 2022). Propose increased penalty for HEI data performance guarantees. (2) Expand demographic data collection to preferred language. Phase in threshold requirement based on current state. Consider phased in penalty.
Article 1.02 Identifying Disparities in Care Submit patient-level HEDIS hybrid measure data stratified by race and ethnicity.	Expand measure set to initial QTI measures set given centrality of disparities reduction in QTI development. Consider stratification by other demographics.
Article 1.03 Disparities Reduction Intervention Meet a mutually agreed upon intervention population improvement target in quality based on the mutually agreed-upon health disparities intervention proposal.	Update intervention performance level to proposed expectations for multi-year gap reduction. Maintain or consider increased penalty (7.5% in 2022) with transition to QTI accountability.

2022 CURRENT VS 2023-25 PROPOSED REQUIREMENTS (2 OF 2)

Disparities Reduction

2022 Current Requirements	2023-25 Proposed Requirements
Article 1.04 Statewide Focus Health Equity Collaborative Efforts Participate in collaborative efforts to identify and align statewide disparity work. Covered CA will convene these discussions or identify venues for collaborative development of aligned activities.	Remove; incorporate outcomes of 2021-2022 statewide focus disparity effort in disparities reduction or other applicable section(s).
Article 1.05 Culture of Health Equity Capacity Building Achieve NCQA Multicultural Healthcare Distinction by year-end 2023; early achievement by year-end 2022 eligible for performance credit.	Submit NCQA Multicultural Healthcare Distinction evidence of compliance by 2023. Propose penalty if distinction is not achieved by year-end 2023.

AREAS OF EXPLORATION

- ❑ Continued alignment effort with DHCS/CalPERS priority measures and NCQA stratified measures
- ❑ Assessing NCQA Health Equity Accreditation standards for potential cultural and linguistic competency requirements or initiatives to supplement current contractual requirements
- ❑ How do we transition the disparities measurement and gap reduction requirements to QTI accountability?

Quality Transformation Initiative Update

Margareta Brandt, Quality Improvement Manager

QTI OVERVIEW

- Covered California is developing a Quality Transformation Initiative (QTI) to spur substantive improvements in health plan clinical quality
  - QTI ties significant financial consequences (penalties) to health plan quality performance on a select set of measures
  - Penalty amount based on level of quality performance; may be up to 4% of premium annually, phased in over time:
    - Proposed: Year 1 – 1%, Year 2 – 2%, Year 3 – 3%, Year 4 – 4%
  - The assessments from poor performing plans will establish a fund to support systemwide quality improvement and delivery system reform
- Covered California is proposing to develop the measures and methodology to pilot the QTI with no funds at risk in 2022, with the first measurement year at risk in 2023

QTI CONTEXT

QHP 5-Year Quality Performance Trend on QRS Getting the Right Care Summary Indicator

Health Plan	% 2020 Enrollees	2016	2017	2018	2019	2020
Anthem EPO	5%	2	NA	3	2	2
Anthem HMO	1%	3	-	-	-	NA
Anthem PPO	-	2	-	-	-	-
Blue Shield HMO	5%	NA	NA	NA	2	3
Blue Shield PPO	20%	2	2	3	2	3
CCHP HMO	0.4%	3	3	3	3	3
Health Net EPO	0.1%	NA	2	3	2	3
Health Net HMO	12%	3	3	3	3	3
Health Net PPO	3%	-	NA	NA	NA	3
Kaiser HMO	36%	5	4	5	5	5
LA Care HMO	5%	1	3	4	3	4
Molina HMO	3%	2	3	3	2	2
Oscar EPO	5%	NA	NA	3	2	2
Sharp HMO	1%	4	4	5	4	4
Valley HMO	1%	3	3	5	4	4
Western HMO	1%	3	3	3	2	2

- QHP performance, as measured by QRS, has not consistently improved over time.
- In 2020, 4 of 15 QHPs (13% enrollees) received 2 stars for Getting the Right care.
  - 6 received 3 stars
  - 3 received 4 stars
  - 1 received 5 stars

COVERED CALIFORNIA

QTI MEASURE SET CRITERIA

- **Epidemiologically relevant**: target conditions that are key drivers of morbidity and mortality for Californians, with significant racial/ethnic disparities in outcomes
- **Outcomes focused**: preferentially select measures with clear linkage to clinical outcomes (over process measures)
- **Established**: minimize administrative burden by relying on nationally endorsed metrics that, as much as possible, are shared across multiple measure sets
- **Actionable**: choose measures where improvement is clearly amenable to health care intervention
- **Aligned**: strive to align measure specifications with other purchasers to create synergy across health plans and providers

QTI DESIGN CONSIDERATIONS

Category	Design Component	Proposed Approach
INCENTIVE STRUCTURE	Form of financial incentive/disincentive	Penalty
	Magnitude of penalty	1-4% of QHP premium, scaled up 1% each year from 2023 through 2026
	Threshold required to avoid all performance penalty	75th percentile nationally for QRS measures
	Unit of accountability	QHP across all regions
PERFORMANCE MEASURES	Number of measures	No more than 12 that span relevant subpopulations and are aligned with DHCS and CalPERS
	Measure Weights	Equal

QTI DESIGN CONSIDERATIONS

Category	Design Component	Proposed Approach
PERFORMANCE EVALUATION	Application of penalty	Penalty is applied based on achievement only (not improvement)
	Achievement benchmarks	QRS Measures: • Full penalty at 25th percentile • Continuous graded penalty between 25th -50th and between 50th - 75th • Penalty weighted such that 2/3 applied in 25th-50th percentile range, 1/3 applied in the 50-75th percentile range • Avoid penalty at 75th percentile Non QRS Measures: • Behavioral health measures: benchmarks to be established • Race/ethnicity disparities gap reductions: measure methodology and benchmarks to be developed

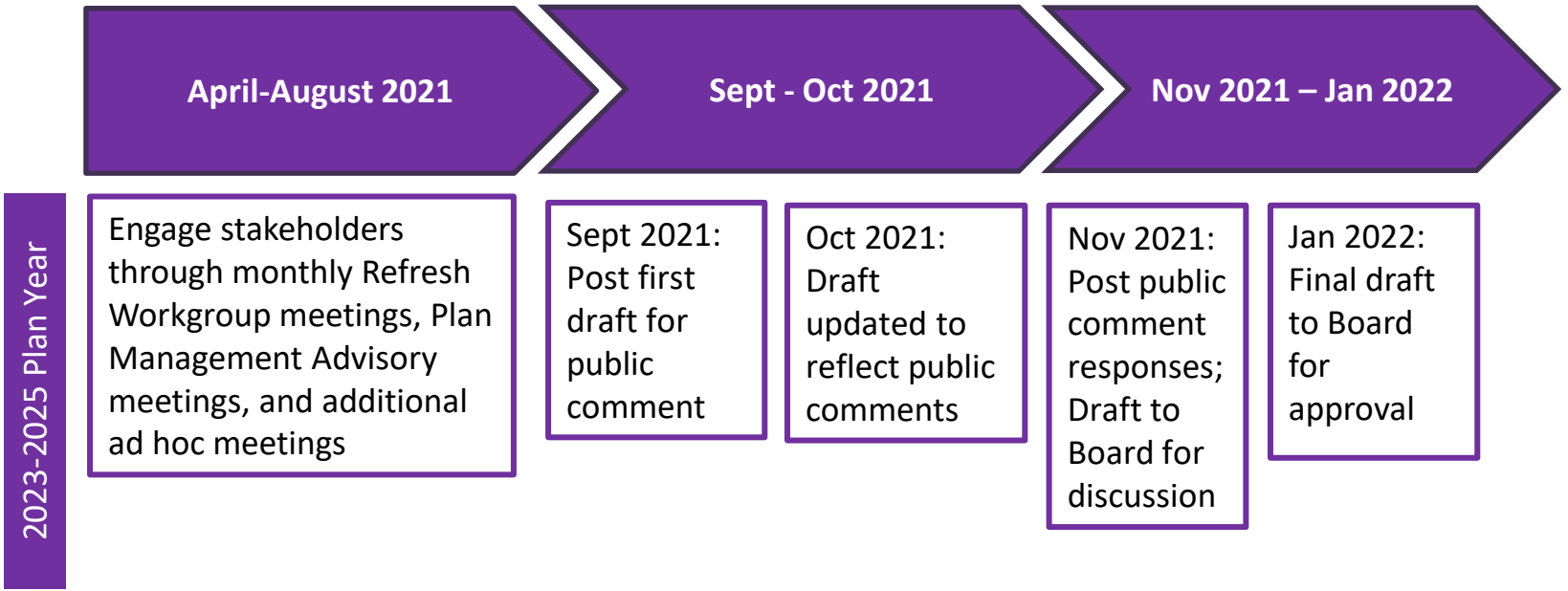
QTI IMPLEMENTATION TIMELINE

- Covered California will share more details on QTI design and measures in September and will finalize QTI methodology by January 2022
- First performance measurement year would be 2023, with a maximum penalty of 1% of premium to be assessed in late 2024 once performance results are available
- QTI measure set and structure will be assessed annually and adjusted

Open discussion and next steps

Thai Lee, Senior Quality Improvement Specialist

PROPOSED 2023-2025 ATTACHMENT 7 DEVELOPMENT TIMELINE



NEXT STEPS AND DISCUSSION

- Feedback on proposed workgroup and contract development process
- Upcoming proposed 2023-2025 Attachment 7 refresh workgroup meetings:
  - September 2 – preview of DRAFT 2023-2025 Attachment 7
- Submit questions and comments to Thai at thai.lee@covered.ca.gov