

November 29, 2006

**TO:** All P4P Participating Practitioners

**RE: 2007 Pay For Performance (P4P) Changes**

Dear Participating Practitioner:

As Inland Empire Health Plan (IEHP) celebrates the 10<sup>th</sup> year of our Pay For Performance Program, we continuously assess the program components and cost to ensure our program goals are met each year.

As you know, IEHP's regulatory agencies and payors (Department of Health Services - DHS, Department of Managed Care - DHMC and Managed Risk Medical Insurance Board - MRMIB/Healthy Families) are now focusing on Health Plan HEDIS results as a measure of Plan Performance. In fact, DHS is now allocating default (Medi-Cal Members who do not choose a Health Plan) to the Plan that has higher scores on specific HEDIS measures.

The good news is that with the P4P program and your efforts, IEHP has performed very well on HEDIS studies, with many of our results in the 90<sup>th</sup> percentile nationwide for Medicaid Health Plans.

The 'bad' news is that our P4P Program costs are growing at a rate that is not sustainable by IEHP. For this year, our P4P expenditures are already significantly over budget:

P4P Budget Year to Date: **\$2,843,104**  
P4P Expenditures Year to Date: **\$3,171,306**  
Over Budget: **\$328,202**

With no changes, our projections for 2006/2007 will be approximately \$1.0 million over budget as delineated below:

P4P 2006/2007 Budget: **\$11,430,861**  
P4P Projected Costs: **109% of budget or \$12,459,638**  
Over Budget: **\$1,028,777**

Unfortunately, IEHP cannot sustain this rate of growth in the P4P Program. Our costs for the P4P Program over the last 6 years have been:

Year	Total/Projected Cost	PMPM Cost
2001-2002	\$7,055,524	2.72
2002-2003	\$9,230,047	3.14
2003-2004	\$10,099,449	3.17
2004-2005	\$9,877,530	2.94
2005-2006	\$11,034,437	3.18
2006-2007	\$12,459,638	3.59

To control the P4P costs, rather than removing an entire component of the Program, IEHP (with approval from the Provider Advisory Committee and the IEHP Governing Board) will be reducing the reimbursement for a well child visit from \$45 to \$40. This reduction will be effective for dates of service after January 1, 2007.

Please note that we estimate this reduction will reduce the costs for the Program in 2006/2007 by approximately \$350,000, thus we anticipate that our program costs will still be significantly over budget.

Listed below are the current changes to the P4P Program:

**1. Well Child Visit Component**

**Effective with Dates of Service 1/1/07**

- a. *\$5 Reduction in WCV payment from \$45 to \$40.*
- b. *P4P will now pay for 11 yr old Well Child Visits.*

*Old Criteria: from birth up to their 7<sup>th</sup> birthday and age 12 up to their 19<sup>th</sup> birthday*

*New criteria: from birth up to their 7th birthday and **age 11** up to their 19th birthday*

**2. Immunization Component Compliance Bonus**

**Effective with Dates of Service 1/1/07**

- a. *IEHP now requires the **addition of 4 shots of Prevnar for full immunization compliance by age 2** (Yellow card bonus).*

- b. *New Requirements: \$100 bonus incentive will be given upon receiving the following:*

- *Polio - Series #1, #2, and #3*
- *Hep B - Series#1, #2, and #3*
- *Hib - Series #1, #2, #3 and/or #4*
- *DTaP - Series #1, #2, #3 and #4*
- *MMR - Series#1*
- *Varicella - Series #1*
- ***Pneumococcal Heptavalent (Prevnar) – Series #1, #2, #3 and #4***

- c. *Submit a completed PM160 form (online or in paper) with any*

*final shots and a copy of the yellow card or immunization record within 2 months from date of service.*

- d. *IEHP now accepts yellow card faxes **as long as legible**. Fax your yellow cards to:*

***IEHP-Operations  
Fax#: (909) 890-5934***

Further information regarding the P4P Program may be obtained by calling Provider Relations Department at (909) 890-2054 or by visiting our IEHP website at [www.iehp.org](http://www.iehp.org).

Please feel free to call me directly at 909-890-2030 with any questions or concerns.

Sincerely,

Bradley P. Gilbert, MD  
Executive Officer/Chief Medical Officer, IEHP

cc: Eric Haden, Chief Network Officer, IEHP  
Jane Maass, Sr Director of Operations, IEHP  
Dorothy Smith, Director of Network Operations, IEHP  
Susie White, Provider Relations Manager, IEHP  
Provider Relations Team  
IPAs