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# FEHB Program Carrier Letter

## All FEHB Carriers

U.S. Office of Personnel Management  
Healthcare and Insurance

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**Letter No. 2014-19**

**Date: August 7, 2014**

Fee-for-Service [15]    Experience-rated HMO [15]    Community-rated [17]

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### **SUBJECT: Initial Guidance on FEHB Plan Performance Assessment**

#### **Background**

The purpose of this carrier letter is to provide information on the Federal Employees Health Benefits (FEHB) Health Plan Performance Assessment and to request carrier feedback on the proposed measures and timeline.

Currently FEHB plan performance is evaluated under the following regulatory provisions:

1. Experience-rated plan performance is assessed using criteria outlined in 48 CFR 1615.404-70; and,
2. Community-rated plan performance is assessed on terms defined in 48 CFR 1609.7101-1.

As we discussed at the 2014 Carrier Conference, the Office of Personnel Management's (OPM) goal is to measure and assess FEHB plan performance (both experience-rated and community-rated plans) primarily through the use of common, objective, and quantifiable performance measures by the 2017 plan year. The new performance assessment will create a more objective performance standard and provide more transparency to enrollees.

#### **Framework**

The new performance assessment framework will utilize a discrete set of quantifiable measures to assess key aspects of performance which will then be linked to health plan profit factors. The proposed quantitative measure set assesses performance in three areas:

- **Clinical Quality:** assesses the quality of health care provided to members in a clinical setting. Measures include processes and outcomes, and must be actionable by a health plan to be included.
- **Customer Service:** initial measures assess member perception of health plan and provider service.
- **Resource Use:** assesses health plan efforts to appropriately use resources and to control cost growth.

These three performance areas are aligned with many healthcare quality initiatives, including the Triple Aim, Medicare Star Ratings, eValue8, the Quality Reporting System for Qualified Health Plans, and the National Quality Strategy. Each performance area contains one or more domains that reflect FEHB Program priorities and each domain is comprised of one or more measures.

A fourth performance area, contract oversight, will complete the proposed measure set with contract officer assessment of overall plan performance. Contracting officers will evaluate health plan performance on the five domains listed below. Examples of components that may be assessed are also included.

- Audit Finding and Fraud/Waste/Abuse
  - Example component: Chronic, high dollar audit findings
- Responsiveness to OPM
  - Example component: Timely submittal and closure on rates and benefits
- Benefits and Network Management
  - Example component: Pharmacy benefits management
- Contract Compliance
  - Example component: Financial management
- Technology Management and Data Security
  - Example component: Claim batch or auto adjudication rate

We will provide additional information on the components in a subsequent carrier letter.

**Measures**

We plan to build the new framework primarily using the Healthcare Effectiveness Data and Information Set (HEDIS) and Consumer Assessment of Healthcare Providers and Systems (CAHPS) measures similar to those we are currently collecting from plans.

In selecting specific measures, OPM used the following criteria:

1. Is the measure valid and does it capture meaningful aspects of health care quality, customer service, or resource use?
2. Is the measure actionable? In other words, are there specific steps that health plans can take to improve performance?
3. Can the measure be audited or verified by an independent third party?
4. Are there external benchmarks that can be used to assess a plan’s performance against that of a peer group?

The proposed initial measure sets for the first three domains are included in Attachment I. Additional HEDIS measures will be included for scoring once they have been collected by all FEHB plans for three years.

Each of the four performance areas (clinical quality, customer service, resource use and contract oversight) will be assigned a weight. We will provide more information on the weighting and scoring algorithm for all performance areas in a subsequent carrier letter.

**Projected Timeline**

Below is a draft timeline of project milestones for the first year of measurement.

Approximate Date	Milestone
Summer 2014	Carrier letters issued communicating measures, framework, scoring, and payment mechanism and carrier feedback solicited. Teleconference held addressing carrier feedback.

	Proposed regulations issued to amend the FEHBAR profit analysis factors for experience rated plans and include factors for community rated plans to align with the new performance measurement system.
<b>Fall 2014</b>	Finalize initial measure set.
<b>Winter 2014</b>	Regulations finalized.
<b>Early Fall 2016</b>	Using 2016 HEDIS/CAHPS reported results, performance data will be displayed in a new FEHB Performance Assessment Dashboard. Each plan will be able to log in and view a breakdown of their performance in each individual measure and overall.
<b>Fall 2016</b>	OPM finalizes plan performance scores for quality, customer service and resource use measures in the FEHB Performance Assessment Dashboard. OPM's Contracting Officers determine Plan performance on contractor oversight evaluation criteria.  OPM publishes CAHPS and HEDIS scores on its website.
<b>January 2017</b>	Experience-rated plans begin drawing service charge from Letter of Credit. Community-rated premium disbursements are adjusted to account for Performance Score.

Subsequent years would follow the same cycle.

### **Conclusion**

Our proposed framework, measures, scoring and timeline align with our goal to translate quantifiable measures and contract compliance assessment into criteria used for the assessment of both experience-rated plan and community-rated plan performance.

Please send your feedback and questions on the proposed measures and timeline to [fehperformance@opm.gov](mailto:fehperformance@opm.gov). We will host a conference call soon to answer your questions and will provide more details via listserv for the conference call.

We appreciate and look forward to your feedback.

Sincerely

John O'Brien  
Director  
Healthcare and Insurance

**Attachment I: Initial Proposed Performance Assessment Measure Set**

<b>Performance Assessment Measure Set: Clinical Quality, Customer Service, and Resource Use</b>					
<b>Performance Area</b>	<b>Domain</b>	<b>Measure</b>	<b>Description (see measure specifications for details)</b>	<b>Source</b>	
<b>Clinical Quality (Reported in 2016 HEDIS/CAHPS)</b>	<b>Preventive Care</b>	Breast Cancer Screening	Mammogram within recommended timeframe	HEDIS	
		Prenatal Care- Timeliness	Prenatal care in first trimester	HEDIS	
		Well-Child Visits in First 15 Months of Life	Well-child visits completed	HEDIS	
		Aspirin Use and Discussion	Appropriate use of aspirin	CAHPS	
		Flu Shots- Adults 18-64	Influenza vaccine in the past year	CAHPS	
		Advising Smokers/Tobacco Users to Quit	Member recall of quit advice	CAHPS	
	<b>Chronic Disease Management</b>	Controlling Blood Pressure	Hypertensives achieving target blood pressure	HEDIS	
		Comprehensive Diabetes Care - HbA1c Testing	Diabetics tested in the last year	HEDIS	
	<b>Medication Use</b>	Medication Management for People with Asthma	Controller medication use by adults and children with asthma	HEDIS	
	<b>Behavioral Health</b>	7-day Follow-up after Hospitalization for Mental Illness	Follow-up appointment completed within 7 days	HEDIS	
	<b>Customer Service (Reported in 2016 HEDIS/CAHPS)</b>	<b>Communication</b>	Plan Information on Costs	Member satisfaction with information on costs	CAHPS
		<b>Access</b>	Getting Needed Care	Member satisfaction with ability to get care	CAHPS
Getting Care Quickly			Member satisfaction with timeliness of care	CAHPS	
<b>Claims</b>		Claims Processing	Member satisfaction with claims processing	CAHPS	
<b>Member Experience/Engagement</b>		Overall Health Plan Rating	Members ranking health plan at least 8/10	CAHPS	
		Coordination of Care	Member satisfaction with care coordination	CAHPS	
		Overall Personal Doctor Rating	Member ranking personal doctor at least 8/10	CAHPS	

<b>Resource Use (Reported in 2016 HEDIS)</b>	<b>Utilization Management</b>	Plan All-Cause Readmissions	Probability of readmission following inpatient hospital stay	HEDIS
		Use of Imaging Studies for Low Back Pain	Appropriate use of imaging without overuse	HEDIS