



# Tennessee: Using Managed Care Incentives to Improve Preventive Services and Care for Children

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To improve health outcomes and help reduce future costs, states use innovative approaches within managed care to increase the use of pediatric preventive services such as well-child visits and immunizations that are critical for healthy development. As of September 2017, 47 states and Washington, DC, use a form of managed care to provide services to all or some Medicaid enrollees.<sup>1</sup> A large number of these states create quality improvement projects, including incentives for managed care organizations (MCOs), to improve rates of certain preventive services for children.<sup>2</sup> As part of its quality improvement efforts, Tennessee tracks MCO performance on certain Healthcare Effectiveness Data and Information Set (HEDIS) measures for pediatric preventive services and rewards improvement through a pay-for-performance program.

## About HEDIS Measures

HEDIS measures are a set of nationally-recognized performance measures developed by the National Committee for Quality Assurance (NCQA).<sup>3</sup> State Medicaid programs use HEDIS measures to compare individual MCO performance over time as well as performance across plans. As of December 2016, 37 state Medicaid programs reported HEDIS measures to NCQA and/or used them for other quality improvement purposes.<sup>4</sup> NCQA updates HEDIS measures annually based on input from providers, consumers and health plans,<sup>5</sup> and HEDIS measures apply to adults and children.

The 2017 HEDIS measure set<sup>6</sup> includes the following children's preventive metrics:

- Childhood immunization status
- Immunizations for adolescents
- Lead screening in children
- Annual dental visits
- Well-child visits in the first 15 months of life
- Well-child visits in the third, fourth, fifth and sixth Year of life
- Adolescent well-care visits
- Utilization of the Patient Health Questionnaire-9 (PHQ-9) to monitor depression symptoms in adolescents and adults

The HEDIS measurement program also encompasses the Consumer Assessment of Healthcare Providers and Systems (CAHPS) survey to measure the quality of care that managed care enrollees experience. The CAHPS survey includes components for children and for children with chronic conditions.

## Tennessee's Pay-for-Performance Program

Tennessee's Medicaid program, TennCare, launched its managed care program in 1994 as its system for delivering services to all Medicaid enrollees on a mandatory, statewide basis.<sup>7</sup> As of June 2017, more than 380,000 children in Tennessee were enrolled in Medicaid managed care.<sup>8</sup> The state utilizes the Bright Futures Guidelines<sup>9</sup> as the standard of care for preventive services provided to children enrolled in TennCare. For example, TennCare adopted the Bright Futures periodicity schedule for its Early and Periodic, Screening, Diagnostic and Treatment program.

Tennessee's managed care program has long focused on quality; it was the first state in the country<sup>10</sup> to require all of its Medicaid MCOs to achieve accreditation from NCQA. Tennessee is currently pursuing a broad spectrum of quality improvement efforts in Medicaid, including provider-level payment reform such as episodes of care and value-based payments for improved care outcomes through primary care transformation for physical and behavioral health.<sup>11</sup> The TennCare pay-for-performance initiative is another aspect of Tennessee's approach to quality improvement.

TennCare began operating a pay-for-performance program based on HEDIS measures in 2012 by selecting specific HEDIS measures that all MCOs would work to improve on annually in exchange for incentive payments. NCQA accreditation requires health plans to track and report on HEDIS measures to NCQA, however TennCare MCOs are also required to report HEDIS measures to the state.<sup>12</sup> TennCare uses the reported data to assist in assessing health plan performance and to reward, via pay-for-performance, those MCOs that demonstrate improvement. Beginning in 2015, Tennessee modified the program to allow MCOs to select their own HEDIS measures for improvement tied to incentives. A quality team within TennCare reviews all measures selected by MCOs for performance-based incentives to ensure they are appropriate stretch goals for each plan. TennCare officials report that allowing MCOs to select their own improvement measures created necessary flexibility for each MCO to address specific services in which it may need improvement.<sup>13</sup>

Tennessee's incentive program pays plans an additional \$0.03 per member per month for improvement in certain HEDIS measures related to physical and behavioral health.<sup>14</sup> The incentive payment is retrospective, with Medicaid calculating the payment based on each plan's performance over the previous year and then providing a lump sum payment.

Incentivized pediatric preventive services vary by MCO, but examples include lead screening, annual dental visits, well-child visits and adolescent well-care visits. Some factors that determined 2015 pay-for-performance quality measures included HEDIS measures for which an MCO scored below the 25th percentile of the Medicaid national average or HEDIS measures that were objectives in Tennessee's 2016 Centers for Medicare and Medicaid Services Quality Strategy (e.g., adolescent well-care visits). The health plans can make changes to the measures they pick, however they have a three-year period to show improvement for each measure. They must show a 5 percent improvement each year in order to be eligible for an incentive payment.

State officials note that requiring TennCare plans to be NCQA-certified made it easier for the state to implement an incentive program tied to HEDIS measures. MCOs have built their data systems to track the nationally accepted set of HEDIS measures. The state is then able to compare MCO performance to national benchmarks and across plans, which provides standardization and reduces potential confusion between Medicaid and MCOs about the measures.

## Outcomes of the Pay-for-Performance Program

Improvement in HEDIS measures is one indication of the incentive program's success. As of 2015, 85 percent of the 33 HEDIS measures tracked since 2007 have shown improvement over time, and 47 measures improved from 2014 to 2015.<sup>15</sup> At the same time, it is difficult to point to the incentive program as a primary driver of HEDIS measure improvements since TennCare's quality improvement strategy includes other components.

HEDIS measures in 2016 showed varying levels of improvement across plans and across pediatric preventive services.<sup>16</sup> This variation is likely a result of each plan focusing on different HEDIS measures for improvement, as well as administrative changes that Tennessee made to its managed care program. In 2014, Tennessee went through a re-procurement process for the managed care program, and as a result needed to move members from plan to plan. This movement affected MCOs' HEDIS scores as each plan's pool of enrollees was different than the previous year.

TennCare officials have seen other improvements come about as a result of the pay-for-performance program. Because each MCO is competing against its past performance, it opens all MCOs up to share information with each other. Medicaid officials report that the three current MCOs have taken steps to work together to improve HEDIS rates. For example, the plans recently organized a meeting with the state's primary care association to support delivery of a unified message to providers about the importance of quality improvement. The incentive program has also had the benefit of showing the MCOs how important quality is to TennCare, and it gives the state a concrete way to track MCOs' efforts to achieve quality improvement goals.

The incentive program has also had an impact on how MCOs incorporated a quality improvement focus into their work. The three MCOs in Tennessee worked together this year to distribute backpacks with materials on preventive screenings to children as part of a back-to-school initiative. The MCOs all also incorporated quality measurement efforts into their customer service support lines. As a result, when enrollees call in with a question about their children's coverage, the customer service representatives are alerted by the system if the child is not up-to-date with well-child visits. Customer service representatives can then encourage enrollees to take their children to their providers for the preventive visit, which supports children's healthy development as well as the plan's overall performance for the related HEDIS measure.

## Next Steps for Tennessee and Conclusion

In the future, Tennessee is considering pursuing a quality improvement strategy that would tie Medicaid MCO performance to member assignment to plans. Plans that show improvement would have a greater proportion of members who do not self-select a plan automatically assigned to them. This strategy has been implemented in other states including Georgia,<sup>17</sup> however, Tennessee is weighing the impact this type of direct plan-to-plan competition might have on collaboration among MCOs for quality improvement. Additional next steps for quality improvement in Tennessee's managed care program involve meeting requirements outlined in the 2016 federal managed care regulations, including a quality report card to publically compare MCO performance.<sup>18</sup>

Incentive programs can often lead to improvements in MCO performance, however Tennessee's experience shows that these programs can also foster a culture of collaboration and shared commitment to pediatric quality improvement among MCOs. TennCare has a strong focus on children because children make up a large proportion of the program. The state's experience to date shows how a Medicaid program can use managed care levers to promote preventive services that support children's healthy development.

NASHP has created a 50-state chart and map set of Medicaid and CHIP performance improvement projects, measures, and incentives promoting children's preventive services including weight assessment, immunizations, and well-child visits. [View the resources here.](#)

## Endnotes

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