

North Carolina Medicaid Standard Plan Withhold Program Guidance: 2025

North Carolina Department
of Health and Human
Services

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Table of Contents

Executive Summary	3
I. Standard Plan Quality Withhold Program Background and Purpose	4
II. Withhold Program Timeline	6
III. Withhold Program Parameters	7
IV. Bonus Pool Parameters	17
V. Appendices	20

Executive Summary

This document provides guidance related to the North Carolina Medicaid Standard Plan Withhold Program (hereafter referred to as the “Withhold Program”). The NC Department of Health and Human Services (the “Department”) has developed the Withhold Program to encourage Standard Plans to exceed minimum performance compliance thresholds for select priority areas.

- The Centers for Medicare & Medicaid Services (CMS) permits state Medicaid agencies to administer withhold programs to advance quality improvement and other goals, as outlined in 42 CFR 438.6 (“Special contract provisions related to payment”).
 - North Carolina launched the Withhold Program in 2024 and reviews and considers updates to the program parameters annually.
 - The Department’s priorities for the Withhold Program are to improve quality measure performance, data quality and completeness, as well as to promote health equity.
 - The Department will withhold a portion of Standard Plans’ expected capitation payment during the 2025–2026 Rating Year.
 - The second performance period for the Withhold Program will run from January 2025 to December 2025.
 - The Department will withhold a portion of Standard Plans’ expected capitation payment during the 2025–2026 Rating Year.
 - The Department will maintain the 2024 Withhold Program performance measures for 2025:
 - Childhood Immunization Status (CIS) (“Combo 10”)
 - Prenatal and Postpartum Care (PPC)
 - Rate of Screening for Health-Related Resource Needs (HRRN)
 - The Department will largely maintain the 2024 Withhold Program scoring methodology for 2025, apart from CIS Combo 10, which will use a new scoring methodology that accounts for declining national vaccination trends.
 - Standard Plans may earn back withheld funds (full or partial amount) according to their performance against specified targets at the end of the performance period.
 - Standard Plans will have an opportunity to earn a portion of unearned withhold funds through a Bonus Pool.
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This document was originally published in December 2024 and updated in May 2025.

Summary of changes in v. 5/19/25:

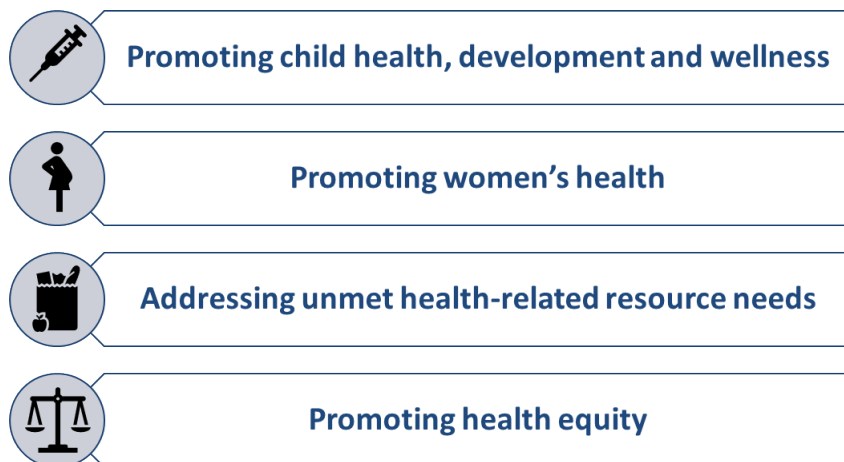
- Addition of Section III(F): Adjustments to Account for the Impact of Hurricane Helene
- Addition of Appendix D: Specification for Withhold Program Geographic Adjustments Due to Hurricane Helene

I. Standard Plan Quality Withhold Program Background and Purpose

The North Carolina Department of Health and Human Services (“the Department”) remains dedicated to improving the health of North Carolinians through an innovative, equitable, whole-person-centered, and well-coordinated system of care that supports both medical and nonmedical drivers of health. A key component of North Carolina’s [Quality Strategy](#) includes measuring and incentivizing performance improvement as part of Medicaid transformation. Withhold programs are one mechanism to encourage performance improvement in a variety of domains and have been implemented in other state Medicaid managed care programs. In a withhold arrangement, a portion of health plans’ expected capitation payment is withheld, and plans must meet targets (e.g., quality measure performance targets) to receive withheld funds from the Department once performance is known at the conclusion of a defined performance period, typically the annual quality measurement cycle.

In accordance with federal and state rules¹, the Department administers a withhold program to encourage Standard Plans to exceed minimum performance compliance thresholds for select priority areas. For the first performance period of the Withhold Program in 2024, the Department focused on select quality measures to direct Standard Plan efforts toward priority improvement areas. The Department is maintaining these same quality measures for the 2025 performance period. However, additional quality performance measures and operational performance measures may be considered for inclusion in the Withhold Program in future years.

The Withhold Program’s design is aligned with North Carolina Medicaid’s [Quality Aims, Goals and Objectives](#), specifically:



In accordance with these objectives, the Department’s initial Withhold Program design for the 2024 and 2025 performance periods focused on quality areas with performance below internal or external benchmarks and/or flat or decreasing performance, while aligning with Standard Plans’ required

¹ Federal: [eCFR 438.6](#). State: [N.C.G.S. 108D-65](#).

performance improvement projects.² The Department has since established a comprehensive annual review process to guide potential changes to the Withhold Program parameters for the 2026 performance period and beyond. The annual review process includes nominations for new performance measures from internal and external stakeholders and applies a [framework for measure selection or retirement](#).

Furthermore, the Withhold Program scoring methodology is generally informed by the quality benchmarking approach outlined in [North Carolina's Medicaid Quality Measurement Technical Specifications Manual](#) ("Technical Specifications").³ However, the Department may consider adjusting the Withhold Program scoring methodology for specific quality measures to account for instances of declining national performance. The 2025 performance period scoring methodology is described further in Section III(E) of this document.

² As outlined in the North Carolina Managed Care Quality Strategy and Standard Plan contract requirements.

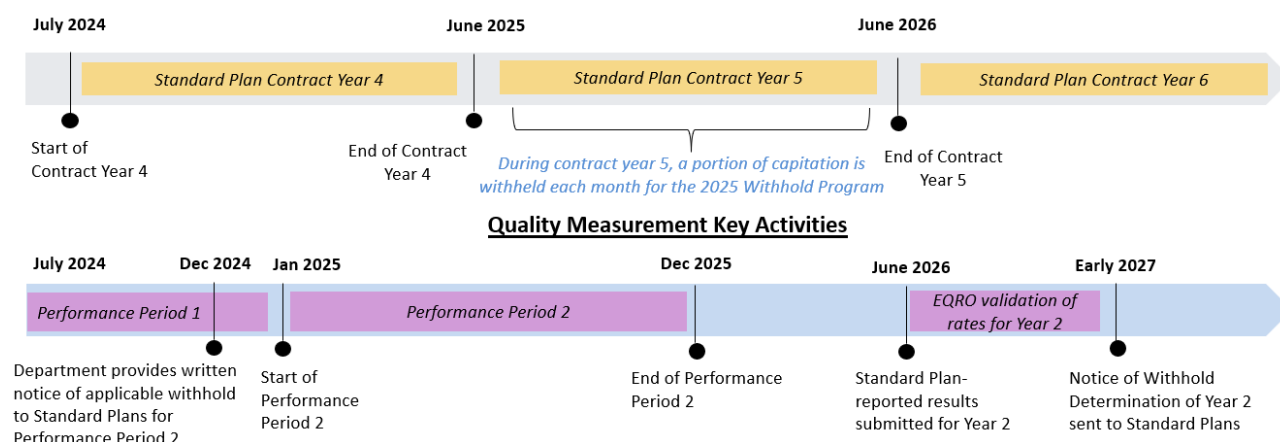
³ See Section V. B. "Benchmarking Approach" and Section V. C. "Promoting Equity in Care and Outcomes."

II. Withhold Program Timeline

North Carolina's managed care quality measurement period differs from the Standard Plans' Rating Period. The quality measurement period follows a calendar year cycle (January to December), whereas the Rating Period is the state fiscal year (July to June).

The second performance period for the Withhold Program is January 2025 to December 2025.⁴ Throughout the Rating Period (i.e., July 1, 2025, to June 30, 2026), a portion of Standard Plans' risk-adjusted capitation will be withheld. Standard Plans will submit the results for each performance measure (described below) by June 2026.⁵ Subsequently, the Department's External Quality Review Organization (EQRO) will validate submitted performance measure results for each performance period. Standard Plans will be notified in early 2027 of the amount of withheld funds earned for the 2025 performance period. Figure 1 summarizes the 2025 Withhold Program timeline. For details of the first performance period for the Withhold Program (January 2024-December 2024), please refer to [North Carolina Standard Plan Withhold Program Guidance v. 9/1/23](#).

Figure 1: Timeline of 2025 Withhold Program

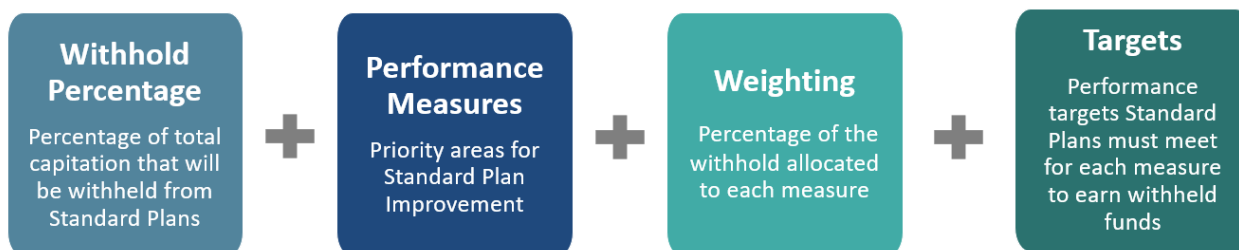


⁴ In accordance with [N.C.G.S. 108D-65](#).

⁵ Performance measure data will be submitted via the Standard Plan Annual Quality Measures Report (QAV007). This report is due 180 days after the end of the reporting period. For CY2025, this report will be due in June 2026.

III. Withhold Program Parameters

The key components of North Carolina’s Withhold Program are:



A. Withhold Percentage

For the 2025 performance period, the Department will withhold 1.5% of each Standard Plan’s total risk-adjusted capitation during Contract Year 5 (July 2025–June 2026).⁶ Standard Plans will be formally notified of the withhold percentage by no later than December 2024. Standard Plans will be notified in early 2027 of the amount of earned withheld funds based on their results from the 2025 performance period, once available.⁷

B. Performance Measures

For the 2025 performance period, the Department is maintaining the performance measures from the 2024 performance period. These measures were selected from the state’s existing managed care measure sets for inclusion in the Withhold Program:

- Childhood Immunization Status (CIS) (“Combo 10”)
- Prenatal and Postpartum Care (PPC)
 - Sub-Measure: Timeliness of Prenatal Care
 - Sub-Measure: Postpartum Care
- Rate of Screening for Health-Related Resource Needs (HRRN)

Specifications for each performance measure can be found in North Carolina’s Medicaid Quality Measurement Technical Specifications Manual available on [NC Medicaid’s Quality Management and Improvement page](#).⁸

Table 1 below includes (1) an overview of each performance measure, including the measure description and how the measure will be scored in the 2025 Withhold Program, and (2) key considerations that guided selection of each measure for the Withhold Program.

⁶ State law stipulates that the withhold arrangement must not exceed 3.5% of the Standard Plan’s total capitation payment (N.C.G.S. 108D-65).

⁷ More information on notices can be found in Section III. F. of this document.

⁸ The Department recently updated the specifications for the HRRN Screening measure. Additional details on the new HRRN Screening measure specification will be included in the January 2025 release of the Technical Specifications.

The Department aims to include Withhold Program performance measures for the following year in an update of the Managed Care Technical Specifications during the first half of each calendar year. The Department will only consider adopting in the Withhold Program performance measures that have been collected in the North Carolina Medicaid Managed Care program for at least one year.

Table 1: Overview of Withhold Program Performance Measures

Performance Measure	Description	Rationale for Inclusion in the NC Withhold Program	Standard by Which Standard Plan Performance Will Be Assessed
1. Childhood Immunization Status (CIS) (“Combo 10”)⁹ <i>CBE Number¹⁰ 0038</i>	<p>The percentage of children who had received, by their second birthday, the following vaccines:</p> <ul style="list-style-type: none"> • Four diphtheria, tetanus, and acellular pertussis (DTAP) • Three polio (IPV) • One measles, mumps, and rubella (MMR) • Three haemophilus influenza type B (HiB) • Three hepatitis B (HepB) • One chicken pox (VZV) • Four pneumococcal conjugate (PCV) • One hepatitis A (HepA) • Two or three rotavirus (RV) • Two influenza 	<ul style="list-style-type: none"> • Addresses the state’s quality aims related to children’s health and health equity • Opportunity to drive increases in an area where North Carolina Standard Plan rates are below the national Medicaid average and have been declining • Opportunity to address large disparities in performance for Black enrollees (>30% relative difference in Combo 10 rates between Black and Non-Black Standard Plan enrollees in 2023) • Alignment with national measure sets (e.g., Medicaid Core Child Measures) and other states’ withhold programs • Alignment with other Department improvement efforts (Combo 10 is an Advanced Medical Home quality measure and performance improvement project measure) 	<ul style="list-style-type: none"> • Overall Population “Beat the trend”: Relative change from MY2024 to MY2025 outperforms the national Medicaid HMO median trend by 60%. • Priority Population: 12% reduction in relative disparity between Black and Non-Black rates

⁹ For Combo 10, Standard Plans will be assessed by the extent to which their relative change in overall performance (MY2024–MY2025) outperforms the NCQA Quality Compass National Medicaid HMO median (50th percentile) trend over that same timeframe and the extent to which relative disparities between Black and Non-Black enrollees are reduced, described below.

¹⁰ CBE refers to Consensus-Based Entity.

Performance Measure	Description	Rationale for Inclusion in the NC Withhold Program	Standard by Which Standard Plan Performance Will Be Assessed
2a. Prenatal and Postpartum Care (PPC): Timeliness of Prenatal Care¹¹ <i>CBE Number 1517</i>	The percentage of deliveries that received a prenatal care visit in the first trimester, on or before the enrollment start date or within 42 days of enrollment in the organization.	<ul style="list-style-type: none"> Addresses the state’s quality aims related to maternal/infant health Opportunity to drive increases in an area where North Carolina Standard Plan rates are below the national Medicaid average Incentivizes use of new “F” codes (0500F), which enable providers to indicate the first prenatal visit and postpartum care visit, respectively, to improve data quality Relevant to postpartum expansion Alignment with national measure sets (e.g., Medicaid Child & Adult Core Measures) and other states’ withhold programs Alignment with other Department improvement efforts (PPC is an Advanced Medical Home quality measure and performance improvement project measure) 	Overall Population: 5% relative improvement
2b. Prenatal and Postpartum Care (PPC): Postpartum Care <i>CBE Number 1517</i>	The percentage of deliveries that had a postpartum visit between 7 and 84 days after delivery.	<ul style="list-style-type: none"> Same as Timeliness of Prenatal Care, above 	Overall Population: 5% relative improvement

¹¹ For PPC measures, Standard Plans will be assessed relative to their MY2023 line-of-business overall performance, described below.

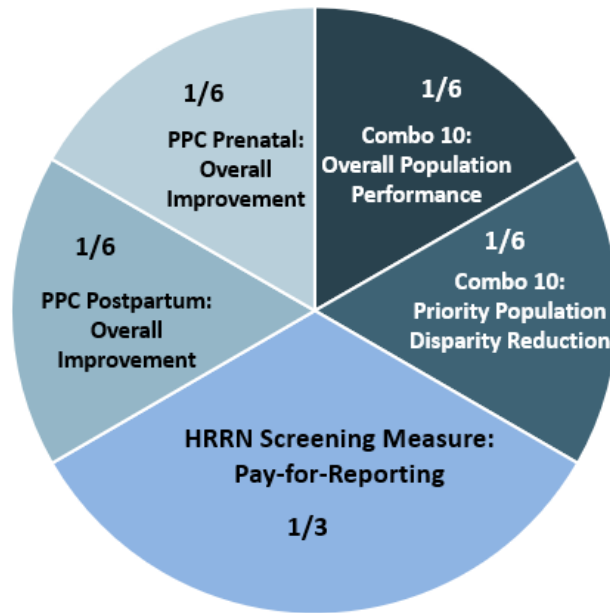
Performance Measure	Description	Rationale for Inclusion in the NC Withhold Program	Standard by Which Standard Plan Performance Will Be Assessed
3. Rate of Screening for Health-Related Resource Needs (HRRN Screening Measure)	The percentage of enrollees who completed a screening for HRRN within the calendar year. ¹²	<ul style="list-style-type: none"> • Addresses state quality aims of healthier people, healthier communities • Opportunity to improve screening rates by promoting the consistency and completeness of data collection/reporting • Alignment with the goals of the Healthy Opportunities Pilots Program • Alignment with similar measures required for fee-for-service Medicare programs • Promotes health equity by identifying member HRRN with the goal of linkage to programs that address HRRN • Alignment with the Department's contractual requirements for plans to conduct HRRN screenings 	Designation of whether the measure is "reportable." Payout for this measure is based on the result of data validation by the EQRO. See below as well as Appendix A and Appendix B for more information.

¹² Per contract requirements, Standard Plans are responsible for undertaking best efforts to conduct a Care Needs Screening of every member within 90 calendar days of the effective date of enrollment. The Department defines "best efforts" as including at least two documented follow-up attempts to contact the member if the first attempt is unsuccessful. The HRRN Screening measure assesses whether a screening was completed, not whether best efforts were made.

C. Weighting of Performance Measures

Each performance measure in the Withhold Program is weighted to reflect the percentage of the total withhold payment amount (1.5% of risk-adjusted capitation) associated with each measure, as shown in Figure 2 below.

Figure 2: Performance Measure Weights



D. Validation Process for the HRRN Screening Measure

The HRRN Screening measure will be validated by the Department's EQRO according to standard criteria for data integration, data control and performance measure documentation based on plan-reported BCM026 reports that are shared with the Department quarterly.^{13,14} The EQRO will determine whether the HRRN Screening measure data submitted by each Standard Plan and the calculations completed by the Department complies with the measure specifications. Only Standard Plans with data that is deemed compliant with the measure specifications and deemed reportable by the EQRO may receive the portion of the withhold associated with this measure (i.e., there is no partial credit). See Appendices A and B for more information.

To help inform Standard Plans' screening-related activities, the Department will provide feedback quarterly to Standard Plans using data in the BCM026 report. Standard Plans will have the ability to access the data they are producing and can build in routine monitoring of their performance results.

E. Scoring Methodology and Performance Targets

The Department sets targets for each performance measure to determine repayment of withheld funds to each Standard Plan. Standard Plans may earn back either the full amount or a partial amount of withheld

¹³ Reminder that the EQRO will complete this validation process for the other Withhold Program performance measures as well.

¹⁴ For more information, please refer to [EQR Protocol 2 Validation of Performance Measures Reported by the MCO](#).

funds, unless otherwise noted (i.e., the HRRN Screening measure).

The Department will complete an annual analysis prior to each Withhold Program performance period to ensure that the Department's performance measures and associated targets are reasonable and achievable according to federal regulations.¹⁵ Actual performance against the withhold will be evaluated and considered in future year analyses.

EQRO-validated administrative data from QAV007 will be used to assess 2025 plan performance in the withhold program for Combo 10 and PPC. Combo 10 administrative data include North Carolina Immunization Registry (NCIR) supplemental data.

For the 2025 performance period, the Department will maintain the scoring methodology for PPC measures used in the 2024 performance period in alignment with the overall quality measure benchmarking approach for MY2025 outlined in the Technical Specifications. The baseline for these measures is the latest year for which the Department has complete data, which is data from the 2023 calendar year (based on QAV007 reporting).¹⁶ For the 2025 performance period, the Department is adjusting the scoring methodology and the baseline for Combo 10 to account for declining national performance on the measure.¹⁷ The baseline for the Combo 10 overall population performance and disparity reduction measures will be the 2024 calendar year. The Combo 10 and PPC scoring methodologies are each described in more detail below.

i. Childhood Immunization Status (CIS) ("Combo 10")

Overall performance targets for Combo 10 will be set using 2024 data as a baseline. Standard Plans will be required to beat the Combo 10 national Medicaid HMO median relative change trend between MY2024 and MY2025 for the overall population to earn back withheld funds.^{18,19} For example, if the Combo 10 national median has a 10% relative decrease between MY2024 and MY2025, a Standard Plan must achieve *less* of a relative decrease during the same time period to earn back at least 50% of the withheld funds for the measure. Standard Plans will receive higher payouts for beating the national median trend by greater margins, with the maximum payout made to Standard Plans whose relative change outperforms the national median trend by at least 60.00%.²⁰

The formulas used to calculate relative change and compare Standard Plan relative change to the national median relative change trend are:

- Relative change formula
 - $$\frac{(\text{Performance rate for performance period MY} - \text{Performance rate for baseline MY})}{(\text{Performance rate for baseline MY})}$$

¹⁵ 42 CFR 438.6.

¹⁶ Standard Plans may conduct voluntary analyses and submit supplemental data, if desired.

¹⁷ This approach is only planned for the 2025 performance period. The Department will evaluate national performance trends as MY2024 data becomes available to inform Combo 10 scoring for the 2026 performance period.

¹⁸ National Medicaid HMO Median (50th Percentile) will be based on the NCQA Quality Compass. Quality Compass rates use a hybrid methodology while Standard Plan performance based on QAV007 is assessed based on administrative rates. Under the "beat the trend" approach, Standard Plan administrative rates are not compared directly to Quality Compass hybrid rates. The change in Standard Plan performance between the baseline year and performance year is compared to the change in national rates over the same period.

¹⁹ Because Combo 10 overall performance targets will be based on 2024–2025 national trends, the Department can share details of the scoring methodology, but specific numeric targets will not be available.

²⁰ Combo 10 overall performance targets are based on the percent difference (not percentage point difference) between Standard Plan relative percent change in performance and the national median trend.

- Standard Plan relative change compared to national median relative change
 - $(\text{National median relative change} - \text{Standard Plan relative change}) / (\text{National median relative change})$

The full payout schedule for Combo 10 overall performance is outlined below in Table 2. A detailed step-by-step example applying this scoring methodology is included in Appendix C.

Table 2: Combo 10 Overall Performance Payout Schedule²¹

Design Parameter	Description	
Baseline	The baseline for 2025 will be 2024 Combo 10 overall performance rates	
Payout Schedule	Performance	Payout
	Plan relative improvement or decline from MY2024 to MY2025 is better than the national median trend by 60.00% or more	100%
	Plan relative improvement or decline from MY2024 to MY2025 is better than the national median trend by 40.00% to 59.99%	75%
	Plan relative improvement or decline from MY2024 to MY2025 is better than the national median trend by 0.01% to 39.99%	50%
	Plan relative improvement or decline from MY2024 to MY2025 is equal to or worse than the national trend	0%

In addition to setting targets for overall population Combo 10 performance, the Department is focused on reducing known disparities in immunization rates, particularly by for Black members. The Department is defining “disparity” as greater than 10% relative difference in performance between the priority population (group of interest) and the reference group, as outlined in the Technical Specifications. The formula to calculate a disparity is:

- Definition of Disparity
 - $(\text{Reference Group Performance rate} - \text{Priority Population Performance rate}) / (\text{Reference Group Performance rate})$ is greater than 10%²²

For the 2025 Withhold Program, based on prior years’ Standard Plan performance, the Department will assess Combo 10 disparities reductions for Black and African American Standard Plan members relative to Non-Black and African American members. To earn back the full amount of withheld funds for Combo 10 priority population performance, Standard Plans will be required to reduce relative disparities between

²¹ Performance tiers and targets were developed based on an analysis of national trends and Standard Plan performance from 2022–2023.

²² For more information on the Department’s expectations related to promoting equity across all plan-reported quality measures, please see [Technical Specifications](#) V.C.

Black and Non-Black enrollees by 12.00% between MY2024 and MY2025.^{23,24,25}

Standard Plans will be able to earn back a smaller portion of withheld funds for lower disparity reductions on a sliding scale, as outlined in Table 3 below. A detailed step-by-step example applying this scoring methodology is included in Appendix C. The formula used to calculate a percent change in relative disparity is:

- Percent change in relative disparity
 - $(\text{Relative disparity for performance period MY} - \text{relative disparity for baseline MY}) / (\text{relative disparity for baseline MY})$

Table 3: Combo 10 Priority Population Payout Schedule²⁶

Design Parameter	Description	
Baseline	The baseline for 2025 will be 2024 Combo 10 Black and Non-Black performance rates	
Payout Schedule	Performance	Payout
	Plan reduction in the relative disparity between Black and Non-Black enrollees from MY2024 to MY2025 by 12.00% or more	100%
	Plan reduction in the relative disparity between Black and Non-Black enrollees from MY2024 to MY2025 is between 9.00% and 11.99%	75%
	Plan reduction in the relative disparity between Black and Non-Black enrollees from MY2024 to MY2025 is between 6.00% and 8.99%	50%
	Plan reduction in the relative disparity between Black and Non-Black enrollees from MY2024 to MY2025 is between 3.00% and 5.99%	25%
	Plan reduction in the relative disparity between Black and Non-Black enrollees from MY2024 to MY2025 is below 3.00%	0%

ii. Prenatal and Postpartum Care (PPC): Scoring Methodology

The overall performance improvement target for PPC measures (to include both sub-measures) is a 5% relative or higher improvement from the Standard Plan's prior performance in the most recent year for which full data is available. For the 2025 performance period, the baseline will be the Standard Plan's 2023 performance rates.^{27,28} Incremental payment amounts associated with performance improvement are outlined in Table 4. The formula for calculating these targets is Prior Year Line-of-Business Performance rate

²³ This approach is planned for the 2025 performance period only. The Department will evaluate national performance trends as MY2024 data becomes available to inform Combo 10 scoring for the 2026 performance period.

²⁴ Because Combo 10 priority population targets will be based on 2024–2025 Standard Plan performance, the Department can share details of the scoring methodology, but specific numeric targets will not be available.

²⁵ Combo 10 priority population targets are based on the percent difference (not percentage point difference) in relative disparities between MY2024 and MY2025.

²⁶ Performance tiers and targets were developed based on an analysis of Standard Plan performance from 2022–2023.

²⁷ The Department is not including payout at this time for a priority population improvement target specific to the PPC measures.

²⁸ PPC measure performance targets are based on relative improvement, not percentage point improvements.

(e.g., 2023 administrative rate) * 1.05.

Table 4: PPC Overall Performance Improvement Payout Schedule

Design Parameter	Description	
Baseline	The baseline for 2025 will be the Standard Plan's 2023 performance rates.	
Payout Schedule	Performance	Payout
	At or above 5% relative improvement compared to MY2023	100%
	Between 4% and 4.99% relative improvement compared to MY2023	80%
	Between 3% and 3.99% relative improvement compared to MY2023	60%
	Between 2% and 2.99% relative improvement compared to MY2023	40%
	Between 1% and 1.99% relative improvement compared to MY2023	20%
	Below 0.99% relative improvement compared to MY2023	0%

iii. Rounding Policy

The Department will determine Standard Plan performance on each measure up to two decimal points. In instances where the performance target ranges overlap between two payout amounts due to rounding, the performance improvement target is rounded down so that plans are eligible for the higher payout amount. For example, if the value for a 2.99% improvement in a Standard Plan's PPC measure performance is the same as a 3.00% improvement, the rounded value will be assigned as the minimum value for the 60% withhold payout amount and a value that is 0.01% lower will be assigned to the 40% withhold payout amount. This policy applies to both Combo 10 and PPC measures.

F. Adjustments to Account for the Impact of Hurricane Helene (added March 2025)

Hurricane Helene caused significant disruptions in Western North Carolina, including damage to infrastructure, displacement of patients, and shortages of vaccines and supplies beginning on September 27, 2024. These challenges may affect the ability of health plans to meet performance targets, particularly for the CIS Combo 10 and PPC measures included in the Standard Plan Withhold Program. NC Medicaid is implementing adjustments to how performance is assessed in the 2024 and 2025 withhold programs to ensure fair evaluation of performance following Hurricane Helene while incentivizing continued quality improvement efforts.

NC Medicaid will assess each Standard Plan based on the better of two rates for the CIS Combo 10 and PPC withhold measures in 2024, including and excluding members residing in hurricane-impacted counties. The 2024 rates (including and excluding members in hurricane-impacted counties) will be compared to the plan's 2022 baseline, which includes all counties.

NC Medicaid is not implementing any changes to the criteria for HRRN screening. HRRN screening is a pay-for-reporting measure in the withhold program, with performance rates assessed as part of the bonus pool only. This measure has fewer barriers to performance created by the hurricane as it does not require an in-person visit or interaction with a provider. (Only screenings conducted by the plan are included in the rate.) Additionally, maintaining the current scoring approach may incentivize plans to actively identify and address

member HRRN needs following the hurricane.

Further details on these adjustments are outlined in Appendix D: Specification for 2024 and 2025 Withhold Program Geographic Adjustments Due to Hurricane Helene.

Given the prolonged and uneven nature of hurricane recovery, the Department will continue monitoring the potential impact of the hurricane on quality measures. Based on ongoing evaluations and stakeholder feedback, the Department may consider additional adjustments, if necessary.

G. Written Notice and Disputes

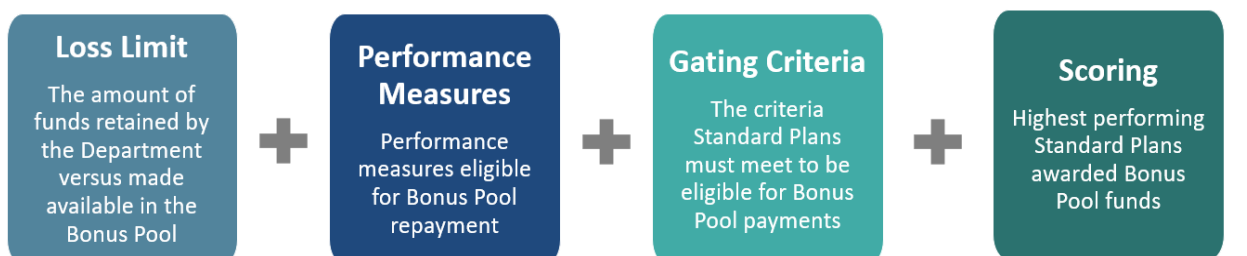
At the end of each performance period, the Department will provide Standard Plans with a written Notice of Withhold Determination. The notice includes the Department's determination of whether the Standard Plan fully met, partially met, or did not meet criteria for withhold repayment during the performance period. For any withheld amounts owed to the Standard Plan based on the Department's withhold determination, the Department will distribute the funds to the Standard Plan no later than 60 calendar days after the date on the Notice of Withhold Determination.

A Standard Plan may elect to dispute the Department's withhold determination as set forth in Section VI.C.7 of the Prepaid Health Plan Contract #30-190029- DHB (Contract). If the Standard Plan timely disputes the withhold determination as provided in the Contract and the Department overturns its original decision and determines that additional funds are owed to the Standard Plan, the Department will pay the Standard Plan any withheld amounts owed by no later than 60 calendar days after the date on the written notice of final decision²⁹ pursuant to Section VI.C. of the Contract.³⁰

IV. Bonus Pool Parameters

In cases where Standard Plans' combined performance does not result in full repayment of all withheld funds, the Department will allow the highest performing Standard Plans in the Withhold Program to earn a portion of unearned funds through a Bonus Pool.

The components of the Bonus Pool are:



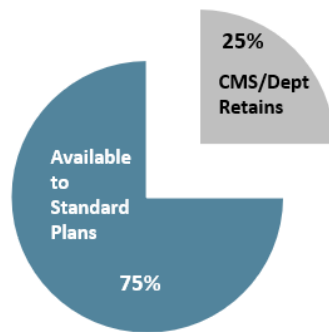
²⁹ The Standard Plan is not entitled to any interest or penalties from the Department for any disputed withheld amounts that were not paid by the Department during the dispute resolution process.

³⁰ Available [here](#)

A. Loss Limit

A loss limit is the portion of unearned withhold funds that are retained by the Department and therefore are not available for distribution to Standard Plans through the Bonus Pool. For the 2025 performance period, the Department will retain 25% of any unearned withheld funds and make the remaining 75% available in the Bonus Pool.³¹

Figure 3: Use of Unearned Withheld Funds for Bonus Pool



B. Performance Measures

Bonus Pool funds will be used to further reward performance on the Combo 10, PPC and HRRN Screening measures. The Bonus Pool scoring methodology is similar to the base Withhold Program scoring methodology.

Of note, the HRRN Screening measure is scored as a pay-for-performance measure in the Bonus Pool. This differs from the role this measure plays in the Withhold Program, where Standard Plans can earn back payment for submission of validated performance data and are not required to achieve a specific level of performance or improvement. To be eligible for Bonus Pool funds related to the HRRN Screening measure, Standard Plans must have passed the data validity assessment in the base Withhold Program. The Department adopted the pay-for-performance approach for the Bonus Pool to reward Standard Plans that have documented high performance in the HRRN Screening measure using reliable data in the performance period. The Department also aims to drive improved data quality and establish a Standard Plan-level baseline for future inclusion as a pay-for-performance measure in the Withhold Program.

C. Scoring

i. Gating Criteria

Each Standard Plan is eligible to receive Bonus Pool funds for a specific performance measure (assuming funds are available) only if it meets the measure’s gating criterion. Eligibility for Bonus Pool funds is determined on a measure-by-measure basis.

Performance Measures	Gating Criterion for Bonus Pool	Scoring Criteria in the Bonus Pool (<i>Described Further Below</i>)	Percentage of Bonus Pool Available for This Measure
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³¹ Standard Plans will **not** be able to receive more than 5% of their overall capitation as incentive payment in accordance with 42 CFR 438.6(a). Any earned bonuses in excess of this amount will be retained by the Department.

1.Combo 10	Relative improvement or decline from MY2024 to MY2025 is better than the equivalent national Medicaid HMO median trend by 60%	Largest relative improvement (or smallest relative decline) compared to the national median relative change	20%
	Reduction in the relative disparity between Black and Non-Black enrollees from MY2024 to MY2025 by 12%	Highest reduction in relative disparity	20%
2a.PPC – Prenatal	5% performance improvement	Highest Overall Performance Improvement	20%
2b.PPC – Postpartum	5% performance improvement	Highest Overall Performance Improvement	20%
3.HRRN Screening Measure	Pass the pay-for-reporting validity check by the EQRO	Highest Overall Performance – Successful Screening Rate	20%

ii.Scoring and Distribution

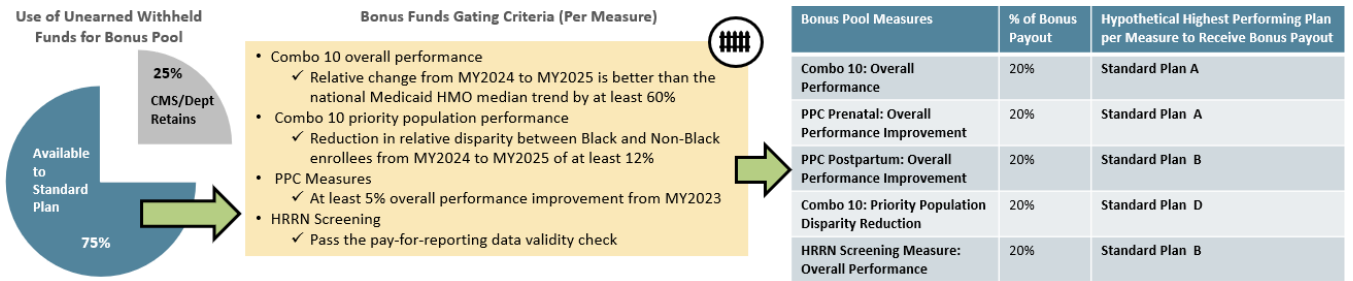
The Department will award Bonus Pool funds to the Standard Plan with the **highest performance** according to the measure’s scoring criterion (relative to other Standard Plans that met the measure’s gating criterion). Of the total Bonus Pool amount, 20% is eligible for payout per performance measure (see *Figure 4 below*). If there are no Standard Plans eligible to receive the 20% Bonus Pool amount for a measure, the Department will retain these funds.

The Department will determine Standard Plan performance on each measure up to two decimal places. If there is a tie between Standard Plans, the Bonus Pool payout for that measure will be divided equally between the tied Standard Plans.

As set forth in Section VI.C.8 of the Contract, following the issuance of the Notice of Withhold Determination and resolution of any disputes, the Department will provide written notice to the Standard Plan describing the establishment of any bonus pool(s) based on the availability of funds, whether each Standard Plan is eligible to participate and whether any Standard Plan was awarded Bonus Pool funds. Payment of any Bonus Pool funds will be paid to the Standard Plan by the Department no later than 60 calendar days after the date on the written notice.³²

³² Full details on requirements for written notices, disputes and appeals can be found in Section VI. C. in Standard Plan contracts, available [here](#)

Figure 4: Bonus Pool Program Overview



See Appendices B and C for an illustrative diagram of the Withhold Program, Bonus Pool, and example scenario.

V. Appendices

Appendix A: Data Validation Process for HRRN Screening “Pay-for-Reporting” Measure

Formal performance measure validation

The Department’s EQRO will assess the validity of the HRRN Screening measure at the end of the performance period. Formal performance measure validation is available annually. The EQRO will request documentation to support the findings and measure determination that it will include in the final audit report. The EQRO will request the following documentation and follow up with Standard Plans accordingly on issues or areas needing clarification:

- **Information Systems Capabilities Assessment Tool (ISCAT):** The Standard Plans will be required to submit to the EQRO a completed ISCAT that provides information on their information systems; processes used for collecting, storing, and processing data; and processes used for determining performance measure reporting.
- **Source code (programming language) for the HRRN Screening measure:** The EQRO will complete a line-by-line review of the source code the Standard Plans use to calculate the measure, to ensure compliance with the measure specifications. The EQRO will work with each Standard Plan to make corrections when applicable.
- **Supporting documentation:** The EQRO will request documentation to provide reviewers with additional information to complete the validation process, including policies and procedures, file layouts, system flow diagrams, system log files, and data collection process descriptions.
- **Primary source verification (PSV):** The EQRO will request output data files that include positive records for the HRRN Screening measure from which auditors will select cases for PSV.

Based on this review, the EQRO will denote whether all the following are acceptable or not acceptable:

- Data Integration
- Data Control
- Performance Measure Documentation

Based on all validation activities described above, the EQRO will determine results for the measure using the following designation categories (these are the binary rules to consider in a pay-for-reporting structure):

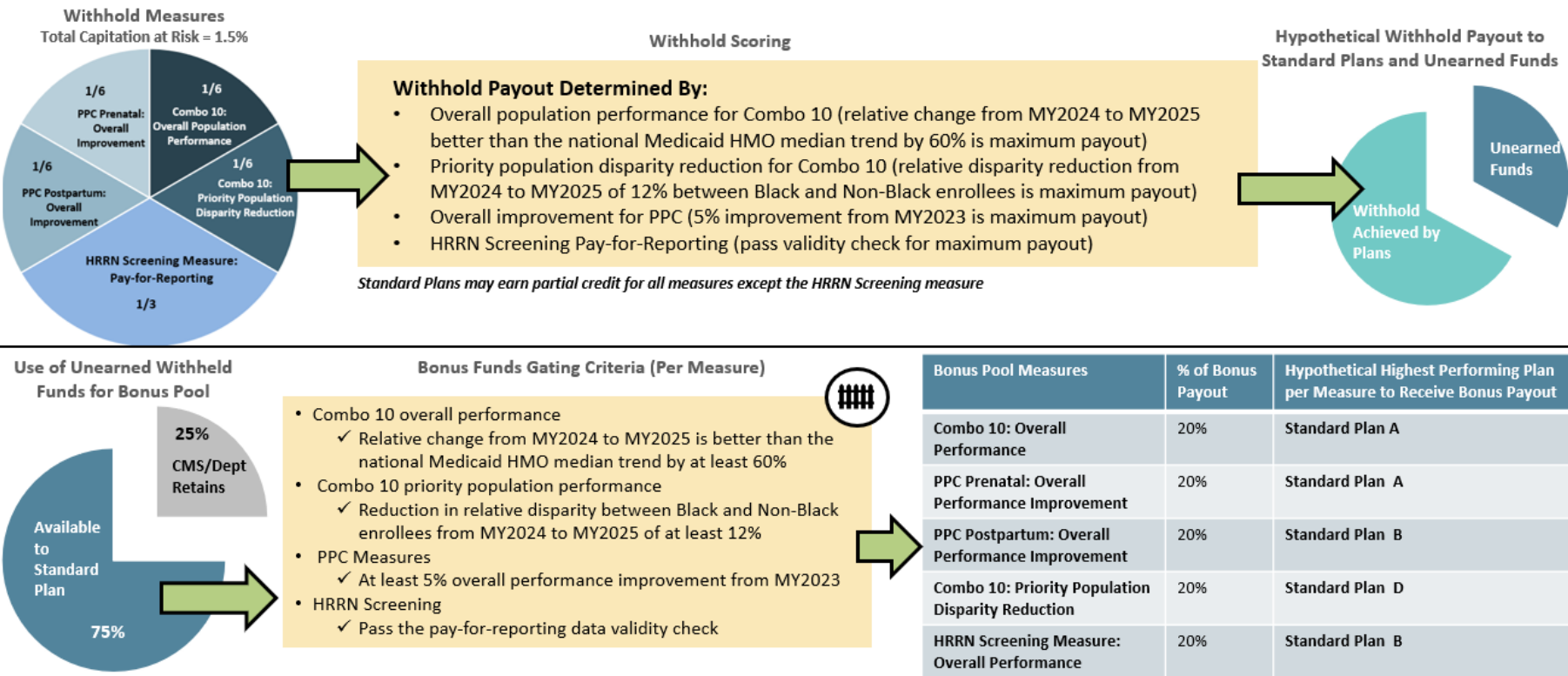
- **Reportable (R):** Measure was compliant with measure specifications.
- **Do Not Report (DNR):** The Standard Plan rate was materially biased and should not be reported.

Designation of “Reportable” will qualify the Standard Plan for return of the portion of the withhold associated with this measure. There will be no partial credit.

Appendix B: Overview of Withhold Program and Bonus Pool

The figure below provides a full overview of the Withhold Program and Bonus Pool, including performance measures and scoring, as outlined in the sections above.

Figure 5: Withhold and Bonus Pool Program Overview



Appendix C: Example Scenario of Standard Plan Performance and Payout in Withhold and Bonus Pool Program

This section provides an example scenario of Plan A's performance in the Withhold Program and associated payouts. The tables below include assumptions for each Plan's performance for this example scenario.

Table 5: Plan A Performance with new Combo 10 Overall Population Scoring Methodology for Illustrative Scenario³³

Population	Combo 10: Overall Performance MY2024	Combo 10: Overall Performance MY2025	Combo 10: Overall Performance Relative Change	Combo 10 Overall Performance: Standard Plan Relative Change Compared to National Median Relative Change
National Medicaid HMO Median	30.90%	27.49%	$[(27.49\% - 30.90\%) / (30.90\%)] * 100 = -11.04\%$	N/A
Plan A	28.00%	27.60%	$[(27.60\% - 28.00\%) / (28.00\%)] * 100 = -1.43\%$	$[(-11.04\%) - (-1.43\%)] / (-11.04\%) * 100 = 87.05\%$
<i>Plan A's relative change was 87.05% better than the national trend</i>				

Table 6: Plan A Performance with new Combo 10 Priority Population Scoring Methodology for Illustrative Scenario

Measurement Year	Black Combo 10 Rate	Non-Black Combo 10 Rate	Relative Disparity	Percent Change in Relative Disparity
Plan A MY2024	21.00%	28.00%	$[(28.00\% - 21.00\%) / (28.00\%)] * 100 = 25.00\%$	$[(20.00\% - 25.00\%) / 25.00\%] * 100 = -20.00\%$
Plan A MY2025	24.00%	30.00%	$[(30.00\% - 24.00\%) / (30.00\%)] * 100 = 20.00\%$	
Plan A reduced the relative disparity between Black and Non-Black enrollees by 20.00%				

³³ The Department will determine Standard Plan performance on each measure up to two decimal points. In instances where the performance target ranges overlap between two withhold payout amounts due to rounding, the performance improvement target is rounded down so that plans are eligible for the higher payout amount. In the Bonus Pool, if there is a tie between Standard Plans at that level, the Bonus Pool payout for that measure will be divided equally between the Standard Plans.

Table 7: Plan A Performance with PPC Scoring Methodology for Illustrative Scenario

Measurement Year	PPC – Prenatal: Overall Performance	PPC – Postpartum: Overall Performance
Plan A MY2023	40.00%	36.00%
Plan A MY2025	42.40%	37.44%
Relative Improvement	$[(42.40\% - 40.00\%) / 40.00\%] * 100 = 6.00\%$	$[(37.44\% - 36.00\%) / (36.00\%)] * 100 = 4.00\%$

Table 8: Example Standard Plan Performance Across All Withhold Measures for Illustrative Scenario

Plans	Combo 10: Relative Change Compared to National Median Trend	Combo 10: Priority Population Relative Disparity Reduction	PPC – Prenatal: Overall Performance Improvement	PPC – Postpartum: Overall Performance Improvement	HRRN Screening Measure: Pay-for-Reporting	HRRN Screening Measure: Overall Performance (Successful Screenings) Bonus Pool Only
Plan A	+87.05%	-20.00%	6.00%	4.00%	No	9.12%
Plan B	+78.50%	-27.23%	3.48%	6.99%	Yes	12.02%
Plan C	-20.50%	-7.51%	1.00%	3.56%	Yes	8.66%
Plan D	+60.30%	+2.32%	5.77%	5.55%	No	8.03%
Plan E	+39.03%	-12.09%	3.82%	3.21%	No	7.29%

Note: Green = highest performer on a given metric

Table 9: Plan A's Results and Payout in Withhold Program

Measure	Improvement	Withhold Payout Amount for Measure
Combo 10: Overall Performance	+87.05% (better than the national Medicaid HMO median trend from MY2024 to MY2025)	100%
Combo 10: Priority Population Disparity Reduction	-20.00% (relative disparity reduction from MY2024 to MY2025)	100%
PPC – Prenatal: Overall Performance Improvement	6.00% (relative improvement compared to MY2023)	100%
PPC – Postpartum: Overall Performance Improvement	4.00% (relative improvement compared to MY2023)	80%
HRRN Screening: Pay-for-Reporting	Not Reportable	0%

Plan A's Performance in Withhold Program

- Plan A met the targets for Combo 10 (Overall Performance), Combo 10 (Priority Population Disparity Reduction) and PPC – Prenatal (Overall Performance) and thus receives the full withhold payout for each of those measures (*see Tables 8 and 9 above*).
- Plan A did not meet the 5% relative improvement target for PPC – Postpartum (Overall Performance) but receives partial credit for improvement (*see Tables 8 and 9 above*).
- Plan A did not pass the data validation check for the HRRN Screening measure and consequently receives no payout for that measure (*see Tables 8 and 9 above*).

Plan A's Eligibility for Bonus Pool Funds

Plan A is eligible to receive Bonus Pool funds for a particular performance measure only if it meets the gating criterion for that measure.

- Plan A meets the gating criteria for Combo 10 (Overall Performance), Combo 10 (Priority Population Disparity Reduction) and PPC – Prenatal (Overall Performance Improvement).
- Plan A does not meet the gating criteria for PPC – Postpartum (Overall Performance Improvement) or HRRN Screening (*see Table 10 below*).

Plan A Receipt of Bonus Pool Funds

The Plan has the highest overall relative change on Combo 10 compared to the national median trend and highest relative performance improvement on PPC – Prenatal compared to other Standard Plans but does not have the largest priority population relative disparity reduction in Combo 10 compared to other Standard Plans (*see Table 8*). Therefore, Plan A is eligible for Bonus Pool funds associated with only Combo 10 (Overall Performance) and PPC – Prenatal (Overall Performance Improvement).

Table 10: Plan A's Results and Bonus Pool Payouts

Measure	Meet Gating Criteria?	Highest Performer?	Bonus Pool Payout?
Combo 10: Overall Performance	Yes	Yes	Yes
Combo 10: Priority Population Relative Disparity Reduction	Yes	No	No
PPC – Prenatal: Overall Performance Improvement	Yes	Yes	Yes
PPC – Postpartum: Overall Performance Improvement	No	N/A (did not meet gating criterion)	No
HRRN Screening: Overall Performance	No	N/A (did not meet gating criterion)	No

Appendix D: Specification for Withhold Program Geographic Adjustments Due to Hurricane Helene

The Department is updating parameters for the MY2024 and MY2025 Standard Plan Withhold Programs to account for potential barriers in access to care during and after Hurricane Helene, which caused significant damage to western North Carolina beginning on September 27, 2024. The adjustments will consist of a “better of” approach, which will compare each health plan’s rates including and excluding the eligible enrollees in Hurricane Helene-impacted counties. Impacted counties are defined as those eligible for FEMA individual assistance and all categories of FEMA public assistance (categories A-G)¹. This adjusted rate will be compared to an unadjusted rate, and the better of the two rates will be used for Withholds determination. The Department will calculate the adjusted and unadjusted rates as described below, with no additional calculations or QAV007 adjustments required by the Standard Plans. As of September 2024, approximately 16% of Standard Plan members lived in the identified counties.

Impacted Counties for Exclusion (28):

- Cherokee, Clay, Macon, Jackson, Swain, Haywood, Madison, Buncombe, Henderson, Transylvania, Polk, Cleveland, McDowell, Avery, Mitchell, Yancey, Burke, Watauga, Ashe, Alleghany, Caldwell, Alexander, Catawba, Lincoln, Rutherford, Yadkin, Surry, and Gaston (See Figure 6 for more details).

Table 7: MY2024 and MY2025 Withhold Measures

Withhold Measure	Helene Adjustment Applies for MY2024	Helene Adjustments Applies for MY2025*
PPC Timeliness of Prenatal Care	X	X
PPC Postpartum Care	X	X
CIS Combination 10	X	
CIS Combo 10- Priority Population	X	
HRRN**		

*The lookback period for the PPC measure means that both MY2024 and MY2025 rates could be affected.

**This measure is pay for reporting and therefore will not be adjusted.

Definitions:

- MY2024 and MY2025 Unadjusted Performance:** Rate for each measurement year with no county-specific exclusions.
- MY2024 and MY2025 Adjusted Performance:** Performance rate for each measurement year excluding the Standard Plan members who lived in the 28 counties eligible for FEMA individual assistance and all categories of FEMA public assistance (categories A-G) as of September 2024.
- Baseline:**
 - For MY2024 performance:** MY2022 Performance rate, with all 100 counties included.
 - For MY2025 performance:** MY2023 Performance rate, with all 100 counties included.

Approach:

The Department will apply the following approach to the designated measures for MY2024 and MY2025:

1. **Receive measurement year data:** Obtain measurement year data from Standard Plans via QAV007 reports.³⁴
2. **Calculate Unadjusted Performance:** Determine the rate for the measurement year without any county exclusions (Rate #1).
3. **Map Residential County:** Append member residential county³⁵ as of September 1, 2024 to the member-level QAV007 file.
4. **Identify Members in Identified Counties:** Identify the Standard Plan members residing in the 28 counties as of September 1, 2024.
5. **Calculate Adjusted Performance:** Calculate the annual performance rate excluding Standard Plan members in the identified counties (Rate #2).
6. **Quality Check Adjusted Rates:** Perform internal data and methodology quality checks to ensure validity of resulting rates.
7. **Compare Rates:** Compare the Unadjusted Performance (Rate #1) and Adjusted Performance (Rate #2).
8. **Select Higher Rate:** Identify the rate that demonstrates the higher performance.
9. **Calculate Relative Improvement:** Measure relative improvement for purposes of withhold criteria by comparing the selected higher rate to the baseline rate. See *Table 8: Example Scenario for Health Plan X, PPC Postpartum Performance*

Table 8: Example Scenario for Health Plan X, PPC Postpartum Performance

MY2022 PPC Postpartum Performance	MY2024 PPC Postpartum Performance (Adjusted)	MY2024 Performance (Unadjusted)	Selected MY2024 Rate	Relative Difference Calculation
26%	28%	27%	Adjusted (28%)	$((.28 - .26)/.26) \times 100$ = 7.69%

³⁴ This step mirrors a normal measurement year process. The measure rates submitted via QAV007 report will be validated by the Department's EQRO. The Department will receive Performance Measure Validation (PMV) reports for MY2024 data in the February of 2026 and PMV reports for MY2025 data in February of 2027.

³⁵ Residential County is identified using the 834 file, field name 'Residential County Code'

Additional Information:

Table 9: Standard Plan member Population in 28 Excluded Counties, as of September 2024

Health Plan	Enrolled Populations (9/2024)	Population in those 28 counties	% of total population
AmeriHealth	383,244	67,822	17.70%
Healthy Blue	591,939	104,190	17.60%
Carolina Complete	272,639	23,128	8.48%
United Healthcare	461,854	76,694	16.61%
WellCare	480,631	79,045	16.45%
SP Aggregate	2,190,307	353,879	16.16%

Source: NC Medicaid Enrollment Dashboard for September 2024 (<https://medicaid.ncdhhs.gov/reports/dashboards/enrollment-dashboard>)

Figure 6: North Carolina Hurricane Helene Disaster Declaration Map

