

# North Carolina Medicaid Standard Plan Withhold Program Guidance: 2026

North Carolina Department  
of Health and Human  
Services

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# 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 advancing measurable improvements in member outcomes.
  - The third performance period for the Withhold Program will run from January 2026 to December 2026.
  - The Department will withhold 2% of each Standard Plan’s expected capitation payment during the 2026 – 2027 Rating Year.
  - The Withhold Program performance measures for 2026 are:
    - Prenatal and Postpartum Care (PPC)
    - Rate of Screening for Health-Related Resource Needs (HRRN)
    - Cervical Cancer Screening (CCS)
    - Child and Adolescent Well-Care Visits (WCV)
    - Well-Child Visits in the First 30 Months of Life (W30)
    - Immunizations for Adolescents (IMA Combo 2)
  - Performance targets for 2026 will be based on the Department’s updated plan-level benchmarking that uses a “gap-to-goal” approach. HRRN Screening will move to a pay-for-performance methodology from pay-for-reporting.
  - 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.
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# 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.

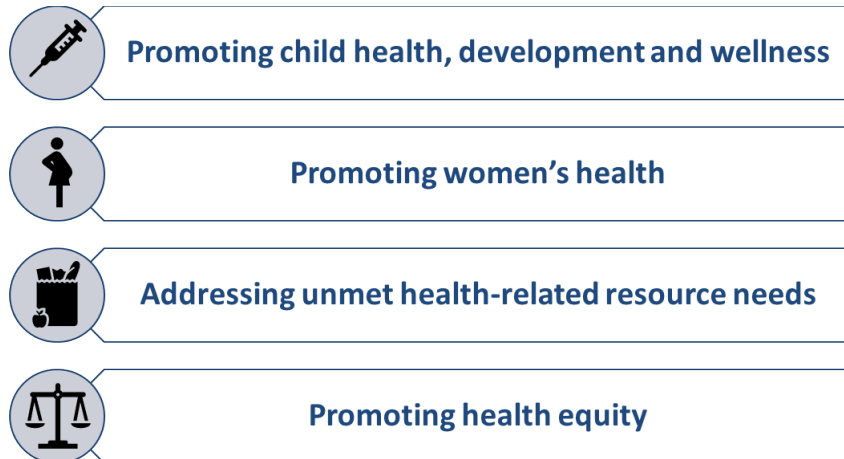
In accordance with federal and state rules<sup>1</sup>, the Department administers a withhold program to encourage Standard Plans to exceed minimum performance compliance thresholds for select priority areas. For the first two performance periods of the Withhold Program in 2024 and 2025, the Department focused on a small number of priority quality measures. For the 2026 performance period (Year 3), the Department is expanding the measure set and updating the scoring approach to further build on and align with other quality improvement efforts and reflect a more holistic view of overall plan performance.

To support performance improvement, plans are encouraged to deploy innovative strategies tailored to the needs of their members and provider networks. Some examples may include member outreach and education, investments in access-enhancing services, and provider incentive structures that align with desired outcomes

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

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



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 performance improvement projects.<sup>2</sup> 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 the [NC Medicaid Standard Plan Withhold Program Measure Set Decision-Making Rubric](#) as the framework for measure selection or retirement.

The Withhold Program benchmarking methodology uses the quality benchmarking approach outlined in [North Carolina’s Medicaid Quality Measurement Technical Specifications Manual](#) (“Technical Specifications”). The 2026 performance period scoring methodology is described further in Section V (B) of the Technical Specifications. The 2026 version of the Technical Specifications will address how the Department will account for the transition by the National Committee for Quality Assurance (NCQA) to Electronic Clinical Data Systems (ECDS) reporting methodology for some measures, including Cervical Cancer Screening (CCS) and Immunizations for Adolescents (IMA Combo 2). ECDS reporting incorporates administrative data along with additional sources such as electronic health records, health information exchange data, and immunization registries.

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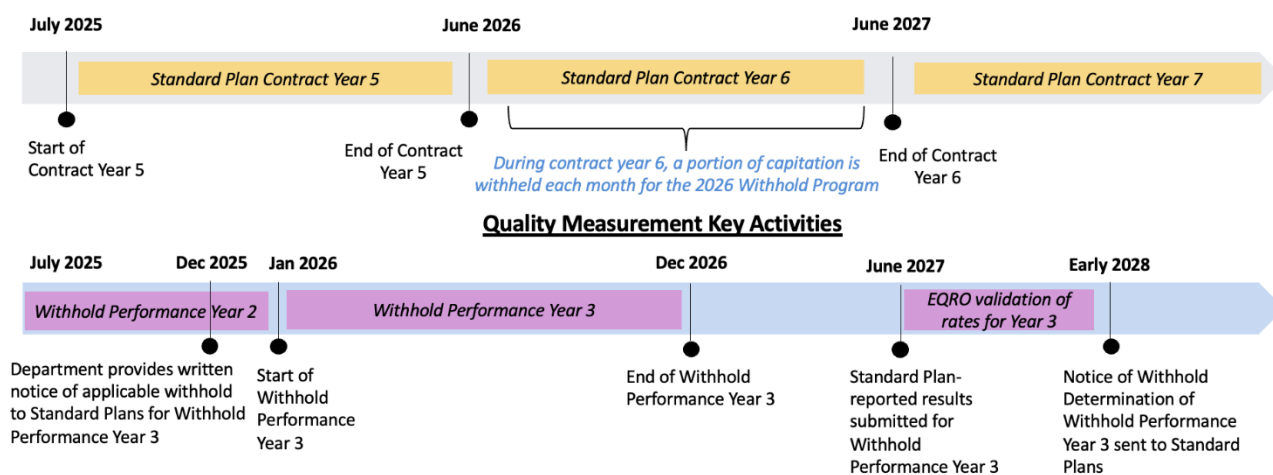
<sup>2</sup> As outlined in the North Carolina Managed Care Quality Strategy and Standard Plan contract requirements.  
North Carolina Medicaid Withhold Program Guidance 2026 (v. 10/31/25)

## 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 third performance period for the Withhold Program is January 2026 to December 2026.<sup>3</sup> Throughout the Rating Period (i.e., July 1, 2026, to June 30, 2027), 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 2027.<sup>4</sup> 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 2028 of the amount of withheld funds earned for the 2026 performance period. Figure 1 summarizes the 2026 Withhold Program timeline. For details of the first and second performance periods for the Withhold Program (2024 and 2025), please refer to [North Carolina Medicaid Standard Plan Withhold Program Guidance: 2024](#) and [North Carolina Medicaid Standard Plan Withhold Program Guidance: 2025](#).

**Figure 1: Timeline of 2026 Withhold Program**

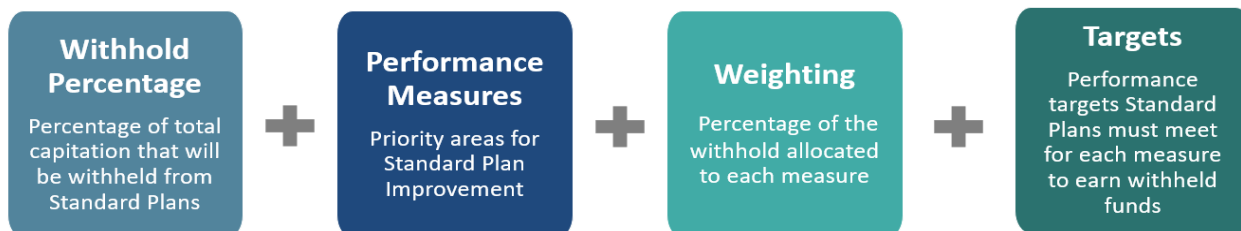


<sup>3</sup> In accordance with [N.C.G.S. 108D-65](#).

<sup>4</sup> 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 measurement year 2026, this report will be due in June 2027.

### III. Withhold Program Parameters

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



#### A. Withhold Percentage

For the 2026 performance period, the Department will withhold 2% of each Standard Plan’s total risk-adjusted capitation during Contract Year 6 (July 2026–June 2027).<sup>5</sup> Standard Plans will be formally notified of the withhold percentage by no later than December 2025. Standard Plans will be notified in early 2028 of the amount of earned withheld funds, based on their performance results from the 2026 measurement period, once those results are available and validated.<sup>6</sup>

The Department will complete an annual analysis prior to each Withhold Program performance period to ensure that the selected performance measures and associated targets are reasonable and achievable in accordance with federal regulations.<sup>7</sup> The Department’s actuary has reviewed the planned 2026 Withhold Program approach, along with historical performance data, and determined that the measures and targets are reasonable and achievable for the purposes of program design. The actuary will assess the actuarial soundness of the overall certified capitation rates, inclusive of the withhold, once the full rate development process is complete and final rates are communicated.

#### B. Performance Measures

For the 2026 performance period, the Department is expanding the Withhold Program measure set to further build on and align with other quality improvement efforts and reflect a more holistic view of overall plan performance. These measures were selected from the state’s existing managed care measure sets for inclusion in the Withhold Program and were previously identified as withhold candidates for 2026 in the Technical Specifications<sup>8</sup>:

- **Prenatal and Postpartum Care (PPC)**
  - Sub-Measure: Timeliness of Prenatal Care

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<sup>5</sup> 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).

<sup>6</sup> More information on notices can be found in Section III. F. of this document.

<sup>7</sup> 42 CFR 438.6.

<sup>8</sup> The Department aims to include candidate Withhold Program performance measures for the following year in an update of the Technical Specifications during the first half of each calendar year.

- Sub-Measure: Postpartum Care
- **Rate of Screening for Health-Related Resource Needs (HRRN)**
- **Cervical Cancer Screening (CCS)**
- **Child and Adolescent Well-Care Visits (WCV)**
- **Well-Child Visits in the First 30 Months of Life (W30)**
  - Sub-Measure: 0-15 months, priority population rate (Black/African American)
  - Sub-Measure: 15-30 months, priority population rate (Black/African American)
- **Immunizations for Adolescents (IMA Combo 2)**
  - Sub-Measure: Overall population rate
  - Sub-Measure: Priority population rate (Black/African American)

Detailed specifications for each performance measure can be found in the Technical Specifications.

The Department has removed the Childhood Immunization Status: Combination 10 (CIS Combo 10) measure from the withhold program for the 2026 performance year. This change reflects feedback from stakeholders regarding duplication with other child health measures and the disproportionate burden the emphasis on Combo 10 placed on providers when tied to withholds at the plan level. The Department and Standard Plans will continue to prioritize improving childhood vaccination rates through other initiatives. The addition of the W30 priority population measures to the 2026 program supports continued efforts to promote vaccination opportunities for children under age 2 and for populations with historically lower vaccination rates, while avoiding penalizing plans for member vaccination choices.

Table 1 below summarizes additions and changes to the withhold program for 2026 and the member groups included in the withhold measure set.



**Table 1: Summary of Withhold Measures 2024-2026 and Focus Areas**

	Quality Measure	Child Health	Adolescent Health	Maternal Health	Adult Prevention	Health-Related Resource Needs
2024 and 2025 - Removed	Childhood Immunization Status (Combo 10) •Overall •Priority population					
	Prenatal and Postpartum Care (PPC) •Timeliness of Prenatal Care •Postpartum Care					
2024 and 2025 – Kept or Modified	Rate of Screening for Health-Related Resource Needs (HRRN) •Pay for Performance (changed from pay for reporting in previous years)					
	Cervical Cancer Screening (CCS) •Overall					
2026 – Added	Child and Adolescent Well-Care Visits (WCV) •Overall					
	Well-Child Visits in the First 30 Months of Life (W30) •0-15 months priority population •15-30 months priority population					
	Immunizations for Adolescents (IMA Combo 2) •Overall •Priority population					

Table 2 below includes (1) an overview of each performance measure, including the measure description and how the measure will be scored in the 2026 Withhold Program, and (2) key considerations that guided selection of each measure for the Withhold Program. The 2026 measures meet the Department’s [selection criteria](#), including alignment with North Carolina’s quality priorities, prior use in Medicaid Managed Care, ability to pass data collection and EQRO validation standards, and clear opportunity for improvement and/or measurable impact. Except for the state-defined HRRN screening measure, all measures carry national endorsement and align with measures used in other states’ withhold programs. More details on the benchmarking methodology are included in Section III(C).

**Table 2: 2026 Withhold Program Performance Measures and Benchmark**

Performance Measure	Description	Rationale for Inclusion	Benchmark Criteria
<p><b>1. Prenatal and Postpartum Care (PPC): Timeliness of Prenatal Care</b></p> <p><i>CBE Number 1517</i> <i>CMIT Number 582</i></p>	<p>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.</p>	<ul style="list-style-type: none"> <li>• Addresses the state’s quality aims related to maternal/infant health</li> <li>• Opportunity to drive increases in an area where North Carolina Standard Plan rates are below the national Medicaid average</li> <li>• 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</li> <li>• Relevant to postpartum expansion</li> <li>• Alignment with national measure sets (e.g., Medicaid Child &amp; Adult Core Measures) and other states’ withhold programs</li> <li>• Alignment with other Department improvement efforts (PPC is an Advanced Medical Home quality measure and Performance Improvement Project measure)</li> </ul>	<p>Overall Population: 10% gap reduction towards national Medicaid HMO 50<sup>th</sup> percentile (NCQA Quality Compass)</p>
<p><b>2. Prenatal and Postpartum Care (PPC): Postpartum Care</b></p> <p><i>CBE Number 1517</i></p>	<p>The percentage of deliveries that had a postpartum visit between 7 and 84 days after delivery.</p>	<ul style="list-style-type: none"> <li>• Same as Timeliness of Prenatal Care, above</li> </ul>	<p>Overall Population: 10% gap reduction toward national Medicaid HMO 50<sup>th</sup> percentile (NCQA Quality Compass)</p>

Performance Measure	Description	Rationale for Inclusion	Benchmark Criteria
<i>CMIT Number 581</i>			
<b>3. Rate of Screening for Health-Related Resource Needs (HRRN)</b>	The percentage of enrollees who completed a screening for HRRN within the calendar year. <sup>9</sup>	<ul style="list-style-type: none"> <li>• Addresses state quality aims of healthier people, healthier communities</li> <li>• Alignment with similar measures required for fee-for-service Medicare programs</li> <li>• Promotes linkage of members to programs that address HRRN</li> <li>• Alignment with the Department’s contractual requirements for health plans to conduct HRRN screenings</li> </ul>	Achieving a 10% gap reduction toward 20% goal
<b>4. Cervical Cancer Screening (CCS)</b>  <i>CBE Number 0032</i>	The percentage of women 21–64 years of age who were appropriately screened for cervical cancer per measure specifications.	<ul style="list-style-type: none"> <li>• Adds an adult preventive care focus</li> <li>• NC Standard Plan rates are below the national Medicaid median and declined 2023–2024</li> <li>• Requested by plan and provider stakeholder groups</li> <li>• Alignment with AMH quality measures and Department priorities</li> </ul>	10% gap reduction toward national Medicaid HMO 50 <sup>th</sup> percentile (NCQA Quality Compass)

<sup>9</sup> Per contract requirements, Standard Plans are responsible for undertaking best efforts to conduct a Care Needs Screening, which includes the standardized SDOH screener, 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 standardized SDOH screening was completed, not whether best efforts were made, and includes only screenings completed by health plans, not contracted providers. Refer to the Technical Specifications for more details on the HRRN measure.

Performance Measure	Description	Rationale for Inclusion	Benchmark Criteria
<b>5. Child and Adolescent Well-Care Visits (WCV)</b>  <i>CMIT Number 24</i>	The percentage of members 3–21 years of age who had a preventive well-care visit during the measurement year.	<ul style="list-style-type: none"> <li>• Incentivizes child prevention</li> <li>• Includes a wide age range for child/adolescent prevention to balance the measure set</li> <li>• Requested by plan/provider stakeholder groups</li> <li>• Alignment with AMH quality measures and Department priorities</li> </ul>	10% gap reduction toward national Medicaid HMO 90th percentile (NCQA Quality Compass)
<b>6. Well-Child Visits in the First 30 Months of Life (W30): 0–15 months (Priority Population)</b>  <i>CMIT Number 761</i>	The percentage of Black/African American children 0–15 months who had the recommended number of well-child visits during the measurement year.	<ul style="list-style-type: none"> <li>• Supports early childhood prevention and timely developmental screening</li> <li>• Drives opportunities for childhood vaccinations for Black/African American members</li> <li>• Addresses documented disparities for Black/African American children</li> <li>• Aligns with AMH quality measures and Department priorities to reduce disparities and improve health outcomes</li> </ul>	Priority Population (Black/African American): 10% gap reduction toward national Medicaid HMO 90 <sup>th</sup> percentile (NCQA Quality Compass) <sup>10</sup>

<sup>10</sup> W30 First 15 Months priority population uses the overall, non-stratified, national Medicaid HMO 90<sup>th</sup> percentile as the goal.

Performance Measure	Description	Rationale for Inclusion	Benchmark Criteria
<b>7. Well-Child Visits in the First 30 Months of Life (W30): 15–30 months (Priority Population)</b>  <i>CMIT Number 761</i>	The percentage of Black/African American children 15–30 months who had the recommended well-child visits during the measurement year.	<ul style="list-style-type: none"> <li>• Same as W30 0–15 months, above</li> </ul>	Priority Population (Black/African American): 10% gap reduction toward national Medicaid HMO 90 <sup>th</sup> percentile (NCQA Quality Compass) <sup>11</sup>
<b>8a. Immunizations for Adolescents (IMA Combo 2)</b>  <i>CBE Number 1407</i>	The percentage of adolescents who received the recommended immunization series by their 13th birthday, per measure specifications.	<ul style="list-style-type: none"> <li>• Strengthens adolescent prevention within the measure set</li> <li>• NC Standard Plan rates have risen but remain below the national Medicaid median</li> </ul>	10% gap reduction toward national Medicaid HMO 50 <sup>th</sup> percentile (NCQA Quality Compass)
<b>8b. Immunizations for Adolescents (IMA Combo 2)</b>  <i>CBE Number 1407</i>	The percentage of Black/African American adolescents who received the recommended immunization series by their 13th birthday, per measure specifications.	<ul style="list-style-type: none"> <li>• Same as W30 0–15 months, above</li> <li>• Addresses documented disparities for Black/African American adolescents</li> </ul>	Priority population (Black /African American): 10% gap reduction toward national Medicaid HMO 50 <sup>th</sup> percentile (NCQA Quality Compass) <sup>12</sup>

<sup>11</sup> W30 15-30 Months priority population uses the overall, non-stratified, national Medicaid HMO 90<sup>th</sup> percentile as the goal.

<sup>12</sup> IMA priority population uses the overall, non-stratified, national Medicaid HMO 50<sup>th</sup> percentile as the goal.

### C. Weighting of Performance Measures

Each performance measure in the Withhold Program is worth a portion of the total withheld amount (2% of risk-adjusted capitation), as shown in Table 3 below.

**Table 3: Performance Measures as Portion of Total Withhold**

	<b>Measure</b>	<b>Portion of Withhold</b>
<b>1</b>	Timeliness of Prenatal Care (PPC)	12.5%
<b>2</b>	Postpartum Care (PPC)	12.5%
<b>3</b>	Rate of Screening for Health-Related Resource Needs (HRRN)	12.5%
<b>4</b>	Cervical Cancer Screening (CCS)	12.5%
<b>5</b>	Child and Adolescent Well-Care Visits (WCV)	12.5%
<b>6</b>	Well-Child Visits: 0-15 Months (W30)	12.5%
<b>7</b>	Well-Child Visits: 15-30 Months (W30)	12.5%
<b>8a</b>	Immunizations for Adolescents (IMA Combo 2)	6.25%
<b>8b</b>	Immunizations for Adolescents (IMA Combo 2)	6.25%
<b>Total</b>		100%

The weighting results in an even split of the withhold between pediatric and adult measures. With the overall withhold increased to 2.0% in 2026, the percent of overall capitation represented by each element is consistent with 2025, with the exception of HRRN, which represents half as much of a plan’s overall capitation compared to 2025.<sup>13</sup> This lower weighting in overall capitation is due to the shift to pay-for-performance and lack of a national benchmark. IMA Combo 2 splits a 12.5% withhold portion because the priority population rate is a subset of the overall rate rather than a separate population.

### D. Scoring Methodology and Performance Targets

The Department sets targets for each performance measure to determine repayment of withheld funds to

<sup>13</sup> 2025 program: 1.5% capitation \* 16.7% per element = 0.25% of capitation per element

2026 program: 2% capitation \* 12.5% per element = 0.25% of capitation per element

each Standard Plan. Standard Plans may earn back either the full amount or a partial amount of withheld funds based on a sliding scale (see Tables 4 and 5).

The overall performance improvement target for all quality measures (excluding HRRN) is a 10% gap reduction toward the applicable national goal. For the 2026 performance period, the baseline will be each Standard Plan's MY2024 performance rate, representing the most recent year of complete data available to the Department. Goals used to set targets for NCQA HEDIS measures are based on NCQA Quality Compass national Medicaid HMO percentiles (50th and 90th percentiles) for the same year as the baseline performance (2024 Quality Compass data will be used to set 2026 goals). HRRN Screening is a homegrown measure without a national goal available. For this measure, the Department will apply a gap-to-goal methodology using a goal of 20% HRRN screening rate.

In addition to setting targets for overall population performance, the Department is focused on reducing identified disparities. The Department defines "disparity" as greater than or equal to 10% relative difference in performance between the priority population (group of interest) and the reference group, as outlined in the Technical Specifications. The 2026 withhold program includes two measures with disparities that meet the Department's definition. The Department has identified disparities for the Black/African American binary group compared to the non-Black/African American binary group for the W30 and IMA Combo 2 measures.

Targets for priority population measures (W30 and IMA Combo 2) use the same goal as the overall population performance measures. For example, overall Standard Plan aggregate performance for IMA Combo 2 was below the national Medicaid HMO 50<sup>th</sup> percentile in MY2024, so the goal for both the IMA Combo 2 overall population measure and priority population measure (Black/African American binary rate) is the national Medicaid HMO 50<sup>th</sup> percentile.

Per the Technical Specifications, the Department applies an improvement corridor to targets based on national goals to prevent targets that call for very high or very low relative improvement. Targets for each measure will be no lower than a 2% relative improvement over baseline (for measures whose goal is the 50<sup>th</sup> percentile) and no higher than a 10% relative improvement over baseline.<sup>14</sup> Improvement corridors will not be applied to the HRRN Screening targets. Example calculations applying this scoring methodology are included in Appendix B.

EQRO-validated administrative data from QAV007 will be used to assess 2026 plan performance in the withhold program for PPC, CCS, WCV, W30, and IMA Combo 2. IMA Combo 2 administrative data include North Carolina Immunization Registry (NCIR) supplemental data.

To help inform Standard Plans' HRRN activities, the Department aims to provide quarterly results to Standard Plans using data in the BCM026 report submitted by each plan to the Department. These quarterly reports include the numerator and denominator values, trend data for each health plan, and comparisons to the anonymized results of the other Standard Plans. These reports are provided as a courtesy and are not required for Standard Plans to calculate and monitor their own HRRN performance. Standard Plans also have access to the data used to calculate HRRN performance through their BCM026 reports, and they may build in routine internal monitoring of their performance results.

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<sup>14</sup> The 2% relative improvement minimum is not applied to measures whose goal is the national Medicaid 90<sup>th</sup> percentile.



**Table 4: Quality Measure Performance Payout Schedule**

<b>Payout Schedule</b>	<b>Performance</b>	<b>Portion of withheld funds tied to the measure that is earned for each level of performance</b>
	At or above 10% gap reduction/at or above the goal	100%
	Between 7.50%-9.99% gap reduction and below the goal	75%
	Between 5.00%-7.49% gap reduction and below the goal	50%
	Between 2.50% - 4.99% gap reduction and below the goal	25%
	Below 2.50% gap reduction and below the goal	0%

**Table 5: Payout Schedules When Improvement Corridors Apply**

<b>Payout Schedule (When 2% minimum is applied)</b>	<b>Performance</b>	<b>Portion of withheld funds tied to the measure that is earned for each level of performance</b>
	2% Relative Improvement or Above	100%
	Between 1.5-1.99% relative improvement	75%
	Between 1.00-1.49% relative improvement	50%
	Between 0.50-0.99% relative improvement	25%
	Less than 0.5% relative improvement	0%
<b>Payout Schedule (when 10% Maximum is applied)</b>	<b>Performance</b>	<b>Portion of withheld funds tied to the measure that is earned for each level of performance</b>
	10% Relative Improvement or Above	100%
	Between 7-9.99% relative improvement	75%
	Between 4-6.99% relative improvement	50%
	Between 1-3.99% relative improvement	25%
	Less than 1% relative improvement	0%

## **E. Rounding Policy**

The Department will determine Standard Plan performance on each measure up to two decimal places. 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 6.99% gap closure (50% payout) is the same as a 7.00% gap closure (75% payout), the rounded value will be assigned as the minimum value for the 75% withhold payout amount and a value that is 0.01% lower will be assigned to the 50% withhold payout amount. This policy applies to all 2026 Withhold Program measures.

## **F. Hurricane Helene**

The Department applied temporary adjustments in 2024 and 2025 withhold performance years to account for the impacts of Hurricane Helene in North Carolina in September 2024. No Helene-related adjustments will be applied to the withhold program for 2026. The MY2024 baseline used for 2026 targets includes all counties, including Western North Carolina.<sup>15</sup>

## **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 decision<sup>16</sup> pursuant to Section VI.C. of the Contract.<sup>17</sup>

## **H. Bonus Pool**

In past program years, when combined plan performance did not result in full repayment of withheld funds, the Department allowed the highest-performing plans to earn a portion of unearned funds through a Bonus Pool. The Department will not implement a Bonus Pool for the 2026 performance year.

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<sup>15</sup> The Department investigated whether the 2024 baseline (used to determine the 2026 targets) should be adjusted to exclude hurricane-impacted counties given the potential for lower overall targets. Overall, the inclusion of western North Carolina did not result in a consistent decrease in performance across measures in 2024 data. Therefore, the Department will use full 2024 performance as the baseline for plan-level targets in 2026.

<sup>16</sup> 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.

<sup>17</sup> Available [here](#)

## IV. Appendices

### Appendix A: Overview of Withhold Program

Table 6 below provides a summary of the Withhold Program, including performance measures and scoring, as outlined in the sections above.

**Table 6: Withhold Program Overview**

2026 SP Withhold Program: 2% Withhold			
	Measure	Portion of Withhold	Target for full credit (partial credit available for smaller improvements)
1	Timeliness of Prenatal Care	12.5%	Overall Population: 10% gap reduction towards national 50 <sup>th</sup> percentile
2	Postpartum Care	12.5%	Overall Population: 10% gap reduction towards national 50 <sup>th</sup> percentile
3	Rate of Screening for Health-Related Resource Needs (HRRN)	12.5%	10% gap reduction towards 20% screening rate <i>(no national benchmark available)</i>
4	Cervical Cancer Screening	12.5%	Overall Population: 10% gap reduction towards national 50 <sup>th</sup> percentile
5	Child and Adolescent Well-Care Visits	12.5%	Overall Population: 10% gap reduction towards national 90 <sup>th</sup> percentile
6	Well-Child Visits: 0-15 Months	12.5%	Priority Population: 10% gap reduction towards national 90 <sup>th</sup> percentile
7	Well-Child Visits: 15-30 Months	12.5%	Priority Population: 10% gap reduction towards national 90 <sup>th</sup> percentile
8a	Immunizations for Adolescents	6.25%	Overall Population: 10% gap reduction towards national 50 <sup>th</sup> percentile
8b	Immunizations for Adolescents	6.25%	Priority Population: 10% gap reduction towards national 50 <sup>th</sup> percentile
<b>Additional Notes: No bonus pool, no Hurricane Helene adjustments. Goals used to set 2026 targets for NCQA HEDIS measures are based on 2024 NCQA Quality Compass national Medicaid HMO percentiles (50th and 90th percentiles).</b>			

## Appendix B: Example Scenario of Standard Plan Performance and Payout in Withhold Program

This section provides an example scenario of Plan A’s performance in the Withhold Program and associated payouts. Tables 7 and 8 below include assumptions for each Plan’s performance for this example scenario.

**Table 7: Plan A Performance with IMA Combo 2, both the Overall Population and Priority Population Scoring Methodology for Illustrative Scenario**

Note: In this scenario, Standard Plan aggregate performance was below the National Medicaid HMO 50<sup>th</sup> percentile in MY2024, so the goal is the national Medicaid HMO 50<sup>th</sup> Percentile.

Population	IMA Combo 2 MY2024 Performance	Standard Plan Aggregate Rate MY2024	Goal: National Medicaid HMO 50 <sup>th</sup> Percentile MY2024	Target (MY2026)	Relative Difference	Adjusted Target <sup>18</sup>	MY2026 Performance
Plan A – Overall Population	30.95%	30.00%	36.48%	$(30.95\%) + ((36.48\% - 30.95\%) \times 10\%) = 31.50\%$	$(31.50\% - 30.95\%) / 30.95\% = 1.78\%$	$30.95\% + (30.95\% \times 2\%) = 31.57\%$	31.50%
Plan A – Black/African American Population	26.00%			$(26\%) + ((36.48\% - 26\%) \times 10\%) = 27.05\%$	$(27.05\% - 26\%) / 26\% = 4.04\%$	N/A	26.73%
<p><i>Plan A’s MY2026 performance for IMA combo 2 overall was a 1.78% relative improvement, which is a 75% pay out (see Table 5).</i>  <i>Plan A’s MY2026 performance for IMA combo 2 priority population was a 7% gap closure, which is a 50% pay out (see Table 4).</i></p>							

<sup>18</sup> For measures whose goal is the 50th percentile based on national data, targets for each measure will be no lower than a 2% relative improvement over baseline.

**Table 8: Plan A Performance with new HRRN Scoring Methodology for Illustrative Scenario**

Measurement Year	MY2024 HRRN Rate	Goal	Target (MY2026)	MY2026 HRRN Performance
Plan A MY2024	8.00%	20.00%	$8\% + ((20\% - 8\%) \times 10\%) = 9.20\%$	8.24%
<i>Plan A's MY2026 performance for HRRN was a 2% gap closure, which is a 0% pay out.</i>				

Note: Relative Difference and Adjusted Target fields are not relevant for the HRRN example because no improvement corridors apply.