



NC Medicaid Standard Plan Withhold Program Measure Set Decision-Making Rubric

April 2024

The Withhold Program Measure Selection Rubric was created by the Department as a tool to support and guide transparent decision-making by the Department related to its processes for developing the Standard Plan Withhold Program performance measure set. The Department retains sole discretion in the interpretation and applicability of the definitions, criteria, and other information contained in the rubric in development of the Standard Plan Withhold Program. Nothing in this document shall be construed to prevent or limit the Department's ability to develop, determine, or establish the final design, including the performance measure set, of the Standard Plan Withhold Program proposed by the Department for inclusion in the Prepaid Health Plan contracts for the Standard Plans.

The goal of this document is to provide a framework to inform annual consideration of the Department of Health and Human Services' ("the Department's") Standard Plan Withhold Program performance measure set. Annually, the Department will solicit nominations from internal and external stakeholders for new measures for the Withhold Program. The rubric and criteria below may be used to:

1. select new performance measures; or
2. review existing performance measures to determine if they continue to meet the criteria for inclusion in the Withhold Program for the following year's performance period.

This rubric is applicable for both quality and operational¹ measures (see Definitions below) and will serve as a tool in the broader process of selecting Withhold measures, a process that incorporates stakeholder engagement and approved through NC Medicaid's internal governance process. This rubric only applies to measures in the Withhold Program and is not applicable to measures in the Bonus Pool. The Department will select Bonus Pool measures with reference to this rubric but will not require that gating criteria are met.²

This rubric includes:

- **Gating criteria: All gating criteria** must be met for a performance measure to be included or retained in the Withhold Program.

¹ The criteria in this rubric are subject to change based on the types of operational measures the Department is considering.

² There are far fewer regulatory restrictions on the bonus pool because it is an incentive arrangement (42 CFR 438.6); therefore the Department may use the Bonus Pool to explore measure concepts without the gating criteria's limitations.



- **Holistic evaluation criteria:** Additional criteria to support a comprehensive evaluation of a new or existing Withhold Program performance measure once it has passed the gating criteria. Unlike the gating criteria, a measure may be included in the Withhold Program performance measure set even if some holistic evaluation criteria are not met.
- **Measure set criteria:** These criteria help the Department evaluate the potential impact of the overall proposed measure set as a whole, and may include elements such as the size of the measure set or representation of populations and/or services.

Part 1: Gating Criteria

When evaluating a given performance measure for inclusion or retention in the Standard Plan Withhold Program, the Department would first consider the following gating criteria. If one or more of the criteria below are not met, then the measure should not be included in the final performance measure set (in the unusual case that there are overriding reasons for the inclusion of a specific measure, the Department has discretion to do so). Some criteria are indicated for specific types of measures only (e.g., quality or operational).

Assessment of whether a proposed measure meets these criteria may include feedback from plan representatives and/or providers.

Measure Criteria	Criterion
<p>Passes data collection and validation standards</p>	<ul style="list-style-type: none"> • <i>Pay-for-performance measures only:</i> <ul style="list-style-type: none"> ○ The measure can be or has been validated by the External Quality Review Organization (EQRO) OR the Department can otherwise complete a validity check using available claims/encounter or other relevant data ○ Plans or providers do not face undue administrative/data collection barriers to reporting or calculating the measure • <i>Pay-for-reporting measure option:</i> If there are challenges in consistency and completeness of the data (e.g., for a recently-developed homegrown measure, such as a measure of health-related social needs screening), a measure can be piloted as pay-for-reporting in the Withhold Program in either the base capitation program or Bonus Pool where payout is determined based on the result of data validation. The designation of the measure as pay-for-reporting is intended to be temporary until the



	performance data can be validated according to the standards above for a pay-for-performance measure.
Sufficient denominator size	<ul style="list-style-type: none"> Plans have sufficient population size for the measure, which may vary based on measure characteristics, to ensure their reported rates are not adversely affected by random variation The measure is not too specialized (e.g. particular to a rare condition or narrow service band)
Measured processes or outcomes are impactable	<ul style="list-style-type: none"> Plans and their contracted providers have some degree of control over the health practice or outcome captured in the measure
Aligns with North Carolina's Quality-related priorities	<ul style="list-style-type: none"> The measure aligns with one or more of the Department's Quality Strategy Aims, Goals or Objectives
Has existing precedent for measurement in the Medicaid Managed Care program	<ul style="list-style-type: none"> Measure performance has been collected in the North Carolina Medicaid Managed Care program for at least one year prior to consideration as part of this rubric
Addresses area for measure improvement <i>(potential pay-for-improvement measures only)</i>	<ul style="list-style-type: none"> The performance of the measure is below internal or external benchmarks (e.g., the Quality Compass) The performance has been stagnant or decreasing (e.g., measure rate has decreased by 1 percentage point) In the case of a binary operational measure, achievement of the measure objective has not been met for all plans

Part 2: Holistic Criteria

Once a performance measure passes all of the gating criteria, the Department may evaluate other characteristics of a measure using the framework below.

Assessment of this criteria may include plan or provider feedback.

Measure Criteria	Criterion
Promotes health equity by targeting priority population	<ul style="list-style-type: none"> <i>Quality measures only:</i> The measure meets current Department criteria for a disparity between a group of



	<p>interest and a reference group by one or more demographic strata³</p> <ul style="list-style-type: none"> • <i>Quality measures only:</i> The measure is included in a Health and Human Services disparities-sensitive measure set • Measure performance improvement (e.g., network adequacy) could reduce disparities in downstream health services or outcomes
Serves as new financial incentive for quality improvement	<ul style="list-style-type: none"> • The measure incentivizes improved care for populations or conditions that may not otherwise yield near term savings or return on investment for plans • The measure does not overlap with existing contractual enforcement mechanisms (e.g., some program areas where an operational measure could be developed are already subject to liquidated damages) or services captured by other Withhold Program performance measures
Measure has received endorsement from a national body with a formal method	<ul style="list-style-type: none"> • <i>Quality measures only:</i> The measure has been endorsed by a Consensus Based Entity (e.g., Partnership for Quality Measurement (PQM)), other national accrediting body with a rigorous method for review and endorsement of measures
Aligns with other Department improvement efforts	<ul style="list-style-type: none"> • The measure aligns with the Standard Plan Performance Improvement Projects (PIPs) • Inclusion in the withhold (e.g., as a pay for reporting measure) would support data improvement efforts
Promotes increased value	<ul style="list-style-type: none"> • Improvements in this measure could significantly impact outcomes relative to costs
Transformative potential	<ul style="list-style-type: none"> • Inclusion of this measure in the Withhold Program could improve care delivery

Part 3: Measure Set Criteria

Having completed Parts 1 and 2 of this rubric, the Department will review the composition of the overall performance measure set to ensure that the size is appropriate and included measures represent a diversity of populations and services addressed by plans without major gaps.

³ The Department defines a “disparity” as greater than 10% relative difference in performance between the priority population (group of interest) and the reference group, as outlined [in North Carolina’s Medicaid Quality Measurement Technical Specifications Manual](#).



Measure Criteria	Criterion
Size of measure set is appropriate	<ul style="list-style-type: none"> The overall size of the performance measure set ensures sufficient focus on each performance measure based on the withhold amount allocated to each measure⁴
Representative of array of services and diversity of patients served by the Standard Plan	<ul style="list-style-type: none"> The performance measure set represents a diversity of populations and service categories (e.g., in terms of gender, age, and race/ethnicity) The performance measure set does not include a surplus of measures for a given service area/topic or duplicative measures

Definitions:

Quality Measure: These include process and outcome measures.⁵

- Process measures reflect actions a health care provider or payer takes to maintain or improve health, either for healthy people or for those diagnosed with a health care condition. These measures typically reflect generally accepted recommendations for clinical practice. Examples include: rate of screening for health-related resource needs, completion of childhood immunizations.
- Outcome measures reflect the impact of the health care service or intervention on the health status of patients/Medicaid members. Examples include: rate of low birth weight births, rate of surgical complications.

Operational Measure: Operational measures provide a sense of a health care payer’s or provider’s capacity, systems, and processes to provide high-quality care.⁶ Examples include: measures related to network adequacy standards, provider staffing capacity measures.

⁴ The Department may also increase the total percent of capitation payments that are withheld as the number of measures increase, subject to the statutory limit outlined in NCGS 108D-65(5)a (3.5%).

⁵ For the purpose of consideration as part of the Standard Plan Withhold Program, the Department defines quality measures in alignment with AHRQ’s definition for process and outcome measures.

⁶ For the purpose of consideration as part of the Standard Plan Withhold Program, the Department defines operational measures according to AHRQ’s definition for structural measures.