

North Carolina Medicaid Standard Plan Withhold Program Guidance: 2024

North Carolina Department
of Health and Human
Services

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Executive Summary

This document provides guidance related to the Standard Plan (Prepaid Health Plan (PHP)) Withhold Program (hereafter referred to as the “Withhold Program”). The Department has developed the Withhold Program to encourage PHPs 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 is launching a withhold program in 2024 and expects to review and potentially update 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 promote health equity.
 - The Department will withhold a portion of PHPs’ expected capitation payment during the 2024-2025 Rating Year.
 - The first performance period for the Withhold Program will run from January 2024 to December 2024.
 - PHPs may earn back withheld funds (full or partial amount) according to their performance against specified targets at the end of the performance period.
 - 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 September 2023 and updated in May 2025.

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

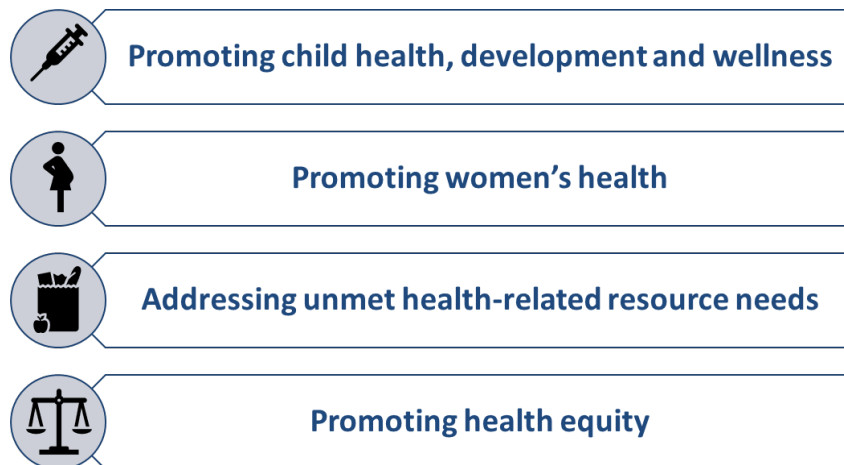
- Addition of Section III(F): Adjustments to Account for the Impact of Hurricane Helene
- Addition of Appendix D: Specification for Withhold Program Geographic Adjustments Due to Hurricane Helene

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 rules,¹ the Department has developed a withhold program to encourage PHPs to exceed minimum performance compliance thresholds for select priority areas. For the first performance period of the Withhold Program in 2024, the Department is focusing on encouraging improved PHP performance on select quality measures, although 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 Withhold Program focuses on quality areas with flat or decreasing quality measure performance while aligning with PHPs’ required performance improvement projects.² Furthermore, the Withhold Program scoring methodology reflects quality improvement

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

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

targets outlined in [North Carolina's Medicaid Quality Measurement Technical Specifications Manual](#) ("Technical Specifications"), described further below.³

In addition to the Withhold Program described in this guidance, there will be a separate withhold for PHPs participating in the [Healthy Opportunities Pilots](#). See the Department's *Healthy Opportunities Pilot Standard Plan Value-Based Payment Guide* for more detail.

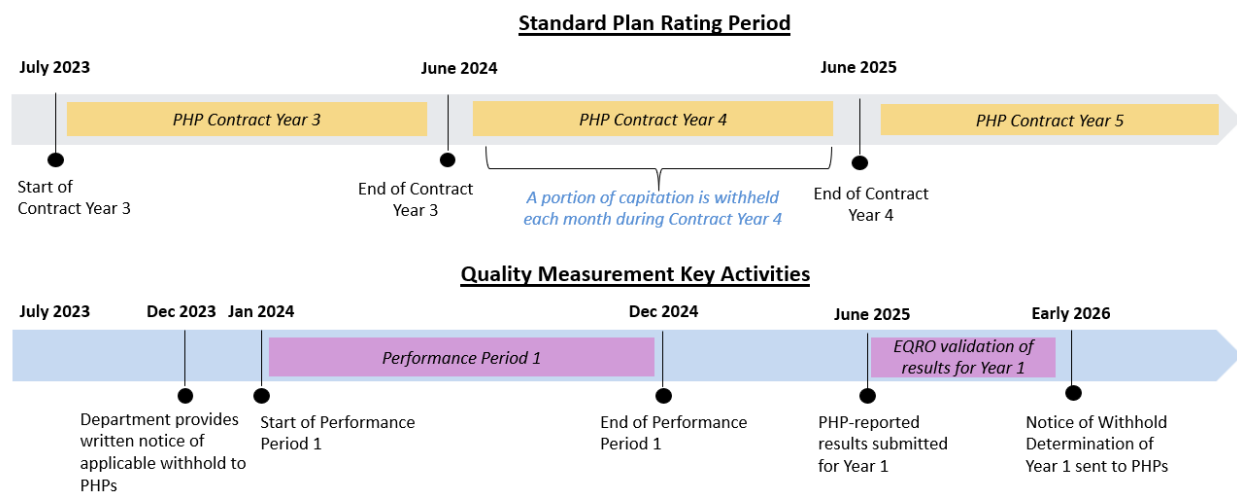
³ See Section V. B. "Benchmarking Approach" and Section V. C. "Promoting Equity in Care and Outcomes."

II. Withhold Program Timeline

North Carolina's managed care quality measurement period differs from the PHPs' 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 first performance period for the Withhold Program is January 2024 to December 2024.⁴ Throughout the Rating Period (i.e., July 1, 2024, to June 30, 2025, for the first performance period), a portion of PHPs' risk-adjusted capitation will be withheld. PHPs will submit the results for each performance measure (described below) by June 2025.⁵ Subsequently, the Department's External Quality Review Organization (EQRO) will validate submitted performance measure results for each performance period. PHPs will be notified in early 2026 of the amount of withheld funds earned for the 2024 performance period. Figure 1 summarizes the Withhold Program timeline.

Figure 1: Timeline of Withhold Program

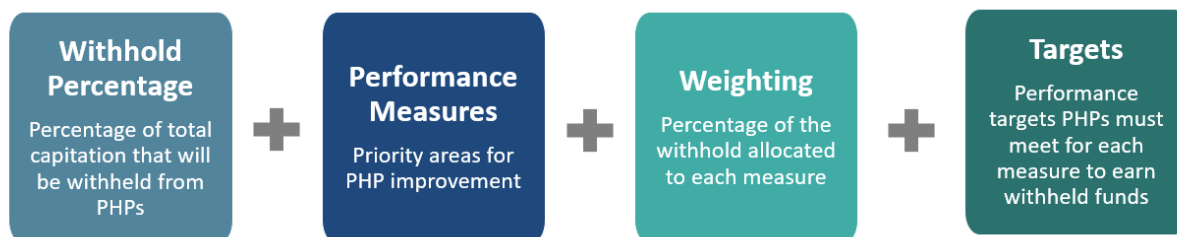


⁴ In accordance with [N.C.G.S. 108D-65](#).

⁵ Performance measure data will be submitted via the PHP Annual Quality Measures Report (QAV007). This report is due 180 days after the end of the reporting period. For CY2024, this report will be due in June 2025.

III. Withhold Program Parameters

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



The Department will establish a process to guide annual review and potential revision of the Withhold Program parameters.

A. Withhold Percentage

For the 2024 performance period, the Department will withhold 1.5% of each PHP’s total risk-adjusted capitation for the 2024 Rating Period.⁶ PHPs will be formally notified of the withhold percentage by no later than December 2023. As noted above, capitation will be withheld starting July 2024, and PHPs will be notified in early 2026 of the amount of earned withheld funds based on their results from the 2024 performance period, once available.⁷

B. Performance Measures

Three performance measures were selected from the state’s existing managed care measure sets for inclusion in the Withhold Program:

- Childhood Immunization Status (Combination 10)
- Prenatal and Postpartum Care
 - Sub-Measures: Timeliness of Prenatal Care and 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](#). Additional specifications for Rate of Screening for Health-Related Resource Needs (“HRRN Screening measure”) will be included in a forthcoming update to the Technical Specifications.

Table 1 below includes (1) an overview of each performance measure, including the measure description and how the measure will be scored in the 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 PHP’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.

The Department aims to include the Withhold Program performance measures for the following year in the annual update of the Managed Care Technical Specifications (typically released in the first quarter of the calendar year). The Department will only consider adopting in the Withhold Program performance measures that have been included in quality or operational measure performance measurement/reporting for more than one year.

Table 1: Overview of Withhold Program Performance Measures

Performance Measure	Description	Rationale for Inclusion in the NC Withhold Program	Standard by Which PHP Performance Will Be Assessed ⁸
1. Childhood Immunization Status (CIS) (“Combo 10”) <i>CBE Number⁹ 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"> • Opportunity to (1) drive increases in a flat quality performance trend; (2) improve influenza vaccination and rotavirus vaccination rates, which lag relative to other vaccination rates; and (3) address known disparities for Black enrollees • Alignment with the quality measurement topics in existing performance improvement project (PIP) requirements and the Advanced Medical Home (AMH) measure set, both of which aim to encourage practice-level performance improvement • Alignment with a Medicaid Child Core measure set priority area • Alignment with Quality Strategy Aims, Goals and Objectives • Alignment with other states’ withhold programs 	<ul style="list-style-type: none"> • Overall Performance Improvement • Priority Population Performance Improvement

⁸ PHPs will be assessed relative to their own prior-year line-of-business overall performance, described below.

⁹ CBE refers to Consensus-Based Entity.

Performance Measure	Description	Rationale for Inclusion in the NC Withhold Program	Standard by Which PHP Performance Will Be Assessed ⁸
2a. Prenatal and Postpartum Care (PPC): Timeliness of Prenatal Care <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"> • Opportunity to drive increases in a flat quality performance trend (North Carolina is also underperforming relative to national rates) • Encourage improved data quality through incentivizing use of new “F” codes (0500F), which enable providers to indicate the first prenatal visit and postpartum care visit, respectively • Alignment with PIPs and AMH measure set • Alignment with a Medicaid Child Core measure set priority area • Alignment with Quality Strategy Aims, Goals and Objectives • Alignment with other states’ withhold programs 	Overall Performance 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 	

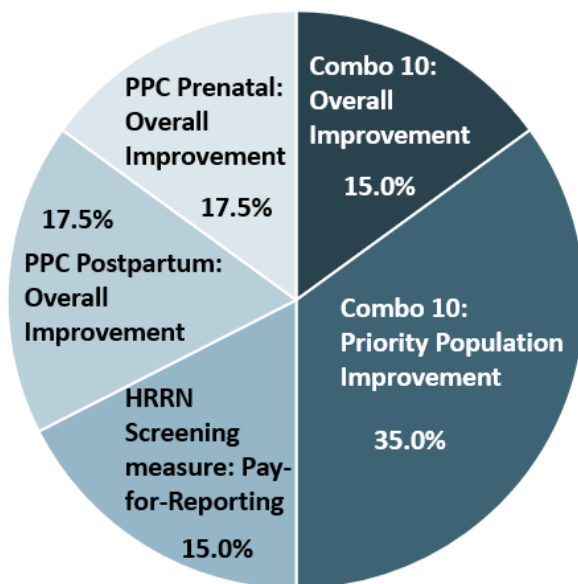
Performance Measure	Description	Rationale for Inclusion in the NC Withhold Program	Standard by Which PHP Performance Will Be Assessed ⁸
3. Rate of Screening for Health-Related Resource Needs (HRRN Screening measure)	The percentage of enrollees who completed a screening for HRRN within the calendar year. ¹⁰	<ul style="list-style-type: none"> • 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 measures required for fee-for-service Medicare programs, to support streamlining of administrative tasks at the practice level • Promote health equity by supporting linkage of members to programs that address HRRN 	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.

¹⁰ Per contract requirements, PHPs 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.^{11,12} The EQRO will determine whether the HRRN Screening measure data submitted by each PHP complies with the measure specifications. Only PHPs 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 Appendix B for more information.

To help inform PHPs' screening-related activities, the Department will provide feedback quarterly to PHPs using data in the BCM026 report. PHPs 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 has set targets for each performance measure to determine repayment of withheld funds to each PHP. PHPs may earn back either the full amount or a partial amount of withheld 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

¹¹ Reminder that the EQRO will complete this validation process for the other Withhold Program performance measures as well.

¹² For more information, please refer to [EQR Protocol 2 Validation of Performance Measures Reported by the MCO](#).

achievable according to federal regulations.¹³ Actual performance against the withhold will be evaluated and considered in future year analyses.

i. Performance Improvement

The baseline for each performance period will be the latest calendar year for which the Department has complete data. For the 2024 performance period, for example, the baseline will be administrative data from the 2022 calendar year (based on QAV007 reporting).¹⁴

The overall performance improvement target for both the Combo 10 and PPC measures (to include both sub-measures) is a 5% relative (not percentage point) or higher improvement from the PHP's prior calendar year performance. Incremental payment amounts associated with performance improvement are outlined in Table 2. For example, if a PHP's baseline performance on a measure is 35%, its performance target would be 36.75%, not 40%. The formula for calculating these targets is Prior Year Line-of-Business Performance rate (e.g., 2022 administrative rate) * 1.05.¹⁵

Table 2: Overall Performance Improvement Payout Schedule

Overall Performance Improvement (Relative to the PHP's Prior Year Line-of-Business Performance)	Withhold Payout Amount
At or above 5%	100%
Between 4% and 4.99%	80%
Between 3% and 3.99%	60%
Between 2% and 2.99%	40%
Between 1% and 1.99%	20%
Below 0.99%	0%

ii. Priority Population Performance Improvement for Childhood Immunization Status (Combo 10)

In addition to setting a performance improvement target for Combo 10, the Department is focused on reducing known disparities in immunization rates, particularly by race.¹⁶

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. To earn back the full amount of withheld funds for this performance measure, the PHP must improve performance for the priority population by a relative 10% (incremental payment amounts are outlined in Table 3). For a hypothetical PHP A, the rate for the priority population is 20% and the rate for the reference group is 40% at baseline, meeting the Department's definition of a disparity. PHP A would need to increase the priority population rate for Combo 10 to 22% to meet the target for the withhold payout.

¹³ 42 CFR 438.6.

¹⁴ PHPs may conduct voluntary analyses and submit supplemental data, if desired.

¹⁵ This formula is subject to change should the Department choose to incorporate a performance measure into the Withhold Program for which a lower rate indicates improved performance.

¹⁶ The Department is not including payout at this time for a priority population improvement target specific to the Prenatal and Postpartum Care measures.

The formulas to calculate a disparity and the priority population improvement targets are:

- Definition of Disparity: $(\text{Reference Group Performance rate} - \text{Priority Population Performance rate}) / (\text{Reference Group Performance rate})$ is greater than 10%
- Withhold Program Priority Population Performance Improvement Target: $\text{Priority Population's Performance rate} * 1.10^{17}$

Table 3: Priority Population Performance Improvement Payout Schedule

Priority Population Performance Improvement (Relative to the PHP's Prior Year Line-of-Business Performance) ¹⁸	Withhold Payout Amount
At or above 10%	100%
Between 8% and 9.99%	80%
Between 6% and 7.99%	60%
Between 4% and 5.99%	40%
Between 2% and 3.99%	20%
Below 1.99%	0%

For the 2024 Withhold Program, based on prior years' PHP performance, the Department will assess performance improvement for Black PHP members relative to Not Black members.

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

¹⁷ For more information on the Department's expectations related to promoting equity across all plan-reported quality measures, please see [Technical Specifications](#) Section V.C.

¹⁸ Assuming prior year performance data is available.

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

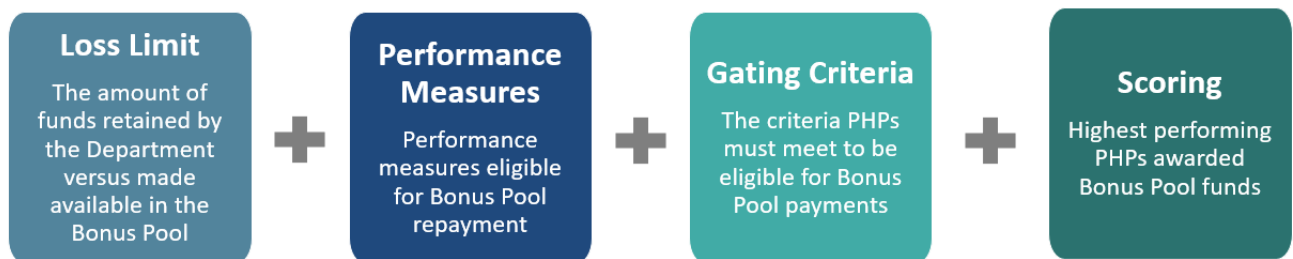
A PHP may elect to dispute the Department's withhold determination. If the Department overturns its original decision following a dispute and additional funds are owed to the PHP, the Department will pay the PHP any additional withheld amounts owed no later than 60 calendar days after the date on the written notice of final decision.¹⁹

¹⁹ The PHP 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.

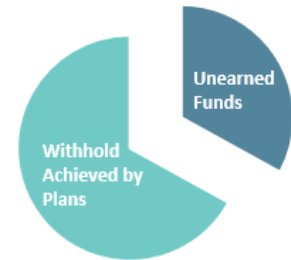
IV. Bonus Pool Parameters

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

The components of the Bonus Pool are:



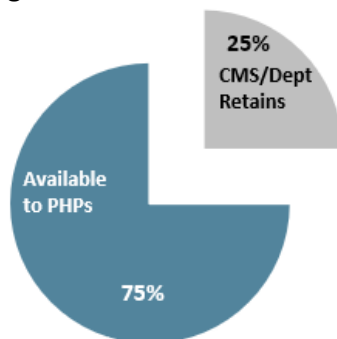
Hypothetical Withhold Payout to PHPs and Unearned Funds



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 PHPs through the Bonus Pool. For the 2024 performance period, the Department will retain 25% of any unearned withheld funds and make the remaining 75% available in the Bonus Pool.²⁰

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.

²⁰ PHPs 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.

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 PHPs 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, PHPs 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 PHPs that have documented high performance in the HRRN Screening measure using reliable data in the first withhold year. The Department also aims to drive improved data quality and establish a PHP-level baseline for future inclusion as a pay-for-performance measure in the Withhold Program.

C. Scoring

i. Gating Criteria

Each PHP is eligible to receive Bonus Pool funds for a specific performance measure (assuming funds are available) only if it meets the following gating criteria:

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
1. Combo 10	5% relative performance improvement on the relevant measure(s)	Overall Performance Improvement	20%
	10% relative performance improvement on the relevant measure(s) for the priority population; the Department will designate groups of interest and reference groups	Priority Population Performance Improvement	20%
2a. PPC – Prenatal	5% performance improvement on the relevant measure(s)	Overall Performance Improvement	20%
2b. PPC – Postpartum	5% performance improvement on the relevant measure(s)	Overall Performance Improvement	20%
3. HRRN Screening measure	Pass the pay-for-reporting validity check by the EQRO	Overall Performance – Successful Screening Rate	20%

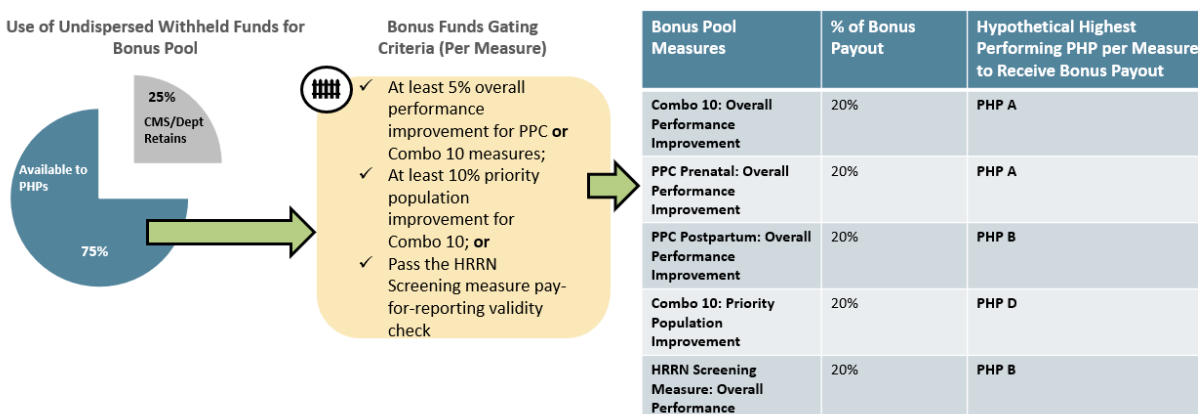
ii. Scoring and Distribution

The Department will award Bonus Pool funds designated for each performance measure to the PHP with the **highest performance** on that measure relative to other PHPs 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 PHPs eligible to receive the 20% Bonus Pool amount for a measure, the Department will retain these funds.

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

Following the Notice of Withhold Determination and resolution of any disputes, the Department will provide written notice to the PHP describing whether Bonus Pool funds are available, whether each PHP is eligible to participate and whether any PHP was awarded Bonus Pool funds. Payment of any Bonus Pool funds will be paid to the PHP by the Department no later than 60 calendar days after the date on the written notice.²¹

Figure 4: Bonus Pool Program Overview



See Appendix D for an illustrative diagram of the Withhold Program, Bonus Pool, and example scenario.

²¹ PHPs may not dispute Bonus Pool fund awards.

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 PHPs accordingly on issues or areas needing clarification:

- **Information Systems Capabilities Assessment Tool (ISCAT):** The PHPs 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 performance measure:** The EQRO will complete a line-by-line review of the source code the PHPs use to calculate the measure, to ensure compliance with the measure specifications. The EQRO will work with each PHP 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):

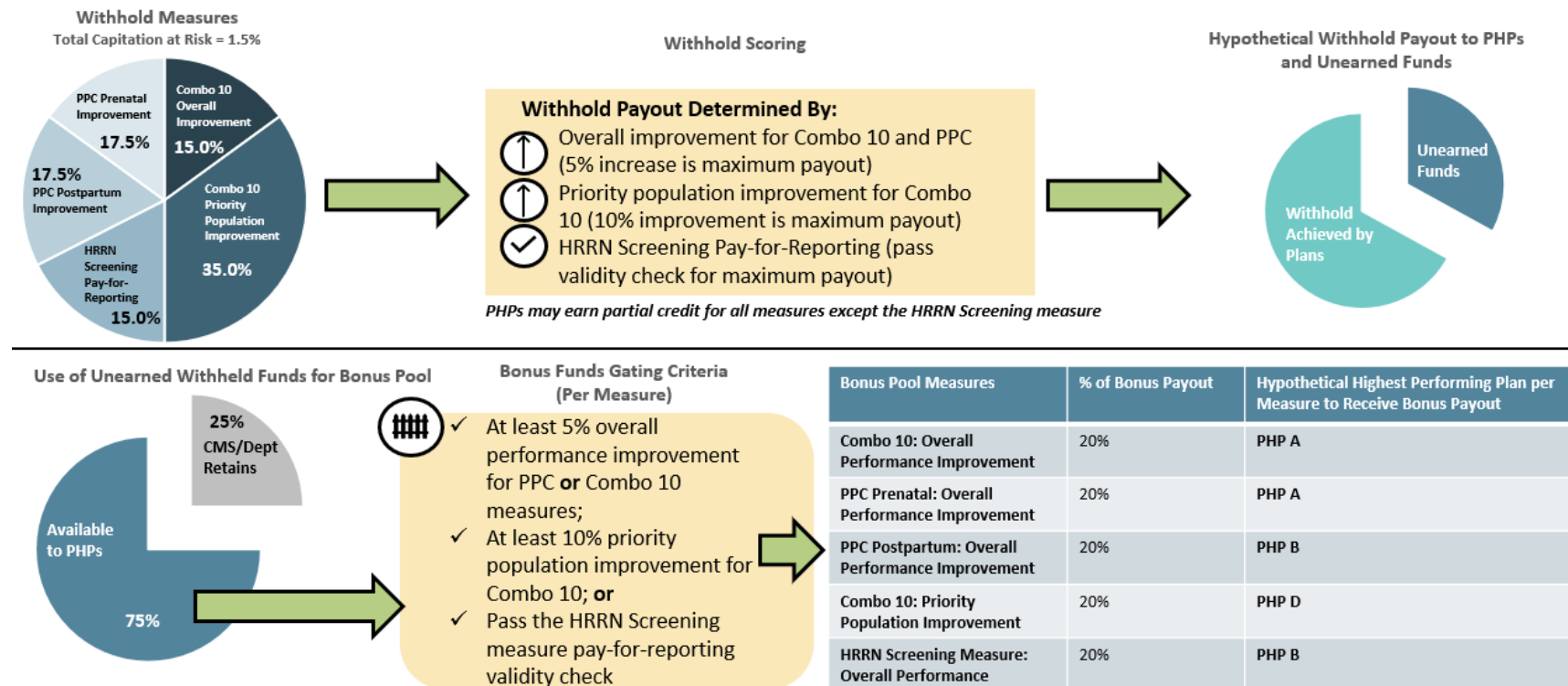
- **Reportable (R):** Measure was compliant with measure specifications.
- **Do Not Report (DNR):** The PHP rate was materially biased and should not be reported.

Designation of “Reportable” will qualify the PHP 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 PHP Performance and Payout in Withhold and Bonus Pool Program

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

Table 4: Example PHP Performance for Illustrative Scenario²²

PHPs	Combo 10: Overall Performance Improvement	Combo 10: Priority Population Performance Improvement ²³	PPC – Prenatal: Overall Performance Improvement	PPC – Postpartum: Overall Performance Improvement	HRRN Screening Measure: Pay-for-Reporting	HRRN Screening Measure: Overall Performance (Successful Screenings) <i>Bonus Pool Only</i>
PHP A	9.12%	11.20%	6.00%	4.09%	No	9.12%
PHP B	8.00%	11.23%	3.48%	6.99%	Yes	12.02%
PHP C	9.10%	10.01%	1.00%	3.56%	Yes	8.66%
PHP D	4.21%	5.34%	5.77%	5.55%	No	8.03%
PHP E	4.44%	4.09%	3.82%	3.21%	No	7.29%

Note: Green = highest performer on a given metric

PHP A's Performance in Withhold Program

- PHP A met the targets for Combo 10 (Overall Performance), Combo 10 (Priority Population Improvement), PPC – Prenatal (Overall Performance) and thus receives the full withhold payout for each of those measures.
 - The results in Table 5 below show PHP A's relative improvement to prior year line-of-business performance.
 - For example, PHP A improved in timeliness of prenatal care overall performance from 40.0% to 42.4%, which is a 6.00% relative improvement.
- PHP A did not meet the 5% relative improvement target for PPC – Postpartum (Overall Performance) but receives partial credit for improvement.
- PHP A did not pass the data validation check for the HRRN Screening measure and consequently receives no payout for that measure (see Table 6 below).

²² The Department will determine PHP performance on each measure up to two decimal points. If there is a tie between PHPs at that level, the Bonus Pool payout for that measure will be divided equally between the PHPs.

²³ Reflects a decrease in the relative measure rate.

Table 5: PHP A's Results and Payout in Withhold Program

Measure	Results (PHP A's Improvement Relative to Prior Year Line-of Business Performance)	Withhold Payout Amount for Measure
Combo 10: Overall Performance Improvement	9.12%	100%
Combo 10: Priority Population Performance Improvement	11.20%	100%
PPC – Prenatal: Overall Performance Improvement	6.00%	100%
PPC – Postpartum: Overall Performance Improvement	4.09%	80%
HRRN Screening: Pay-for-Reporting	Not Reportable	0%

PHP A's Eligibility for Bonus Pool Funds

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

- PHP A meets the gating criteria for Combo 10 (Overall Performance Improvement), Combo 10 (Priority Population Performance Improvement) and PPC – Prenatal (Overall Performance Improvement).
- PHP A does not meet the gating criterion for PPC – Postpartum (Overall Performance Improvement) (*see Table 6 below*).

PHP A Receipt of Bonus Pool Funds

The PHP has the highest overall performance improvement on Combo 10 and PPC – Prenatal relative to other PHPs but does not have the highest priority population performance improvement in Combo 10 relative to other PHPs (*see Table 4*). Therefore, PHP A is eligible for Bonus Pool funds associated with only Combo 10 (Overall Performance Improvement) and PPC – Prenatal (Overall Performance Improvement).

Table 6: PHP A's Results and Bonus Pool Payouts

Measure	Meet Gating Criteria?	Highest Performer?	Bonus Pool Payout?
Combo 10: Overall Performance Improvement	Yes	Yes	Yes
Combo 10: Priority Population Performance Improvement	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.²⁴
2. **Calculate Unadjusted Performance:** Determine the rate for the measurement year without any county exclusions (Rate #1).
3. **Map Residential County:** Append member residential county²⁵ 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%

²⁴ 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.

²⁵ 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

