



Department of Health Care Services  
**MEMORANDUM**

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**DATE:** 9/10/2018

**TO:** All Medi-Cal Managed Care Health Plans

**FROM:** Lindy Harrington  
Deputy Director, Health Care Financing

Lindy Harrington's  
original signature  
was redacted

**SUBJECT:** Data Sharing for the State Fiscal Year 2017-18 Quality Incentive Pool Program

In accordance with Welfare and Institutions (W&I) code, section 14197.4(c), the Department of Health Care Services (Department) is implementing the Quality Incentive Pool (QIP) directed payment program commencing with the 2017-18 state fiscal year (SFY 2017-18). The QIP directed payment program for SFY 2017-18 was [approved](#) by the Centers for Medicare & Medicaid Services (CMS) on March 6, 2018. Medi-Cal managed care health plans' (MCPs) contracts with the Department will require that they comply with the terms of each approved directed payment initiative in a given SFY, as specified by the Department in technical guidance such as this letter.

The QIP directed payment program allows designated public hospital (DPH) systems to earn performance-based quality incentive payments from MCPs for which they are network providers. QIP directed payments are earned based on DPH performance in achieving identified targets for quality of care. DPHs must submit reports directly to the Department containing information necessary for the Department to evaluate achievement of applicable performance measures and calculate the amount of QIP directed payments earned.

As required in W&I 14197.4(c)(1)(B), MCPs shall assist DPH systems in collecting information necessary for these reports, including providing DPH systems with the minimum information the Department deems necessary to complete these reports. Minimum information necessary may include, but need not be limited to, pharmaceutical and non-pharmaceutical claims data. The Department will post on our [DPH QIP website](#) by September 19, 2018, the specifics for the minimum data elements needed and the required reporting information for the DPHs.

For the SFY 2017-18 QIP directed payment program, in order for DPH's to meet the Department's reporting deadline of December 15, 2018, MCPs must provide all data deemed necessary to network provider DPH systems, no later than October 30, 2018.

Lastly, as to be outlined in the MCP contracts, the Department will issue an All Plan Letter (APL) or similar instruction that provides more formal and complete guidance about the contractual requirements for MCPs related to the implementation of the approved QIP directed payment program. Plans can anticipate this guidance to be released in mid-2019.