



State of California—Health and Human Services Agency  
Department of Health Care Services



GAVIN NEWSOM  
GOVERNOR

**DATE:** August 12, 2020

**QIP POLICY LETTER 20—001**

**TO:** ALL QIP DPH ENTITIES

**SUBJECT:** PY 3 REPORTING AND PAYMENT CHANGES

**PURPOSE:**

This QIP Policy Letter (QPL) informs all QIP Designated Public Hospitals and Health Systems (DPHs) of Program Year (PY) 3 (July 1, 2019 – June 30, 2020) reporting and payment changes for the Quality Incentive Pool (QIP) program.

**BACKGROUND:**

Due to the COVID-19 public health emergency, the Department of Health Care Services (DHCS) received [approval](#) from the Centers for Medicare & Medicaid Services (CMS) on July 30, 2020 to modify the calculation of PY 3 QIP payments. DHCS directs managed care plans (MCPs) to make these payments to DPHs tied to performance on designated performance metrics. The modifications to these QIP payments are authorized by the amended [QIP PY 3 preprint](#) in accordance with 42 CFR 438.6(c).

DHCS is expediting the reporting and payment schedule for PY 3 as described below.

**POLICY:**

Changes to PY 3 Measurement Period, Performance Targets, and Payment Allocation

1. *Measurement period:* To exclude the months impacted by COVID-19 while maintaining a 12-month measurement period as required by the measures, the PY 3 measurement period will be adjusted to March 1, 2019 through February 29, 2020.
2. *Performance targets:* To achieve the performance target in PY 3, DPHs must perform at or above the PY 3 minimum performance benchmark established by DHCS and specified in the “QIP PY 3 Benchmarks v.2” file sent to DPHs on July 24, 2019.

3. *PY 3 Allocation:* The maximum DPH allocation will be equal to the amount of total funds available in QIP PY 3 multiplied by the DPH system's proportion of the total Medi-Cal managed care members served in the given year. For PY 3, due to the COVID-19 public health emergency, the proportion of the total Medi-Cal managed care members served will be based on the period of July 1, 2019 to February 29, 2020.

For more information, please see the amended [QIP PY 3 preprint](#).

#### Changes to PY 3 Reporting and Payment Schedule

In response to requests on behalf of DPHs for an expedited reporting and payment schedule, **QIP PY 3 reports are due no later than 11:59 PM on September 9, 2020.** The QIP Reporting Application will allow data entry beginning September 1, 2020. If the QIP Reporting Application requires DPHs to enter baseline data (i.e. data for PY 2 reported in PY 3), DPHs must enter 0/30.1 as numerator and denominator respectively. DPHs must also explicitly state, "The baseline data entered are not real data and have been entered to bypass baseline data reporting as directed by DHCS due to COVID-19" in their data methodology narrative.

For DPHs that submit a complete report by September 9, 2020, DHCS will issue QIP PY 3 capitation payments to MCPs in May 2021. Upon receipt of capitation payments, the MCPs will issue payments to DPHs.

DPHs who will not be able to meet the September 9, 2020 deadline must contact their DHCS QIP Liaison by August 26, 2020 to request an extension, and provide a rationale for the request. DHCS will communicate decisions regarding extension requests by August 28, 2020. **DPHs that do not submit a complete PY 3 report by the September 9, 2020 deadline will not receive any QIP PY 3 payment unless 1) they request an extension by August 25, 2020, 2) their extension request is granted, and 3) they submit a complete PY 3 report by the extended deadline provided by DHCS. The extended deadline is FINAL, and no reports will be accepted after the date provided by DHCS.**

If you have any questions regarding this QPL, please contact your QIP Liaison or email the QIP Mailbox at [qip@dhcs.ca.gov](mailto:qip@dhcs.ca.gov).

Sincerely,

**ORIGINAL SIGNED BY KAREN MARK**

Karen E. Mark, MD, PhD  
Medical Director