1. The *"total allowed charges"* for the outpatient visits of WMP recipients during the cost report period are tabulated and summed from the UB-04 billing claims submitted by the hospital to the WMP. Allowed charges means charges for medically necessary services covered by the WMP.
2. A *"gross laboratory-fee-limited ceiling"* is the sum of the amounts calculated under items (a) below.
    (a) For diagnostic laboratory tests provided in outpatient visits, the total amount that the WMP would reimburse for the laboratory tests is based on the lower of the WMP fee schedule, which per test is less than or equal to the Medicare rate, or the outpatient payment per visit as outlined in section 4210,

If payments for laboratory services for the fiscal year exceed "the WMAP fee schedule", then the Department recovers the excess payments.

4500 Performance-Based Payments

The Department is initiating a Hospital Pay for Performance (P4P) program for payments for acute care, children's, critical access, and psychiatric hospital services with dates of discharge on or after July 1, 2012. Long term care, rehabilitation and out of state hospitals are exempt from the Hospital P4P Program.

The initial measurement period is of 9 month duration of July 1, 2012 through March 31, 2013. Subsequent measurement periods, beginning April 1, 2013 will be on a 12-month cycle, from April 1 through March 31 of the next calendar year.

For each measurement period, the Department will pay claims for services at the rate of 98.5% of the fee schedule in effect on July 1, 2012. The P4P pool will be calculated as an amount equal to 1.5% of the fee schedule amounts in effect on July 1, 2012 for those same claims.

The calculation of the pool amount equal to 1.5% of the fee schedule amounts in effect on July 1, 2012 for those same claims does not apply to hospital supplemental payment amounts made to eligible providers, including access payments.

Payments will be made annually by December 31, 2013 and December 31 of each year thereafter.

In order to be eligible for P4P program payments, hospitals are required to report performance measure data and meet performance-based targets as specified in the Hospital Pay-for-Performance (P4P) Guide available at https://www.forwardhealth.wi.gov/WIPortal/Tab/42/icscontent/Provider/medicaid/hospital/P4P_FY2013.pdf.spage.

Hospitals that meet both reporting requirements and performance-based targets for the measures described below are eligible to receive payments from the P4P pool as follows:

a. The total amount available in the P4P pool for Hospital services will be calculated as an amount equal to 1.5% of the total claim-based fee-for-service payments, excluding supplemental payments, made during the measurement period for Medicaid inpatient services to eligible hospitals.

b. Hospital P4P pool amounts will be individually calculated for each eligible hospital as an amount equal to 1.5% of the total claim-based fee-for-service payments, excluding supplemental payments, made during the measurement period for Medicaid inpatient services to the eligible hospital. At the end of the measurement period, the total P4P pool amount available for each hospital will be divided by the number of measures applicable to that hospital to determine the value of each measure. (I.e., if the hospital's individual pool equals $100,000 and the hospital qualifies to participate in four measures, each measure would be worth a maximum supplemental payment of $25,000.)

c. If a hospital meets all of its performance targets for all applicable measures, it will receive a supplemental payment equal to the hospital's total P4P pool amount for all measures.

d. If a hospital does not meet all of its performance targets, it will earn dollars for those measures where the targets were met in a graduated manner, as specified in the P4P Guide.

e. If all participating hospitals meet all of their individually applicable targets, no P4P additional pool funds would be available and no supplemental payments above those described in 5600.a will be made to any hospital.

f. If any participating hospital does not meet its performance target, the hospital will not receive any additional payment and the pool amount attributable to that hospital for that measure will be aggregated and distributed as an additional bonus payment to other hospitals that met all of their performance targets.

   The Department has designed the additional bonus pool to ensure that all P4P pool dollars are paid back to hospitals. Bonus dollars will be shared proportionally among hospitals based on the relative amounts calculated for the P4P pool for all hospitals that qualified for the additional bonus. Therefore hospitals with a larger P4P pool calculated amount will receive a larger portion of the additional bonus dollars available. The University of Wisconsin Medical Center and Critical Access Hospitals are only eligible for payment up to cost for base hospital payments, including the performance-based payments.

The state will notify each eligible hospital, prior to the measurement year, of the minimum performance requirements to receive the 1.5% P4P pool payment. Complete details including technical information regarding specific quality and reporting metrics, performance requirements and P4P adjustments are available in the State FY2013 Hospital Pay-for-Performance (P4P) Guide available at https://www.forwardhealth.wi.gov/WIPortal/Tab/42/icscontent/Provider/medicaid/hospital/P4P_FY2013.pdf.spage. The performance measures that are in effect in this SPA on the first day of each performance year will be the measures that are used for that measurement year. Except in cases of emergency rule, providers will receive at least 30-days written notice of any and all changes to the State FY2013 Hospital Pay-for-Performance (P4P) Guide.

The P4P pool amount will be distributed prior to December 31 following the measurement period to those hospitals for the following six measures, as applicable to the hospitals:

1) Thirty-day hospital readmission – Hospitals will be scored on the percent of patients that had a qualifying readmission within 30 days of a qualifying discharge. This measure will be applicable to a

hospital that has at least 23 observations during the measurement year. To qualify for its earn back on this measure, a hospital must improve upon its past performance (since the Department is not using a risk adjustment methodology for this measure, it is not appropriate to compare a hospital's score to the statewide average). Past performance was calculated using calendar year 2010 data, or subsequent year thereafter.

2) Mental health follow-up visit within 30 days of discharge for mental health inpatient care – Hospitals will be scored on the percent of patients who had a mental health follow-up appointment within 30 days of qualifying mental health discharge. This measure will be applicable to a hospital that has at least 23 observations during the measurement year. To qualify for its earn back on this measure, a hospital must improve upon its past performance (since the Department is not using a risk adjustment methodology for this measure, it is not appropriate to compare a hospital's score to the statewide average). Past performance was calculated using calendar year 2010 data, or subsequent year thereafter.
3) Asthma care for children – Hospitals will be scored on the percent of children admitted to a hospital with a qualifying asthma diagnosis that were discharged with a Home Management Plan of Care (HMPC). This measure will be applicable to children's hospitals that have at least 30 observations during the measurement year. To qualify for its earn back on this measure, a hospital must submit their data to the Joint Commission by September 30 following the measurement year and must exceed either the national average or their past performance on this measure.
4) Surgical infection prevention index (SCIP Index) - Hospitals will be scored on the percent of surgical patients that were given all the care they needed to prevent an infection based on selected measures. This measure will be applicable to a hospital that has at least 25 observations during the measurement year. To qualify for its earn back on this measure, a hospital must submit their data to the Wisconsin CheckPoint (www.checkpoint.org) by December 31 of the measurement year and must exceed either the state average or their past performance on this measure.
5) Initial antibiotic for community-acquired pneumonia (PN-6) – Hospitals will be scored on the percent of immunoincompetent patients with community-acquired pneumonia that receive an initial antibiotic within 24 hours of admission into the hospital. This measure will be applicable to a hospital that has at least 25 observations during the measurement year. To qualify for its earn back on this measure, a hospital must submit their data to CheckPoint by December 31 of the measurement year and must exceed either the state average or their past performance on this measure.
6) Healthcare personnel influenza vaccination (pay-for-reporting) – Hospitals will be evaluated based on their submission of the Health Care Personnel Influenza Vaccination data via the National Healthcare Safety Network (NHSN) module or to the Wisconsin Division of Public Health (WI DPH). To qualify for its earn back on this measure, a hospital must report its healthcare personnel influenza vaccination data to the NHSN module or WI DPH prior to August 15 following the measurement year.

P4P payments, including the additional bonus payments, are limited by the federal upper payment limit (UPL) regulations at 42 CFR §447.272, All P4P payments, including the additional bonus payments, are included in the UPL calculation for the measurement year regardless of when payments are actually made.