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**State/Territory Name: WI-**

**State Plan Amendment (SPA) #: 14-015**

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Approved SPA Pages

December 12, 2014

Marlia Mattke, Associate Deputy Administrator  
Division of Health Care Access and Accountability  
Wisconsin Department of Health Services  
1 West Wilson Street  
P. O. Box 309  
Madison, Wisconsin 53701-0309

Dear Ms. Mattke:

Enclosed for your records is an approved copy of the following State Plan Amendment:

Transmittal #14-015

--Outpatient Hospital Rates and Methodologies: Measurement  
Year 2015 Pay-for-Performance Program Updates  
--Effective April 1, 2014

If you have any additional questions, please have a member of your staff contact Charles Friedrich at (608) 441-5344 or [Charles.Friedrich@cms.hhs.gov](mailto:Charles.Friedrich@cms.hhs.gov).

Sincerely,

/s/

Alan Freund  
Acting Associate Regional Administrator  
Division of Medicaid & Children's Health Operations

Enclosure

cc: Al Matano, Wisconsin Department of Health Services

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>  <b>FOR: HEALTH CARE FINANCING ADMINISTRATION</b>	1. TRANSMITTAL NUMBER: 14-015	2. STATE Wisconsin
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE 04/01/2014	

5. TYPE OF PLAN MATERIAL (Check One):

- NEW STATE PLAN
  AMENDMENT TO BE CONSIDERED AS NEW PLAN
  AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION: 47 CFR 447.250-- Subpart F.	7. FEDERAL BUDGET IMPACT: a. FFY 2014 ..... \$0K b. FFY 2015 ..... \$0K
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  Attachment 4.19-B, Pages 7 and 8. ....	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):  Same


10. SUBJECT OF AMENDMENT:

Outpatient hospital rates and methodologies: Measurement Year 2015 Pay-for-Performance Program Updates.


11. GOVERNOR'S REVIEW (Check One):

- GOVERNOR'S OFFICE REPORTED NO COMMENT  
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED  
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

OTHER, AS SPECIFIED:

12. SIGNATURE OF STATE AGENCY OFFICIAL: 	16. RETURN TO: Kevin Moore Deputy Secretary Department of Health Services 1 W. Wilson St. P.O. Box 309 Madison, WI 53701-0309
13. TYPED NAME: Kevin Moore	
14. TITLE: Deputy Secretary	
15. DATE SUBMITTED: June 18 2014	

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED: June 18, 2014	18. DATE APPROVED: December 12, 2014
PLAN APPROVED - ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: 4/1/14	20. SIGNATURE OF REGIONAL OFFICIAL: 
21. TYPED NAME: Alan Freund	22. TITLE: Acting Associate Regional Administrator
23. REMARKS:	

### 4300 Performance-Based Payments

The Department has a Hospital Withhold Pay-for-Performance (HWP4P) program that provides for payments for acute care, children's, critical access, and psychiatric hospital services. Long-term care, rehabilitation, and out-of-state hospitals are exempt from the HWP4P program.

The Department administers the HWP4P program on a measurement year (MY) basis. The chart below shows the start and end dates for the first two MYs of the HWP4P program, which did not occupy a full 12 months.

<b>MY 2013</b>	<b>Start:</b> July 1, 2012	<b>End:</b> March 31, 2013
<b>MY 2014</b>	<b>Start:</b> May 15, 2013	<b>End:</b> March 31, 2014

Subsequent MYs are on a 12-month cycle, from April 1 through March 31 of the next calendar year.

For each MY, the Department pays FFS claims for services at the rate of 98.5% of the reimbursement in effect during the MY. The HWP4P pool amount is the remaining 1.5% of the reimbursement in effect during the MY for those same FFS claims.

Hospital supplemental payments made to eligible providers, including access payments, are excluded from the HWP4P pool amount.

The Department makes HWP4P payments for each MY annually by the December 31 following the conclusion of the MY.

The remainder of this section describes the program's design and requirements for MY 2015. In order to be eligible for HWP4P 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 (effective April 1, 2014 for MY 2015) published on the Wisconsin ForwardHealth Portal.

Hospitals that meet both reporting requirements and performance-based targets, for the measures described later in this section, are eligible to receive payments from the HWP4P pool as follows:

- a. The Department calculates individual HWP4P pool amounts for each eligible hospital. At the end of the MY, the Department divides each individual HWP4P pool amount by the number of measures applicable to the respective hospital to determine the value of each measure. (E.g., if a hospital's individual pool equals \$100,000 and it qualifies to participate in four measures, then each measure is worth \$25,000.) As a result, the value of a given measure will vary from hospital to hospital, impacted by both the size of the individual hospital's HWP4P pool amount and the number of measures for which the hospital qualified.
- b. If a hospital meets all of its performance targets for all applicable measures, it receives a payment equal to its individual HWP4P pool amount.
- c. If a hospital does not meet all of its performance targets, it earns dollars for those measures where the targets were met, in a graduated manner as specified in the Hospital P4P Guide.
- d. If all participating hospitals meet all of their individually applicable targets, no additional HWP4P pool funds are available and thus no bonus payments beyond those described above can be made to any hospital.
- e. If at least one participating hospital does not receive its full HWP4P pool amount, the Department aggregates all remaining HWP4P pool funds and distributes them as additional bonus payments to hospitals that met their performance targets.

The Department ensures that all HWP4P pool dollars are paid back to hospitals by providing bonus payments. If a hospital meets all reporting requirements and performs in the highest tier on at least one applicable pay-for-performance (as opposed to pay-for-reporting) measure, it qualifies to receive a bonus payment. Bonus dollars are shared proportionally among hospitals weighted by two factors: the relative magnitudes of the individual HWP4P pool amounts for all hospitals that qualified for the additional bonus and the percentage of applicable measures for which the hospitals performed in the highest performance tier. Therefore, hospitals with a larger HWP4P pool amount receive a larger portion of the additional bonus dollars available, while high-performing hospitals are also rewarded. The University of Wisconsin Medical Center and CAHs are only eligible for WMP payment, including the HWP4P payments, up to cost.

The Department notifies each eligible hospital, prior to the MY, of the minimum performance requirements to receive the HWP4P pool payment. Complete details, including technical information regarding specific quality and reporting metrics, performance requirements, and HWP4P adjustments, are available in the Hospital P4P Guide. The performance measures that are in effect in this State Plan on the first day of each MY are the measures that are used for that MY. Except in cases of emergency rule, providers are given at least 30 days' written notice of any and all changes to the Hospital P4P Guide.

TN# 14-015  
Supersedes  
TN# 14-004

Approval Date 12/12/14

Effective Date 04/01/2014

The measures for MY 2015 are:

- 1) Thirty-day hospital readmission – Hospitals are scored on the percentage of patients that had a qualifying readmission within 30 days of a qualifying discharge. This measure is applicable to a hospital that has at least 30 observations during the MY. To qualify for its earn-back on this measure, a hospital must exceed either the state average or its past performance (MY 2013).
- 2) Mental health follow-up visit within 30 days of discharge for mental health inpatient care – Hospitals are scored on the percentage of patients that had a mental health follow-up appointment within 30 days of a qualifying mental health discharge. This measure is applicable to a hospital that has at least 30 observations during the MY. To qualify for its earn-back on this measure, a hospital must improve upon its past performance (MY 2013) (since the Department is not using a risk adjustment methodology for this measure, a hospital's score is not compared to the state average).
- 3) Asthma care for children – Hospitals are scored on the percentage of children admitted to a hospital with a qualifying asthma diagnosis that were discharged with a Home Management Plan of Care (HMPC). This measure is applicable to children's hospitals that have at least 30 observations during the MY. To qualify for its earn-back on this measure, a hospital must submit its data to the Joint Commission by the September 30 following the MY and must exceed either the national average or its past performance (MY 2013) on this measure.
- 4) Surgical infection prevention (SCIP) index - Hospitals are scored on the percentage of surgical patients that were given all the care they needed to prevent an infection based on selected measures. This measure is applicable to a hospital that has at least 25 observations during the MY. To qualify for its earn-back on this measure, a hospital must submit its data to Wisconsin CheckPoint prior to the September 15 following the MY and must exceed either the state average or its past performance (MY 2013) on this measure.
- 5) Initial antibiotic for community-acquired pneumonia (PN-6) – Hospitals are scored on the percentage of immunoincompetent patients with community-acquired pneumonia that receive an initial antibiotic within 24 hours of admission into the hospital. This measure is applicable to a hospital that has at least 25 observations during the MY. To qualify for its earn-back on this measure, a hospital must submit its data to Wisconsin CheckPoint prior to the September 15 following the MY and must exceed either the state average or its past performance (MY 2013) on this measure.
- 6) Healthcare personnel influenza vaccination – Hospitals are evaluated on their performance on the Health Care Personnel Influenza Vaccination measure submitted via the Centers for Disease Control and Prevention's (CDC's) National Healthcare Safety Network (NHSN) module. To qualify for its earn-back on this measure, a hospital must exceed either the national average (as published by NHSN) for the previous flu season or its past performance (MY 2013). Hospitals must report their healthcare personnel influenza vaccination results to the NHSN module prior to the deadline set by NHSN.
- 7) Early elective induced deliveries - PC-01 (pay-for-reporting) – Hospitals are evaluated on their submission of the early elective induced delivery data to Wisconsin CheckPoint. To qualify for its earn-back on this measure, a hospital must submit its data to CheckPoint prior to the September 15 following the MY.
- 8) Catheter Associated Urinary Tract Infections (CAUTI) (pay-for-reporting) – Hospitals are evaluated on their submission of CAUTI data to Wisconsin CheckPoint. To qualify for its earn-back on this measure, a hospital must submit its data to CheckPoint prior to the September 15 following the MY.

HWP4P payments, including the additional bonus payments, are limited by the federal UPL regulations at 42 CFR §447.321. All HWP4P payments, including the additional bonus payments, are included in the UPL calculation for the MY regardless of when payments are actually made.

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