

# Family Medicine

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## Appendix 2 from:

**George A, Sachdev N, Hoff J, et al. Development, Value, and Implications of a Comprehensive Primary Care Payment Calculator for Family Medicine: Report From Family Medicine for America's Health Payment Tactic Team. Fam Med. 2018;51(2):185-92.**

## Appendix 2: Calculations for Simulated Case Study: XYZ Cable

### Base Rate Calculation

Below is a total cost of care report (TCOC) report showing per member per month (PMPM) payments for a variety of services based on 2016 claims data.

Primary Care PMPM	\$24.15
Specialty PMPM	\$44.56
Hospital PMPM	\$68.45
Emergency PMPM	\$17.64
Rx PMPM	\$42.34
Total PMPM	\$294.04
Total PMPY	\$3,528.48

Using the PCAL standard weights, we calculate the Y for each of the 2,390 employees and dependents attributable to TPCA and aggregate to T\_POP = \$39.01. Since the standard base rate of 8.0% of TCOC is \$23.52, we take the smaller of the two as our base rate, namely the standard rate of \$23.52.

### Modifier 1: Population Adjustment

RISK BRACKETS

RISK TIER	RISK PERCENTILE	VALUE	Population %
Tier 1	X < 25 <sup>th</sup>	-10%	55%
Tier 2	25 <sup>th</sup> <= X < 75 <sup>th</sup>	0%	25%
Tier 3	75 <sup>th</sup> <= X < 95 <sup>th</sup>	5%	14%
Tier 4	X >= 95 <sup>th</sup>	20%	6%

Taking a linear combination of the values and population percentages, we find the population to be at an overall index of .96, and thereby adjust the 5% available to 4.75%.

XYZ and TPCA provider agree that administering an MCAM is not practical at this time and choose to forgo that component.

For SDH, we find the population level ADI to be 1.17, which is considerably higher than average and at the threshold necessary for an adjustment of \$5 PMPM.

**Modifier 2: Quality Adjustment**

For quality measures, we find that prior year performance on the 10 quality measures selected were within threshold for only 4 measures, triggering a 1% adjustment.

**Modifier 3: Efficiency Adjustment**

Upon review of prior year claims-based performance, TPCA achieved a 20% contribution from ACSC Admission measures, a 20% contribution from Potentially Avoidable ED measures, and a 10% contribution from Physician Behavior and Access measures, totaling 50% of the available 5%, or a 2.5% adjustment.

#### **Modifier 4: Infrastructure Adjustment**

TPCA is traditional primary care clinic that has been slow to adopt patient-centered medical home standards such as team-based care and electronic medical records.

TPCA receives the base \$5 PMPM to invest in infrastructure needed but does not receive other infrastructure payment adjustments at this time. TPCA will be eligible for rescoring based on infrastructure gains made in the coming experience year.

#### **Final CPCP Rate Calculation:**

Beginning with the base rate of \$23.52 PMPM, we calculate the modifier percentages as:

Modifier 1:	4.75% (\$1.12 PMPM) + \$5 PMPM = \$6.12 PMPM
Modifier 2:	1% (\$0.24 PMPM)
Modifier 3:	2.5% (\$0.59 PMPM)
Modifier 4:	\$5 PMPM

Total modifier adjustments:	\$11.95 PMPM
Population CPCP Rate PMPM:	$\$23.52 + \$11.95 = \$35.47$ PMPM
Population CPCP Rate PMPM/TCOC PMPM:	12.1%