



# Pay for Performance

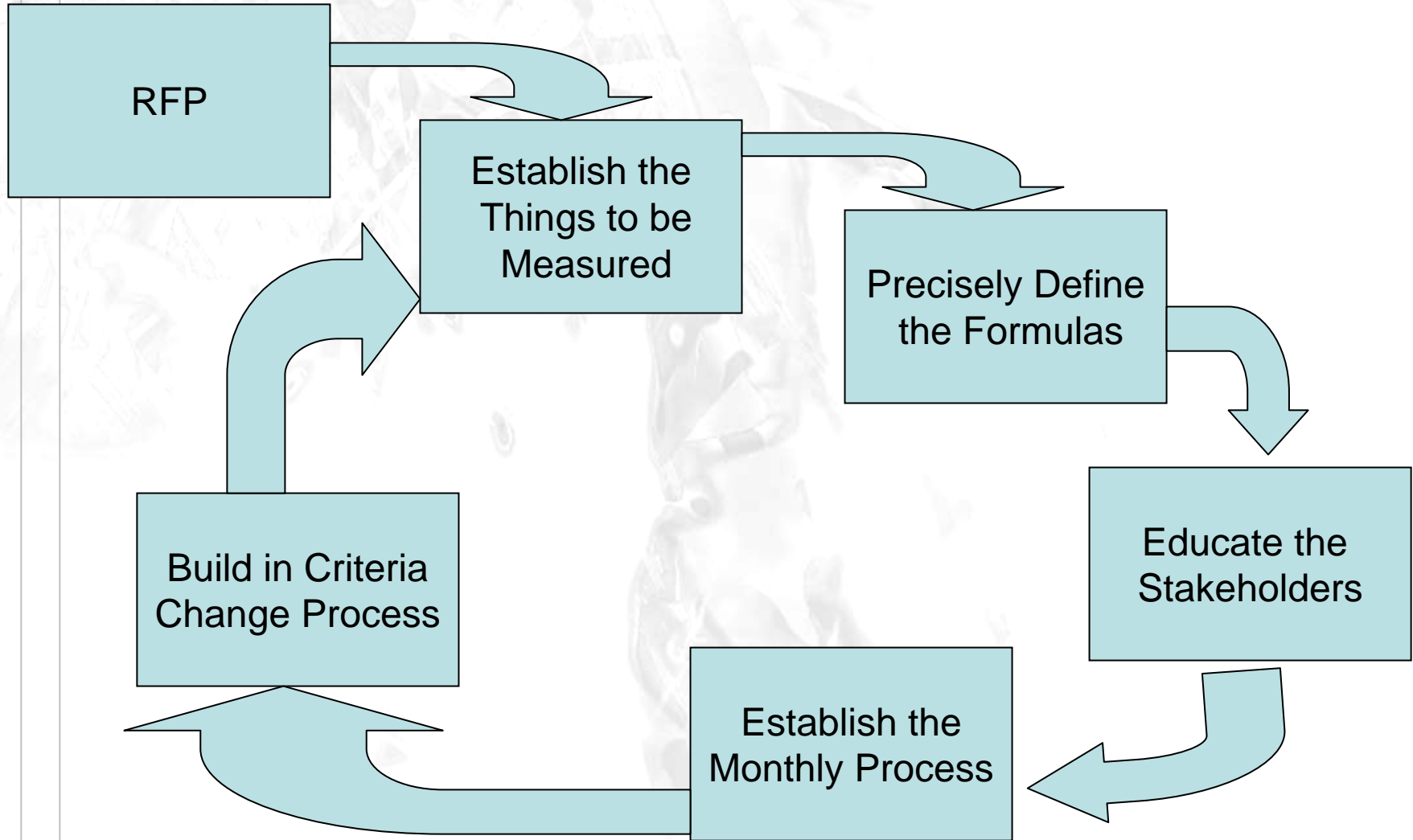
Teresa Karnes  
Kirk French



# Agenda

- Getting Started
- Things To Watch Out For
- Where To From Here?

# Getting Started



# RFP

## 4.5.1.1. Approach to Performance Standards and Damages

- The State will monitor the Contractor's performance using a Performance Reporting System. The State believes that this is the most effective way to monitor the quality of the Contractor's performance, document performance levels in all critical areas of the system, facilitate the management of the Contractor's contract and enhance the investment made by the State and Federal government in the administration of the Medicaid Program.

# Establish the Things to Measure

- Claims Operation – Accuracy, Timeliness
- Call Center – Accuracy, Timeliness
- Software Applications – CSRs, Availability, Documentation
- Networks – Up Time, Response Time
- Banking – Reconciliation, Credit Balances, request for Funds
- *What Else is Important to the State?*

# Precisely Define the Measurement Process

**Keying Accuracy** - The Contractor must maintain a 95 percent accuracy rate of all keyed claims and any data manually entered by the Contractor or contract data entry staff. This count is based on a per claim basis. Claims containing multiple errors will only be counted once.

The sample is a stratified random sample across all paper media claim types at 95% confidence and accuracy rate of  $97\% \pm 2\%$ , or 300 claims (279 plus 21 over-sample). The sampling methodology addresses the requirement found RFP 5.2.3.1(45): “The Contractor must maintain a 95 percent accuracy rate of all keyed claims and any data manually entered by the Contractor or contract data entry staff. This count is based on a per claim basis. Claims containing multiple errors will only be counted once.”  $(\text{Paper claims without error} / \text{Total paper claims}) * 100$

# Educate the Stakeholders

- State Executive Staff
- State Monitoring Staff
- State Finance Staff
- State Systems Staff

... to ensure all understand the precise measurements.

# Establish the Monthly Process

- When are the Measurement Reports to be Submitted?
- Who is to Receive / Review the Reports & Artifacts?
- What is the Method of Review?
- When the Review is to be Completed?
- What is the Method of Discrepancy Resolution?
- When / How are Penalties to be Collected?

# Process to Change Measurement Criteria

- How Often Can These Change?
- Who May Request? How?
- What is the Negotiation Process?

# What to Watch Out For ...

- There are basic functions that are critical to the success of the system. The performance standards should focus on these functions.
- The performance standards should not be used to address short-term problems. The problem will be addressed before the ink is dry on the contract, and you have a standard that is no longer relevant.
- The potential damage to the state if a performance standard should be considered when considering the amount of the assessment. If the maximum damage to the state is \$100, it doesn't make sense to penalize the vendor \$25,000.
- If it's not a performance standard, it's not a top priority for the contractor.
- It is important to discuss how the standard will be precisely measured at the BEGINNING.
- Keep the number of standards manageable.
- Consider the staffing requirements on the state side with respect to contract monitoring.
- Get buy-in from key management staff. Make sure they understand what they are agreeing to as top priorities.

# Where to From Here?

- Maintain Currency of Criteria
- Involve Key Staff in Changes
- Maintain a Manageable Set of Criteria
- Any Changes Require Precise Formula with Example(s).