



L.A. Care
HEALTH PLAN®

Hospital Pay-for-Performance (P4P) Program Description

L.A. Care 2024 (January 1 – December 31) P4P Inpatient Program

Program Overview

We are pleased to introduce the first year of L.A. Care's Hospital P4P Program. The goal of the Hospital P4P Program is to provide financial rewards to contracted hospitals that meet quality performance targets and demonstrate high-quality care to L.A. Care Members. The Hospital P4P Program is structured as an incentive program with annual performance measurement and payment.

L.A. Care measures network quality by assessing whether the services provided are Safe, Effective, Patient-centered, Timely, Efficient and Equitable. Based on this premise, the program includes the following measures:

Payment Gate

1. Data submission to the Hospital Quality Institute (HQI)

L.A. Care is requiring participating Hospitals to submit data to the HQI by December 31, 2024. Hospitals that are not set up and fully submitting their data to HQI before the end of 2024 will not be eligible to earn an incentive payment for the MY 2024 program.

Incentive Measures

1. HIE Participation Measure
2. 30-Day Readmission Rates
3. NTSV C-Section Rate
4. Hospital-Acquired Conditions Standardized Infection Ratios (SIR)
5. Follow-up Visits within 7-days of discharge Rate

Data is collected by HQI on a quarterly basis and aggregated across 12 months for a single incentive bonus at the end of the measurement year.

Participation & Eligibility Requirements

Hospitals with an active contract with L.A. Care at the beginning of the measurement year (January 1, 2024), are eligible for Program participation. Hospitals invited to participate must be in good standing with L.A. Care, as well as state and federal regulators at the time payment is to be disbursed. Good standing means that the hospital is open, solvent and not under financial sanctions from the state of California or Centers for Medicare and Medicaid Services. This also means that the hospital is currently contracted with L.A. Care for the delivery of services, not pursuing any litigation or arbitration or has a pending claim pursuant to the California Government Tort Claim Act (Cal. Gov. Code §§ 810, et. seq.), which is unresolved filed against Plan at the time of program application or at the time additional funds may be payable and has demonstrated the intent, in Plan's sole determination, to continue to work together with Plan on addressing community and Member issues. Additionally, at the direction of the CEO or their designee, Plan may determine that a Provider is not in good standing based on relevant quality, payment, or other business concerns. If a hospital appeals a financial sanction and prevails, L.A. Care will entertain a request to change the hospital status to good standing.

Terms and Conditions

1. The Hospital must be in good standing with L.A. Care.
2. Participation in Hospital P4P, as well as acceptance of incentive payments, does not in any way modify or supersede any terms or conditions of any agreement between L.A. Care and Hospitals, whether that agreement is entered into prior to, or subsequent to, the date of this communication.
3. There is no guarantee of future funding for, or payment under, any L.A. Care Hospital incentive program. The Hospital P4P Program and/or its terms and conditions may be modified or terminated at any time, with or without notice, at L.A. Care's sole discretion.
4. Criteria for calculating incentive payments are subject to change at any time, with or without notice, at L.A. Care's sole discretion.
5. In consideration of L.A. Care's offering of the Hospital P4P Program, participants agree to fully and forever release and discharge L.A. Care from any and all claims, demands, causes of action, and suits, of any nature, pertaining to or arising from the offering by L.A. Care of the Hospital P4P Program.
6. The determination of L.A. Care regarding performance scoring and payments under the Hospital P4P Program is final.
7. As a condition of receiving payment under the Hospital P4P Program, Hospitals must be active and contracted with L.A. Care at the time of payment.

Budget

The annual budget for the 2024 Hospital P4P Program is \$28 million in total possible payouts to all eligible hospitals that meet quality performance targets. The table below summarizes how dollars are allocated across the measures.

Measure Name	Financial Allocation
HIE Participation Measure	\$4,200,000
30-Day Readmission Rate	\$5,600,000
NTSV C-Section Rate	\$5,600,000
Hospital Associated Infection SIR	\$7,000,000
• CAUTI	\$1,400,000
• CLASBI	\$1,400,000
• C Dif infections	\$1,400,000
• MRSA infections	\$1,400,000
• SSI infections, colon	\$1,400,000
Follow-up Appointment Within 7-days of Discharge Rate	\$5,600,000

Scoring & Performance Methodology

Eligible hospitals are evaluated every measurement year on their performance in each of the P4P measures. We use a point system, with points being awarded when performance meets or exceeds the threshold listed for each measure. Select measures present the opportunity to earn partial points, with two distinct thresholds for full and partial points. Each hospital has the potential to earn 100 points. If measures are not applicable (for example, maternity measures for a hospital with no maternity services), the points for the non-applicable measures are proportionately redistributed to the remaining measures. Each measure is calculated following the guidelines listed in “Summary of Measures” section of this guide. Hospital performance is assessed based on the established performance goals. Below is a chart of the Hospital P4P Program measures and their performance goals. For measures that have two-tier performance goals, 50 percent of the available measure points are rewarded for reaching Tier 1 level performance and 100 percent of the available measure points are rewarded for reaching Tier 2 level performance. For measures that have only one performance goal, 100 percent of the available measure points are rewarded for meeting the goal rate.

Hospital services for all contracted lines of business will be included calculations (e.g., Medi-Cal, D-SNP, Medicare, Covered California).

Measure	Data Source	Performance Goals	Points
HIE Participation Measure	Hospital Reported	Tier 1: DSA, BAA, ADT Tier 2: CCDs	15
Plan All-Cause 30-Day Readmissions Observed-to-Expected (O/E) Ratio	Claims and Encounters	Tier 1: equal to or greater than the 50th percentile for the L.A. Care Network and less than the 75th percentile Tier 2: at or above the 75th percentile for the L.A. Care Network	20
NTSV C-Section Rate	CMQCC	Less than or equal to 23.6%	20
Hospital Acquired Conditions	Joint Commission	Standardized Infection Ratio (SIR) less than or equal to 0.63	25
• CAUTI			5
• CLASBI			5
• C Dif infections			5
• MRSA infections			5
• SSI Infections, colon			5
7-day follow-up after discharge	Claims Data	Tier 1: equal to or greater than the 50th percentile for the L.A. Care Network and less than the 75th percentile Tier 2: at or above the 75th percentile for the L.A. Care Network	20
Total			100

CMQCC: California Maternal Quality Care Collaborative * CMS: Centers for Medicare and Medicaid Services

Payment Methodology

The annual budget for the 2024 Hospital P4P in total possible payouts to qualifying hospitals that meet performance targets is based on 2% of L.A. Care's total prior year expenses, which is approximately \$28 million. Total possible payment to each hospital is based on the proportion of member admissions volume while the total payment is based on the performance score.

Step 1: Determine total potential payment:

$$= [\text{Total Admission per hospital}] / [\text{Total Admissions for All Eligible hospitals}] \times [\text{Total P4P Dollars available}]$$

Step 2: Determine total payout

$$= [\text{Performance score}] / 100 \times [\text{Total potential payment}]$$

Measures

HIE Participation Measure

Background

The Hospital HIE Participation Measure aims to encourage hospitals to enhance interoperability and engage in real-time data sharing with health plans and providers. This measure incentivizes hospitals to actively participate in the California Health and Human Services Agency (CalHHS) Data Exchange Framework (DXF) and become participants of designated Health Information Exchanges (HIEs), such as LANES or Collective Medical Technology (CMT), a subsidiary of PointClickCare (PCC) Company.

Performance Goals

Measure	Data Source	Performance Goals	Points
HIE Participation Measure	Hospital Reporting	<p>Tier 1:</p> <p>1a. Finalize the Data Sharing Agreement (DSA) with the California Health and Human Agency (CalHHS).</p> <p>1b. Execute both the Business Associate Agreement (BAA) and the Participation Agreement with either LANES or PointClickCare (PCC) HIE.</p> <p>1c. Exchange Admit, Discharge, and Transfer (ADT) notifications with the HIE in near real-time.</p> <p>Tier 2:</p> <p>2a. Provide Continuity of Care Documents (CCDs) with the HIE and ensure all Tier 1 requirements have been met.</p>	15

- Completing all Tier 1 requirements will result in a 50% incentive distribution.
- Successfully meeting both Tier1 and Tier 2 requirements will qualify for the full 100% incentive distribution. Hospitals must achieve all necessary milestones and consistently engage in the exchange of ADTs (Admission, Discharge, Transfer) and CCDs (Continuity of Care Documents) throughout the measurement period.

Note: Activation of Tier 2 requirements and associated payments are contingent upon the fulfillment of Tier 1 requirements. These two levels are not independent of each other.

Real-Time (or Near Real-time) Definition - Immediately up on a members' admission, discharge or transfer.

30-Day Readmissions

Background

In healthcare, a “readmission” occurs when a patient is discharged from the hospital and then admitted back into a hospital within a short period of time. Increased readmissions are often associated with increased rates of complications and infections and some studies even suggest that readmissions are commonly preventable. High rates of hospital readmissions not only indicate an opportunity for improving patient experience, safety and quality of care, but they are also recognized by providers as an opportunity to reduce the overall healthcare spend.

Performance Goals:

Measure	Data Source	Performance Goals	Points
Plan All-Cause 30-Day Readmissions Observed-to-Expected (O/E) Ratio	Claims and Encounters	Tier 1: equal to or greater than the 50th percentile for the L.A. Care Network and less than the 75th percentile Tier 2: at or above the 75th percentile for the L.A. Care Network	20

Calculations:

Numerator: The total number of adult acute inpatient stays that were followed by an unplanned acute readmission for any diagnosis within 30 days of discharge

Denominator: Total number of adult acute inpatient discharges for the same time period as above

Exclusions include:

- Hospital stays for the following reasons:
 - The member died during the stay
 - The principal diagnosis is pregnancy
 - The principle diagnosis of a condition originating from the peri-natal period
- Members who have Medicare prime
- Completing all Tier 1 requirements will result in a 50% incentive distribution.
- Successfully meeting both Tier1 and Tier 2 requirements will qualify for the full 100% incentive distribution.

NTSV C-Section Rate

Background:

Nulliparous Term Singleton Vertex (NTSV) Cesarean (C-Section) Birth Rate identifies the proportion of live babies born at or beyond 37 weeks of gestation to women in their first pregnancy, which are singleton (no twins or beyond) and which are in the vertex presentation (no breech or transverse positions), via Cesarean birth. The United States Department of Health and Human Services, in its Healthy People 2020 project, simplified the name for non-obstetric audiences as “Low-Risk Cesarean Birth Among First-Time Pregnant Women.” The Joint Commission adopted this metric in 2010 and now requires all hospitals with more than 300 births to report their results as part of the Perinatal Core Measure Set. The metric has also been adopted by the Leapfrog Group and the Centers for Medicare and Medicaid Services. Several states also require hospital reporting as part of their Medicaid quality initiatives. The NTSV Cesarean Birth measure was re-endorsed as one of the National Quality Forum’s (NQF) Perinatal and Reproductive Health measures in 2016, and the Joint Commission is now the steward of the measure.

Hospitals with maternity services must actively participate in the California Maternal Quality Care Collaborative (CMQCC) Maternal Data Center Reporting and sign a CMQCC authorization release to share hospital-level results with L.A. Care.

Performance Goals:

Measure	Data Source	Performance Goals	Points
NTSV C-Section Rate	Hospital	Less than or equal to 23.6%	10

Calculation:

Numerator: Patient with cesarean births

Denominator: Nulliparous patients delivered of a live term singleton newborn in vertex presentation

Hospital Acquired Infections

Background:

The incidence of hospital-acquired infections among hospitalized patients is significant and contributes to extended hospital stays and the rising cost of health care. In the past 20 years, the overall incidence of healthcare-associated infections (HAIs) in the USA has increased by 36%. Annually, approximately 2 million patients suffer with healthcare-associated infections in the USA, and nearly 90,000 are estimated to die. This ranks HAI as the fifth leading cause of death in US acute-care hospitals. The overall direct cost of HAIs to hospitals ranges from \$28-\$45 billion. Further nonmedical social and indirect costs such as lost work time and legal costs can triple this estimate. Despite the high morbidity, mortality and costs associated with HAIs, a large proportion are preventable using standardized infection protocols and procedures, such as hand hygiene. This metric will focus on 5 major hospital complications - central line infections (CLASBI), catheter associated urinary tract infections (CAUTIs), Clostridium difficile-associated disease (CDI), surgical site infections (SSIs), colon, and Inpatient Hospital-onset Methicillin-resistant Staphylococcus aureus (MRSA) Bacteremia.

Performance Goal:

Measure	Data Source	Performance Goals	Points
Hospital Acquired Conditions	National Health Safety Network	Standardized Infection Ratio (SIR) less than or equal to 0.63	25
• CAUTI			5
• CLASBI			5
• C Dif infections			5
• MRSA infections			5
• SSI Infections, colon			5

Calculation: L.A. Care uses the Standardized Infection Ratio for this measure by dividing the number of observed infections by the number of predicted infections.

Follow-up within 7 days of discharge

Background:

Reducing hospital 30-day readmissions is a current priority for L.A. Care. Timely outpatient follow-up is a key component of transitional care models that have been successful in reducing readmission rates. Nationally, approximately one-half of Medicare and Medicaid beneficiaries readmitted within 30 days of a hospital discharge do not receive outpatient follow-up before the readmission. Follow-up within 7 days after discharge, for example, has been associated with 1.5%-point reduction in readmissions in low-risk members and a nearly 20%-point reduction in high-risk members. L.A. Care wants to ensure discharged members have timely follow up with a physician after discharge.

Performance Goal:

Measure	Data Source	Performance Goals	Points
7-day follow up	Claims Data	Tier 1: above the 50th percentile for the L.A. Care Network Tier 2: above the 75th percentile for the L.A. Care Network	5

Calculation:

Numerator: Patient with 7 day follow up based on claims data

Denominator: Patients discharged from the hospital

- Completing all Tier 1 requirements will result in a 50% incentive distribution.
- Successfully meeting both Tier1 and Tier 2 requirements will qualify for the full 100% incentive distribution.

Example Hospital Performance and Incentive Payment

Step 1: determine Hospital specific potential incentive

- Hospital admissions data retrieved for the program year
- Proportional hospital admissions calculated for program year
- Total potential payment calculated by multiplying hospital admits proportion by program year budget. Potential payment broken out by measure points weighting.

Hospital	Hospital Admissions*	Proportion of All Hospital Admits*	Total Potential Payment*	HIE Implementation	Readmits	NTSV	HAI	Follow-up w/in 7 Days
Hospital 1	1,500	9.15%	\$2,560,975.61	\$384,146.34	\$512,195.12	\$512,195.12	\$640,243.90	\$512,195.12
Hospital 2	3,200	19.51%	\$5,463,414.63	\$819,512.20	\$1,092,682.93	\$1,092,682.93	\$1,365,853.66	\$1,092,682.93
Hospital 3	800	4.88%	\$1,365,853.66	\$204,878.05	\$273,170.73	\$273,170.73	\$341,463.41	\$273,170.73
Hospital 4	4,900	29.88%	\$8,365,853.66	\$1,254,878.05	\$1,673,170.73	\$1,673,170.73	\$2,091,463.41	\$1,673,170.73
Hospital 5	6,000	36.59%	\$10,243,902.44	\$1,536,585.37	\$2,048,780.49	\$2,048,780.49	\$2,560,975.61	\$2,048,780.49
Totals	16,400	100.00%	\$28,000,000					

*Hypothetical

Hospital Pay-for-Performance (P4P) Program Description

Step 2: calculate hospital performance and incentive payment

- Performance rates for each of the measures is calculated for program year
- Measure results are determined comparing performance rates to measure targets
- If the payment gate is met, then payments are calculated by multiplying measure result by measure specific budget. Total incentive payment is the sum of measure specific payment.

Hospital Name	Measure	Rate*	Target 1*	Target 2*	Measure Result	Measure Budget	Passed HQI Gate?	Payment Calc by Meas
Hospital 1	HIE Implementation	CCDs	DSA, BAA, ADT	CCDs	100%	\$384,146.34	Yes	\$384,146.34
Hospital 1	Readmission Rate	0.80	1.2	0.75	50%	\$512,195.12		\$256,097.56
Hospital 1	NTSV C-Section Rate	19.80		23.6	100%	\$512,195.12		\$512,195.12
Hospital 1	Hospital Associated Infections	0.77		0.63	0%	\$640,243.90		\$0.00
Hospital 1	Follow-up appt w/in 7 days of discharge	8.00%	0.09	0.06	50%	\$512,195.12		\$256,097.56
<i>*Hypothetical</i>							Total Payment	\$1,408,536.59

Questions and Appeals Submissions

All Hospital P4P results are subject to participant review. After the release of the preliminary Hospital P4P results participants can review and submit questions or appeals.

Throughout the questions and appeals period L.A. Care will work with the participants to answer questions about your preliminary results. The questions and appeals period runs from November 15, 2025 until 5 p.m. PDT on December 6, 2025.

Timeline



Data released to Hospitals	November 15, 2025
Hospital Request to Review	November 15, 2025 - December 6, 2025
L.A. Care Review of Request	December 6, 2025 - December 31, 2025
L.A. Care Decision	January 3, 2026
Payment & Report Distributed	January 6, 2026 - January 17, 2026

**Dates are subject to change*

Reporting

L.A. Care will produce an initial baseline report based on measurement year 2023 data during measurement year 2024. L.A. Care will continue to produce rolling twelve-month reports as they become available.

Contact Us

- Incentive_Ops@lacare.org: for reporting and payment related questions*
- HedisOps@lacare.org: for data submission related questions
- INFOHIE@lacare.org: for HIE related questions
- HQIAalytics@HQInstitute.org: for HQI related questions

**Please specify "Hospital P4P" in email subject field when contacting us regarding this program.*