



# Incentive Payment Methodology



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**Incentive Payments** will be direct checks made from the Care Redesign Program (CRP) Entity to the EQIP Entity for aggregate positive performance after a minimum savings threshold, shared savings split, and quality adjustment are applied.



# Performance Period Results

✓ **Total Episode Costs Less Than Target Price**

- The Performance Year Episode costs are less than the Target Price in the aggregate across all episodes in which the EQIP Entity participates.

✓ **Minimum Savings Threshold Met**

- The EQIP Entity's Performance Year savings must meet or exceed 3% of its Aggregated Target Price before it is eligible to receive incentive payments.

✓ **Prior Year Dissavings offset (if applicable)**

- Prior to earning an incentive payment, EQIP Entities are required to offset any cumulative dissavings from prior performance years.



# Tiered Shared Savings Rate

EQIP Entities and Medicare share the savings generated during the Performance Year. The incentive payment to an EQIP Entity is a tiered portion of its total savings, based on the EQIP Entity's efficiency compared to baseline data on the same type of clinical episodes triggered statewide.

- Lower-cost, more efficient EQIP Entities have an opportunity to keep more savings.
- Higher-cost, less efficient EQIP Entities have an incentive to improve relative to the efficiency of its peers.

The EQIP Entity will receive a single “blended” ranking based on its total costs across all clinical episode categories in which it participates, during the baseline period. Higher costs will result in a lower percentile ranking, and lower costs will result in a higher percentile ranking.

Target Price Rank	% of Savings to due EQIP Entity
Up to 33 <sup>rd</sup> percentile	50 percent
34 <sup>th</sup> – 66 <sup>th</sup> percentile	65 percent
66 <sup>th</sup> + percentile	80 percent



# Composite Quality Score

After Shared Savings Rates are calculated, incentive payments are adjusted based on quality performance.

- This is required for EQIP's Advanced APM status and aligns payment with quality care.

For each clinical episode in which the EQIP Entity participates, three quality measures are weighted to calculate a Composite Quality Score, which determines the amount of the incentive payment earned back for quality performance. EQIP quality measures:

- Advance Care Plan
- Medication Reconciliation
- Body Mass Index (BMI)

EQIP applies a 5% “earn-back” adjustment:

- The Shared Savings Amount is reduced by 5%.
- 0–100% of that 5% is earned back based on the EQIP Entity's Composite Quality Score.



# Incentive Payment Cap

The Incentive Payment after the Composite Quality Score adjustment is assessed for a stop-gain amount, or Incentive Payment Cap.

The cap for a Care Partner's incentive payments is calculated by CMS for a given program year based on the average Physician Fee Schedule (PFS) payments made to the Care Partner in the prior year.

**The Care Partner Incentive Payment Cap is 25% of the Average Care Partner PFS Expenditures for the preceding calendar year.**



# Final Incentive Payment Calculation and Distribution

After reconciliation of total savings, application of the tiered Shared Savings Rate, Composite Quality Score adjustment, and comparison of the incentive payment amount to the Incentive Payment Cap, the final incentive payment due to the EQIP Entity is determined.

- **The Incentive Payment will be paid in total to the EQIP Entity approximately 9 to 12 months after the end of the Performance Year.**
- **The Incentive Payment is paid to the payment remission recipient indicated by the EQIP Entity in the EEP.**
- **The EQIP entity can direct the payment remission source to distribute payments to individual Care Partners however it desires.**



# Want to Learn More?

Visit the full [EQIP Curriculum](#) to explore comprehensive learning modules and deepen your understanding of Maryland's Episode Quality Improvement Program (EQIP).

