The Harvard Pilgrim Independence Plan POS and Primary Choice HMO*
(Offered through the Massachusetts Group Insurance Commission – GIC)

### Basis of Evaluation

Quality of care performance was based on information reported by hospitals to the Centers for Medicare & Medicaid Services (CMS) and published on the Hospital Compare website. Hospital cost-efficiency was based on Harvard Pilgrim’s 2016 inpatient and outpatient allowed cost for contracted acute care facilities’ HMO/POS and PPO fully insured and self-insured membership.

### Hospital Quality

Composite clinical scores are created by dividing the sum of all the patients who received the recommended care by the sum of all patients who should have received the recommended care for timely and effective care measures. Patients’ hospital experiences were evaluated based on the Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) survey results on 9 questions, as compared to the national average. Readmission/Mortality and Healthcare Associated Infections/Surgery performance were evaluated using measures related to hospital acquired infection rates and readmission/mortality rates.

### Quality Threshold

A hospital could pass the quality threshold by meeting the targets in at least 2 of the following 4 categories:

<table>
<thead>
<tr>
<th>Category</th>
<th>Target</th>
<th>Time Frame</th>
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</thead>
<tbody>
<tr>
<td><strong>Timely &amp; Effective Care</strong></td>
<td>≥2 measures at or above the national average</td>
<td>October 2015–March 2016 (Flu immunization) July 2015–July 2016 (other measures)</td>
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<tr>
<td><strong>Readmission/ Mortality</strong></td>
<td>5 out of 10 points for measures at or above national average</td>
<td>July 2012–July 2015 (other measures) July 2014–July 2015 (hospital wide readmission)</td>
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<tr>
<td><strong>HCAHPS</strong></td>
<td>At least 5 of 9 questions at or above the national average</td>
<td>July 2015–July 2016</td>
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<tr>
<td><strong>Healthcare Associated Infections/Surgery</strong></td>
<td>4 out of 8 points for measures at or above national average</td>
<td>July 2013–July 2015 (PSI-90) July 2015–July 2016 (other measures)</td>
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### Average Cost Calculation

To calculate the average allowed cost (including member liability) per inpatient case for each facility, 2016 inpatient utilization for all contracted facilities was adjusted to 2017 Harvard Pilgrim contractual terms. All carve outs, per diem rates, and outlier payments were taken into account when adjusting claims to 2017 terms. Transplant and sub-acute admissions were excluded.
Harvard Pilgrim used a standard inpatient and outpatient benchmark upon which to compare the cost of all in-network facilities. The reimbursement rates for each facility's specific inpatient and outpatient claims for 2016 dates of service were adjusted based upon 2017 contracted rate increases. The same utilization was also adjusted to the applicable benchmark rates. Each facility's inpatient and outpatient inflators over the benchmark were normalized to the network average inflator for each facility setting. The normalized scores were averaged into one overall composite relative cost score for each facility.

Hospitals were ranked on cost-efficiency from lowest to highest based on their overall composite score rank to determine tier assignments. Approximately 75% of all hospitals were ranked either low- or medium-cost.

Three tier levels were established:
- Tier 1 Level — low
- Tier 2 Level — medium
- Tier 3 Level — high

Facilities that passed the quality threshold and had low cost-efficiency rankings were assigned to Tier 1. Facilities that passed the quality threshold and had medium-range cost-efficiency rankings and facilities that had low cost-efficiency rankings, but did not pass the quality threshold, were assigned to Tier 2. Facilities with high cost-efficiency rankings, regardless of quality performance, were assigned to Tier 3. Low volume facilities within the GIC service area for which reliable cost information was not available were assigned to a Tier 2. Facilities outside of Harvard Pilgrim's service area or in low volume New England States (Rhode Island, Maine, Connecticut, and Vermont) were assigned a Tier 2.

*The Primary Choice HMO is a limited network offering; not all providers participate in this product.