

## ChoiceNet HMO and PPO Plans

*(Offered to employer groups in Massachusetts)*

<p><b>Tiered Physicians</b></p>	<p>Physicians were tiered based upon the quality and cost-efficiency of the Harvard Pilgrim Local Care Unit (LCU) to which they belong. (Physicians who belong to more than one LCU were tiered based on the LCU at which they had the majority of PCP and specialist office visits.)</p>
<p><b>Basis of Evaluation</b></p>	<p>Quality of care evaluation was based on each LCU's overall performance in HEDIS measures for dates of service in 2019, as reported in 2020 (the most recently published). Cost-efficiency measurement was based upon the risk adjusted total medical expense for each LCU's HMO/POS fully insured and self-insured membership.</p>
<p><b>Quality Source Data</b></p>	<p>LCUs were evaluated on quality using an opportunity method, which compared their performance against HEDIS measures grouped into the following three domains:</p> <ol style="list-style-type: none"> <li>1. Acute Care Domain (6 measures) — Children with Pharyngitis (CWP); Upper Respiratory Infection (URI); Avoidance of Antibiotics in Adults with Acute Bronchitis (AAB); Low Back Pain (LBP); Initiation, Evaluation and Treatment of Substance Abuse (IET); and Antidepressant Medication Management – Continuation Phase (AMM)</li> <li>2. Chronic Care Domain (4 measures) -- Asthma Medication Management (ASM); Comprehensive Diabetes Care (CDC); HbA1c and Nephropathy Testing; and Monitoring of Patients on Persistent Medications (MPM)</li> <li>3. Preventive Care Domain (5 measures) -- Breast Cancer Screening (BCS); Chlamydia Testing (CHL); Adolescent Well Care (AWC); Child Visits in the Third, Fourth, Fifth and Sixth Years of Life (W34); and Chlamydia Screening in Women (CHL)</li> </ol> <p>The opportunity method combined all denominators and all numerators within each domain and calculated a domain rate. (In order to be measured, an LCU was required to have a minimum of 20 observations within a domain.) Any LCU that had one or more domains flagged for performance two or more standard deviations below the network mean was defined as not meeting the quality performance necessary for Tier 1 assignment.</p>
<p><b>Efficiency Source Data and Evaluation</b></p>	<p>The two-year blended health status adjusted total medical expense PMPM (including member liability) was calculated for each LCU using calendar years 2018 and 2019, and brought forward to 2019, 2020, then 2021 contractual terms. The most recent year brought forward to 2019, 2020, then 2021 contractual terms received a greater weight (2/3 weight) than the prior year (1/3 weight). This calculation included medical, pharmacy, and behavioral health claim payments to all hospitals and</p>

<p><b>Efficiency Source Data and Evaluation</b> <i>(continued)</i></p>	<p>providers for HMO/POS members, as well as any other payments to the LCU based upon HMO/POS membership (e.g., quality or management payments, infrastructure, settlements, etc.). In addition, to mitigate the impact of outliers, medical and pharmacy claims for a member were included up to a maximum annual expense of \$100,000. Medical and pharmacy claims incurred once a member hit the \$100,000 annual threshold were excluded.</p> <p>Harvard Pilgrim has continued its calculations to appropriately account for the mix of adult and pediatric patient populations within LCUs with pediatric populations higher than the network average. This methodology improves the accuracy of health status adjustments applied to those LCUs' total medical expenses. Specifically, for any LCU with a pediatric composition greater than the network average, pediatric and adult health status adjusted total medical expense PMPMs were separately calculated and then blended together based on the LCU's specific pediatric and adult membership. LCUs were then ranked, by state, from highest to lowest based upon their weighted, blended, health status-adjusted total medical expense PMPM.</p>
<p><b>Efficiency Threshold</b></p>	<p>Three tiers were established: Low – Tier 1, Medium – Tier 2, and High – Tier 3. Only LCUs that met the quality performance standard and had a low PMPM expense ranking were assigned to Tier 1. LCUs that met the quality performance standard and had medium range PMPM expenses, and LCUs with a low expense rank, but did not meet the necessary quality performance standard, were assigned to Tier 2. High-cost LCUs, regardless of quality performance, were assigned to Tier 3.</p>
<p><b>Providers Defaulted to Tier 2</b></p>	<p>Harvard Pilgrim physicians not affiliated with an LCU, or in LCUs with insufficient data to rank, were assigned to Tier 2.</p>
<p><b>Cost-sharing Tier Level Assignment*</b></p>	<ul style="list-style-type: none"> <li>• Tier 1 Level — low</li> <li>• Tier 2-Level — medium</li> <li>• Tier 3-Level — high</li> </ul>

\*Cost sharing ranges and actual dollar amounts vary by product version.