Attachment B

8. In accordance with 42 C.F.R. § 438.6(c)(2)(ii)(A), describe in detail how the payment arrangement is based on the utilization and delivery of services for enrollees covered under the contract. The State should specifically discuss what must occur in order for the provider to receive the payment (e.g., utilization of services by managed care enrollees, meet or exceed a performance benchmark on provider quality metrics).

The Texas Incentives for Physicians and Professional Services program (TIPPS) is comprised of three payment components payable to three classes of physician groups.

Component 1: Only applicable to Class 1 and Class 2 providers. Component 1 is a uniform rate increase. This component will be equal to 65% of the total program funds. The estimated value of the incentive payment for each provider will be based upon the proportion of historical counts of unique members served by the provider to the total number of members receiving services from participating providers. As a condition of participation, providers must complete required reporting on a semi-annual basis and must serve at least one Medicaid member in the reporting period. Payment distribution will be reconciled to actual utilization during the program year following a period of 120 days to allow for claims adjudication and encounter data collection. This component is considered a fee schedule requirement as a uniform dollar increase.

Component 2: Only applicable to Class 1 and Class 2 providers. It will consist of a uniform rate increase paid on a semi-annual basis. This component will be equal to 25% of the total program funds. Payment distribution will be reconciled to actual utilization during the program year following a period of 120 days to allow for claims adjudication and encounter data collection.

Component 3: A uniform rate increase limited to professional encounters that is available to all provider classes. The rate increase will be applicable to CPT codes 99202, 99203, 99204, 99205, 99211, 99212, 99213, 99214, and 99215. This component is considered a fee schedule requirement as a uniform percentage increase.

Component 1 consists of structure measures. Components 2 and 3 consist of process and outcome measures that are identified as either improvement over self (IOS) and benchmark quality measures. Providers in all classes must meet reporting requirements for components 1, 2, and 3 .