

Value-Based Compensation Checklist

- ❑ What method of compensation does the contract propose?
- ❑ Is that method of compensation most advantageous to the community based organization (“CBO”)?
 - a. If a “withhold” will be used in the contract, does the contract:
 - i. Clearly explain how the managed care organization (“MCO”)/value-based contracting entity (“VBCE”) will determine whether the CBO is entitled to receive the withheld funds, in full or in part?
 - ii. Set forth the timeframe for determining whether the CBO is entitled to the funds, and the timeframe for disbursement of the payment to the CBO?
 - iii. Impose interest for late payments by the MCO/VBCE?
- ❑ If the contract includes pay-for-performance (“P4P”) provisions, does the contract:
 - a. Clearly explain the quality measures that will be used to evaluate the CBO’s performance?
 - b. If necessary, include risk adjustment in its methodology for measuring quality, so that the CBO will not be penalized for serving high-needs patients?
 - c. Clearly explain the scope of the CBO’s responsibilities for reporting on the quality indicators?
- ❑ If the contract includes risk pools, does the contract:
 - a. Identify the amount per member per month to be pooled?
 - b. Clarify the level in which risk will be pooled?
 - c. Specify the methodology for identifying the surplus or deficit in the risk pool(s), and the deadline for distribution of any surplus funds in the risk pool(s)?
- ❑ If the contract includes a shared savings arrangement, does the contract:
 - a. Specify how the MCO/VBCE’s “savings” will be identified?
 - b. State whether any factors other than cost control (for example, quality standards) will be used to determine whether the CBO qualifies for a shared savings payment?

- c. State the percentage of the savings to which the CBO will be entitled?
- d. Specify the method and timing of the distribution of shared savings funds?
- ▣ If the contract provides the CBO with a per member per month payment for the CBO's services, does the contract:
 - a. Clearly state for which enrollees the CBO is responsible for such services?
 - b. Use a payment structure that takes into account (either through higher per member per month payments or through risk adjustment) the costs of managing the care of high-needs patients?
 - c. Provide for a payment adequate to cover all costs associated with the CBO's services (including technology requirements and administrative staff time)?