

Economic Profiling Policy

Policy: Coventry's methodology, which is available for all of our Medical Provider Networks clients*, focuses on a "best practices" approach using outlier evaluation processes. The defined metrics allow for direct monitoring of over-utilization of services, examine hospital admission rates, inpatient vs. outpatient services, utilization of ancillary services and pharmacy effectiveness to ensure overall quality of care.

As Coventry is in the preliminary stages of economic profiling for the California Medical Provider Network (MPN), we have not yet defined how the results will be used in utilization review or peer review. We also have not determined what incentives or penalties may be used as part of the program. The main components will involve extensive provider education and continuous feedback to ensure "superior" providers and understand how their practices set them apart.

Procedure: The key processes in provider profiling include:

- Aggregation of closed claims data from payers in the California market;
- Allocation of claims to providers based on unique provider tax IDs;
- Identification of key metrics;
- Peer group comparisons & risk adjustment;
- Adjustment for ICD9 mix where significant sample size exists; and
- Adjustment for case mix where warranted.

The provider profiling analyses makes use of data from large payer claims databases that include an extended collection of providers. Claims are allocated to primary treating providers if they had a sufficient amount of influence/accountability for the outcomes and medical dollar allocation. In other words, evaluation of the provider's contribution to the medical costs of a claim prior and subsequent to allocation ensures that the label of "primary treating provider" is appropriate. Claims for which no primary treating provider accounts for a sufficient amount of influence on the outcomes and medical dollar allocation are allocated to an "other" category rather than an individual physician.

Once claims are allocated to providers, key metrics are computed to evaluate the outcomes of claims individually and in aggregate. In order to assess outcomes most relevant to workers' compensation, these profiles are focused on rates of lost time, durations, referrals, and total claim costs with adjustments for diagnostic mix where sample size offers significant validation.

Providers are compared to peer groups via percentile rankings for each measure. Providers with outcomes above a given percentile rank on multiple key measures are tagged as potential outliers and further evaluated to determine if additional case-mix adjustment would reduce risk concerns. The provider claim volume is also considered. More weight is given to providers with high claim volume, to acknowledge the greater stability of their metrics and the size of the population served.

*Clients utilizing standard FOCUS and First Health HCO certified Networks for their MPN offering, as well as those Clients who create Custom MPN plans that include this Economic Profiling Policy. FOCUS and First Health are wholly owned subsidiaries of Coventry Health Care.