



# Harvard Pilgrim ChoiceNet HMO and PPO Plans

## Fast Facts for Hospital Administrators and Professional Providers

2025 Plan Year		
<b>Basis of Evaluation</b>	<p>Our tiering methodology is based largely around cost with quality as a gatekeeper:</p>	
	<p><b>Hospital</b> — Quality of care performance was based on 2023 information reported by hospitals to the Centers for Medicare &amp; Medicaid Services (CMS) and published on the Hospital Compare website in April 2024. Hospital cost-efficiency was based on Harvard Pilgrim’s 2023 inpatient and outpatient allowed cost for contracted acute care facilities’ HMO/POS and PPO fully insured and self-insured membership.</p>	<p><b>Group Level Physician</b> — Quality of care evaluation was based on each LCU’s overall performance in HEDIS measures for dates of service in 2022, as reported in 2023 (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>
<b>Cost Evaluation</b>	<p><b>Hospital Cost</b></p> <ul style="list-style-type: none"> <li>To calculate the average allowed cost (including member liability) per inpatient case for each facility, 2023 inpatient utilization for all contracted facilities was adjusted to 2024 Harvard Pilgrim contractual terms. All carve outs, per diem rates, and outlier payments were taken into account when adjusting claims to 2024 terms. Transplant and sub-acute admissions were excluded.</li> <li>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 2023 dates of service were adjusted based upon 2024 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.</li> </ul>	<p><b>Physician Cost</b></p> <ul style="list-style-type: none"> <li>The two-year blended health status adjusted total medical expense PMPM (including member liability) was calculated for each LCU using calendar years 2022 and 2023, and brought forward to 2024 contractual terms. The most recent year 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 providers for HMO/POS members, as well as any other payments to the LCU based upon HMO/POS. 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.</li> <li>Appropriately accounting for the mix of adult and pediatric populations within LCUs improves the accuracy of health status adjustments applied to those LCUs’ total medical expenses.</li> </ul>
<b>Quality Threshold</b>	<p><b>Hospital Metrics</b> — A hospital could pass the quality threshold by meeting the targets in at least 3 of the following 4 categories:</p> <ul style="list-style-type: none"> <li>Timely &amp; Effective Care</li> <li>Readmissions/Mortality</li> <li>HCAHPS</li> <li>Hospital Associated Infections/Surgery</li> </ul>	<p><b>Physician Metrics</b> — LCUs were evaluated on quality comparing their performance against HEDIS measures grouped into the following three domains:</p> <ul style="list-style-type: none"> <li>Acute Care Domain</li> <li>Chronic Care Domain</li> <li>Preventive Care Domain</li> </ul>

# Harvard Pilgrim ChoiceNet HMO and PPO Plans (cont.)

## Fast Facts for Hospital Administrators and Professional Providers 2025 Plan Year

<b>Tier Assignment</b>	<ul style="list-style-type: none"><li>• Hospitals and LCUs must pass the Quality threshold to be designated Tier 1. Those Hospitals and LCUs who meet Quality threshold but are higher cost may still fall to Tier 2 or 3.</li><li>• Tiers were assigned based on natural cut points in the scoring.</li><li>• Only Hospitals and LCUs that met the quality performance standard and had low cost ranking were assigned to Tier 1. Hospitals and LCUs that met the quality performance standard and had a medium range cost ranking, and Hospitals and LCUs with a low cost ranking, but did not meet the necessary quality performance standard, were assigned to Tier 2. High-cost Hospitals and LCUs, regardless of quality performance, were assigned to Tier 3.</li><li>• HPHC physicians not affiliated with a System LCU, Ancillary providers, Specialty hospitals, and providers with insufficient data to rank were assigned to Tier 2.</li><li>• 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. This may result in more than one tier designation for such providers.</li></ul>
<b>Cost-sharing Tier Level Assignment*</b>	<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> <p><i>*Cost sharing ranges and actual dollar amounts vary by product version.</i></p>