



State of New Jersey
DEPARTMENT OF HEALTH

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Dear New Jersey Hospital,

The Department of Health (DOH) is pleased to announce that on January 26, 2023, the Centers for Medicare and Medicaid Services (CMS) approved the state directed payment authority for Measurement Year (MY) 3 of the Quality Improvement Program – New Jersey (QIP-NJ), which runs from January 1, 2023 through December 31, 2023. Please note that DOH envisions QIP-NJ to be a multiyear program and, as a result, is actively working with CMS to secure necessary approvals for additional years.

QIP-NJ Behavioral Health (BH) & Maternal Health Performance-Based Section 438.6(c) Preprints

DOH, in partnership with the Department of Human Services (DHS), submitted two Section 438.6(c) Preprints for QIP-NJ – one for maternal health and another for BH. The preprints describe the model for QIP-NJ as a pay-for-performance (P4P) program which will support hospitals' quality improvement strategies to better support the maternal health and BH systems of care and quality of services provided in New Jersey. Payments described under these preprints are driven by hospitals' achievement of performance targets on state-selected quality measures that demonstrate improvements in access to and connections to care for BH services and reductions in maternal morbidity. Hospitals will earn payment based on performance achievement on a suite of BH and maternal health measures each MY described in the relevant MY's QIP-NJ Measure Specifications & Submission Guidelines (Databook) posted on the QIP-NJ [website](#).

Each year through the annual budget process, the State will determine the total State investment that will be available to participating hospitals under QIP-NJ for both BH and maternal health, as reflected in the corresponding preprints. For BH, funding will be allocated proportionally to hospitals based on the volume of Medicaid Managed Care (MMC) individuals with BH diagnoses attributed to each hospital during the MY. Similarly, for maternal health, funding will be allocated proportionally based on the volume of individuals enrolled in MMC who delivered in each hospital during the MY. The performance payments ultimately made to each hospital will be based on the hospital's performance on the State-selected quality measures, calculated at the close of the MY.

Performance will be measured for each hospital utilizing Medicaid Management Information System (MMIS) claims data, medical record review, and/or chart-based measures. If a hospital fails to submit the necessary data to calculate performance on non-claims-based measures, the hospital will be ineligible to receive payments for the corresponding MY. Annual performance targets will be set for the hospital using a "Gap-to-Goal" methodology. Hospitals achieving their performance targets will receive performance payments through the state's five contracted Medicaid Managed Care Organization(s) (MMCO(s))

Hospitals meeting or exceeding their individual targets may be eligible to receive additional funding through DOH's redistribution methodology, which reallocates the pool of undistributed funds generated

by hospitals that did not meet required performance targets. As part of DOH's CMS-approved QIP-NJ preprints DOH – through exercise of its own discretion and to ensure an equitable distribution of funds -- will assign the undistributed funds across a subset of selected measures in BH, maternal health, or both. At a high-level, the redistribution methodology takes into consideration individual hospital attribution, total attribution for all hospitals that met a selected measure, and the total funds available for that measure.

DOH acknowledges and appreciates participating hospitals continued engagement in QIP-NJ, and looks forward to seeing continued progress in terms of quality improvement and achievement of individual performance targets in MY 3 and beyond. If you have any questions regarding QIP-NJ, or the preprints submitted to CMS, please visit the [QIP-NJ Website](#) or email QIP-NJ@pcgus.com.

Thank you,
QIP-NJ Team