

980 - PERFORMANCE IMPROVEMENT PROJECTS

EFFECTIVE DATES: 10/01/94, 10/01/17, 10/01/18, 02/01/20, 10/01/21, 10/01/22, 10/01/23, 10/01/24, 10/01/25

APPROVAL DATES: 10/01/97, 10/01/01, 08/13/03, 04/01/05, 02/01/07, 10/01/08, 10/01/15, 07/01/16, 08/02/17, 04/19/18, 11/07/19, 08/12/21, 05/19/22, 07/06/23, 07/15/24, 05/22/25

I. PURPOSE

This Policy applies to ACC, ACC-RBHA, ALTCS E/PD, DCS CHP (CHP), and DES DDD (DDD) Contractors. This Policy specifies the purpose, design, implementation, and reporting of AHCCCS-Mandated and Contractor Self-Selected Performance Improvement Projects (PIPs). The Contractor is responsible for adhering to all requirements as specified in the Contract and Policy, as well as related requirements specified in 42 CFR Part 457 and 42 CFR Part 438.

II. DEFINITIONS

Refer to the [AHCCCS Contract and Policy Dictionary](#) for common terms found in this Policy.

For purposes of this Policy, the following terms are defined as:

**STATISTICALLY
SIGNIFICANT**

A judgment of whether a result occurred because of chance. When a result is statistically significant, it means that it is unlikely that the result occurred because of chance or random fluctuation. There is a cutoff for determining statistical significance which is defined as the significance level. If the probability of a result (the significance value or p value) is less than the cutoff (the significance level), the result is judged to be statistically significant. Statistical significance is calculated utilizing the chi square methodology, and a statistically significant result is defined as a p value less than or equal to 0.05.

QUALITY

As it pertains to external quality review, means the degree to which a Managed Care Organization (MCO) increases the likelihood of desired outcomes of its members through:

1. Its structural and operational characteristics.
2. The provision of services that are consistent with current professional, evidenced-based knowledge.
3. Interventions for performance improvement (42 CFR 438.320).

III. POLICY

The Contractor shall participate in AHCCCS-Mandated PIPs and conduct Contractor Self-Selected PIPs. The AHCCCS-Mandated PIP topics are selected through analysis of internal and external data/trends. The selection of AHCCCS-Mandated PIPs may also be informed by Contractor and stakeholder input. Topics consider comprehensive aspects of member needs, care, and services for a broad spectrum of members or a focused subset of the population, including members with special health care needs such as members receiving Long-Term Care Services and Supports (LTSS) (42 CFR 438.330). AHCCCS may also mandate that a PIP be conducted by a Contractor or a group of Contractors.

The Centers for Medicare and Medicaid Services (CMS) may, in consultation with States and other stakeholders, specify standardized performance measures and PIP topics in addition to State-required performance measures and PIPs [42 CFR 438.330(a)(2)]. The Contractor shall participate in performance measures and PIPs mandated by CMS.

A. PERFORMANCE IMPROVEMENT PROJECT DESIGN

The PIPs are designed to achieve significant improvement in health outcomes (e.g., changes in patient health, functional status, satisfaction, or goal achievement that result from health care or supportive services), that is sustained over time, through the:

1. Measurement of performance using objective quality indicators.
2. Implementation of interventions to achieve improvement in access to and quality of care.
3. Evaluation of the effectiveness of the interventions based on indicators collected as part of the PIP.
4. Planning and initiation of activities for increasing or sustaining improvement [42 CFR 438.330(d)(2)].

The PIPs shall be developed and conducted in accordance with 42 CFR 438.330 and CMS External Quality Review (EQR) Protocols. The Contractor is required to conduct PIPs, including any PIPs required by AHCCCS and/or CMS, that focus on clinical and non-clinical areas.

In addition to AHCCCS-Mandated PIPs, the Contractor shall identify and implement clinical and non-clinical focused PIPs, meaningful to the population(s) served, based on self-identified opportunities for improvement, as supported by root cause analyses, internal/external data, surveillance of trends, or other information available to the Contractor. Additionally, when selecting Contractor Self-Selected PIP topics, the Contractor shall ensure the volume of the eligible population (reflective of the associated population/program) included within the denominator would account for meaningful improvement and allow for the Contractor to appropriately adhere to the CMS EQR PIP protocols.

1. The Contractor shall conduct Contractor Self-Selected PIPs that:
 - a. Focus on both clinical and nonclinical areas. The Contractor shall have at least one active PIP, in any given year, to ensure this requirement is met. At a minimum, a single PIP that focuses on both clinical and non-clinical aspects of care may satisfy this requirement; otherwise, the Contractor shall have two active PIPs in any given year, one clinical and one non-clinical, and
 - b. Focus on both Title XIX and Title XXI members, as applicable to the population/program. The Contractor shall have at least one active PIP, in any given year, to ensure this requirement is met. At a minimum, a single PIP that focuses on both Title XIX and Title XXI members (with either separate or combined reporting) may satisfy this requirement; otherwise, the Contractor shall have two active PIPs, in any given year.
2. The Contractor shall adhere to (align with) the CMS EQR PIP Protocols when selecting, designing, developing, implementing, and analyzing performance for self-selected PIPs.
3. For all Contractor Self-Selected PIPs, the Contractor shall develop a formal Contractor Self-Selected PIP Methodology document outlining the methodology that will be utilized throughout the lifecycle of the PIP including, at a minimum, the identification of the PIP:
 - a. Topic (Purpose),
 - b. Timeline,
 - c. Aim Statement,
 - d. Population(s) including any applicable exclusions,
 - e. Sampling Method,
 - f. Variable(s)/Indicator(s). As part of the Contractor Self-Selected PIP design, the Contractor shall limit the number of PIP indicators included within a single PIP to four or fewer indicators. This approach is intended to enhance focus on the project topic, facilitate targeted improvement efforts, and support successful closure of the PIP within a reasonable time frame,
 - g. Data Collection and Validation Methodology (including frequency of measurement, data sources, confidentiality, and quality assurance), and
 - h. Data Analysis and Interpretation of Results Plan (Contractor Analysis requirements and comparative analysis).
4. The Contractor shall implement innovative and/or evidence-based interventions to improve performance, based on root cause analysis and an evaluation of barriers. Interventions shall consider unique factors such as the Contractor’s membership, ensuring fair health care access, provider network, and Geographic Area (GSA) served.
5. The Contractor shall utilize the Plan Do Study Act (PDSA) Method to test changes (interventions) quickly and refine them, as necessary:
 - a. It is expected that the Contractor shall utilize several PDSA Cycles within the PIP lifespan. The PDSA Cycles shall be conducted in as short a time frame as practical, based on the PIP topic and associated timeline:
 - i. The PDSA Cycle consists of the following steps:

- 1) Plan: Plan the change(s) or intervention(s), including a plan for collecting data. State the objective(s) of the intervention(s),
 - 2) Do: Try out the intervention(s) and document any problems or unexpected results,
 - 3) Study: Analyze the data and study the results. Compare the data to predictions and summarize what was learned,
 - 4) Act: Refine the change(s) or intervention(s), based on what was learned, and prepare a plan for retesting the intervention(s), and
 - 5) Repeat: Continue the cycle as new data becomes available until improvement is achieved.
- ii. For more information, refer to the Agency for Healthcare Research and Quality website at www.ahrq.gov.
- b. All PDSA Cycles conducted as part of an AHCCCS-Mandated and Contractor Self-Selected PIP are to be included within the Contractor’s PIP Report & Analysis submissions.

B. PERFORMANCE IMPROVEMENT PROJECT TIMEFRAMES

1. AHCCCS-Mandated PIPs:
 - a. Baseline data is collected and analyzed at the beginning of the PIP,
 - b. Annual measurements (e.g., Remeasurement Year One and Remeasurement Year Two, as well as any subsequent Remeasurement Years necessary for the Contractor to meet the required criteria for PIP closure) shall be utilized to evaluate Contractor performance; however, AHCCCS may require interim measurements. Annual remeasurements shall be compared to baseline results, and previous remeasurement results (as applicable),
 - c. In cases where AHCCCS elects to implement Rapid Cycle PIPs (in lieu of annual measurements), the Contractor shall report at the intervals indicated within the associated PIP methodology, and
 - d. A Contractor’s participation in the PIP shall continue until the Contractor demonstrates significant and sustained improvement for each included PIP indicator, as outlined below, or as directed by AHCCCS. If the Contractor has one or more PIP indicator that does not demonstrate significant and sustained improvement prior to the end of remeasurement year/period two, the Contractor may be required to, in alignment with AHCCCS direction, conduct additional remeasurement year(s)/period(s) for all applicable PIP indicator(s) until significant and sustained improvement is demonstrated.
2. The Contractor Self-Selected PIPs:
 - a. The Contractors are encouraged to implement Rapid Cycle PIPs, where applicable and appropriate,
 - b. While the Contractor’s PIP methodology and design shall remain consistent throughout the PIP life cycle and remain in alignment with that indicated within the associated Contractor Self-Selected PIP Initiation Notification and PIP Methodology document reviewed and approved by AHCCCS, The Contractor Self-Selected PIP timelines may vary [i.e., annual remeasurements using measurement periods reflective of Calendar Year, Contract Year Ending, or other timeframe, or more frequent yet consistent measurement periods such as (but not limited to) quarterly remeasurements], and

- c. A Contractor’s participation in the PIP shall continue until significant and sustained improvement is met for all PIP indicators and AHCCCS approval to close the Contractor Self-Selected Performance Improvement Project is granted.

In cases where one or more PIP indicator does not demonstrate significant and sustained improvement prior to the end of remeasurement year/period two, all PIP indicator(s) shall be continued for additional remeasurement year(s)/period(s) until significant and sustained improvement is demonstrate for all PIP indicators or AHCCCS approval to close the Contractor Self-Selected Performance Improvement Project is granted.

Note: In these cases, the Contractor shall initiate (or have already implemented) a separate and distinct Contractor Self-Selected PIP that is active and within a Baseline, Intervention, Remeasurement one, or Remeasurement two measurement period during the same timeframe/reporting period as the additional remeasurement year(s)/period(s), ensuring that the requirements in section A.3. of this Policy are met for any given year, outside of any Contractor Self-Selected PIP extending beyond Remeasurement Year/Period 2.

C. DATA COLLECTION METHODOLOGY

The evaluation of the Contractor’s performance for AHCCCS-Mandated or Contractor Self-Selected PIP indicators shall be based on systematic, ongoing collection and analysis of accurate, valid, and reliable data, as collected and reported by AHCCCS or as validated by an AHCCCS External Quality Review Organization (EQRO) through the Performance Measure Validation process. For Contractor Self-Selected PIPs that are not based on standardized performance measures, the Contractor shall ensure collected data are accurate, valid, and reliable through internal processes. Contractor Self-Selected PIP Deliverable submissions may be subject to PIP Validation through an AHCCCS EQRO.

For all AHCCCS-Mandated PIPs, the Contractor’s PIP deliverable submissions shall align with the associated AHCCCS PIP methodology (including project indicators, procedures, data collection, and timelines). Additionally, the Contractor shall adhere to any AHCCCS guidance and direction.

D. INTER-RATER RELIABILITY

The PIP indicators may be based on nationally standardized performance measures calculated and reported in alignment with AHCCCS Contract and/or AHCCCS PIP methodology; however, PIP indicators may also be based on measures that are not nationally standardized nor included within AHCCCS Contract. As the Contractor may collect (or be directed to collect) all or some of the data used to measure PIP indicator performance, the Contractor shall:

1. Submit specific documentation to verify that indicator criteria were met in accordance with AHCCCS’ instruction.
2. Have qualified personnel collect the data.

3. Implement inter-rater reliability if more than one person is collecting and entering data:
 - a. The Contractor shall verify that data collected from multiple parties/individuals for PIP indicators is consistent and comparable through an implemented inter-rater reliability process. Contractor's documented inter-rater reliability process shall include:
 - i. A detailed description of the Contractor's methodology for conducting inter-rater reliability including initial training (and retraining, if applicable), oversight and validation of data collection, as well as other activities deemed applicable,
 - ii. The required minimum score that each individual shall obtain in order to continue participation in the data collection and reporting process,
 - iii. A mechanism for evaluating individual accuracy scores (and any subsequent accuracy scores, if applicable), and
 - iv. Actions taken should an individual not meet the established accuracy score.
 - b. In addition, the Contractor shall monitor and track the inter-rater reliability accuracy scores and associated follow up activities.

The Contractor shall provide evidence of implementation of the inter-rater reliability process as well as the associated monitoring upon AHCCCS' request.

E. MEASUREMENT OF SIGNIFICANT IMPROVEMENT

The Contractor is expected to implement interventions to achieve and sustain significant improvement, followed by sustained improvement for one consecutive year/period, for each PIP indicator.

Improvement shall be evidenced through repeated measurements of the PIP indicators specified for each active PIP in alignment with the requirements outlined within the Data Collection Methodology section of this policy.

1. A Contractor shall have demonstrated significant improvement when, Improvement for the PIP indicator rate(s) from the baseline year/period to the first remeasurement year/period is determined to be statistically significant:
 - a. When statistically significant improvement between the baseline year/period and the first remeasurement year/period is not demonstrated, significant improvement may be demonstrated when improvement in the PIP indicator rate(s) from the baseline measurement year/period to the second remeasurement year/period (or subsequent remeasurement year(s)/period(s), if needed) is statistically significant, and
 - b. Intervention year/period PIP indicator rate(s), if applicable, are not considered when determining significant improvement.

Note: Intervention years/periods applicable to AHCCCS-Mandated PIPs with a baseline year prior to Calendar Year 2025 and potentially Contractor Self-Selected PIPs implemented prior to 10/01/2025.

2. The Contractor shall have demonstrated sustained improvement when it:
 - a. Establishes how the significant improvement can be reasonably attributable to the interventions implemented by the Contractor (i.e., the improvement occurred due to efforts occurring as part of the PIP and its associated interventions, versus another unrelated reason), and

- b. Maintains, or increases, the improvement in performance for each PIP indicator for at least one remeasurement year/period after the significant improvement (as described above) in performance is first achieved.

F. PERFORMANCE IMPROVEMENT PROJECTS REPORTING REQUIREMENTS

1. The Contractor shall refer to the Resources, AHCCCS Guides – Manuals-Policies, AHCCCS QM/PI Reporting Templates & Checklists section of the AHCCCS website to locate the associated tools the Contractor shall utilize when preparing and submitting the required PIP deliverables. For AHCCCS-Mandated and Contractor Self-Selected PIPs:
 - a. The Contractor’s PIP deliverable submissions shall align with the requirements outlined in Contract, Section F, Attachment F3, Contractor Chart of Deliverables, Policy, External Quality Review Protocols, and CMS PIP-related requirements. Additionally, the Contractor shall adhere to the PIP Deliverable Submission Overview tool and instructions found on the AHCCCS QM/PI Reporting Templates & Checklists webpage,
 - b. The PIP deliverable submissions shall contain population/program-specific data, reflective of the Contractor’s performance during the current and all previous reporting periods (as applicable, in alignment with the associated PIP methodology and timelines),
 - c. The PIP deliverable submissions shall include baseline, intervention (as applicable), and remeasurement year/period rates and results utilized as the basis for analysis (both quantitative and qualitative), selection/modification of interventions, measurable outcomes of established interventions and project objectives, and the results of statistical testing. The PIP deliverable submissions shall also contain an assessment of the improvement strategies, including an evaluation of the effectiveness for each intervention. For PIPs based on standardized performance measures, the Contractor’s initial PIP deliverable submission shall utilize the most current data available at the time of submission that is/will be utilized for the purposes of AHCCCS External Quality Review Organization (EQRO) Performance Measure Validation activities. Final PIP deliverable submissions and subsequent resubmissions shall include EQRO validated rates (as described in the Data Collection Methodology section of this policy), for the current and previous reporting periods,
 - d. The Contractor may utilize one AHCCCS PIP Report & Analysis Template throughout the PIP lifecycle; however, if the AHCCCS PIP Report & Analysis Template has undergone any updates since the Contractor’s baseline period reporting, the Contractor shall complete and submit a PIP Addendum as part of its PIP Report & Analysis submission to capture any Checklist items/requirements not included in the PIP Report & Analysis Template utilized to report baseline year results to AHCCCS. Additionally, the Contractor shall also incorporate into its PIP Deliverable submissions any AHCCCS EQRO requirements not currently included within the AHCCCS PIP Report & Analysis Template, and
 - e. The Contractor shall submit PIP Reports & Analysis Templates, found at <https://www.azahcccs.gov/Resources/Contractor/Manuals/QMPIReporting.html>, as specified in the Contract and in alignment with AHCCCS or AHCCCS EQRO instructions. Resubmission may be required if the AHCCCS or AHCCCS EQRO PIP Checklist requirements are not met.

2. For AHCCCS-Mandated PIPs:
 - a. The Contractor shall submit PIP Report & Analysis Templates for all AHCCCS-Mandated PIPs, as specified in the Contract, Note:
 - i. The Contractor shall report rates and results in alignment with the associated AHCCCS PIP Methodology, and
 - ii. The Contractor shall indicate if the interventions are applicable to Title XIX, Title XXI, or both Title XIX and Title XXI (as applicable based on the associated PIP methodology).
 - b. AHCCCS-Mandated PIPs shall remain open until formal notification of approval for PIP closure from AHCCCS is received by the Contractor.

3. For Contractor Self-Selected PIPs:
 - a. For each newly identified PIP, the Contractor shall submit a Contractor Self-Selected PIP Initiation Notification and associated PIP Methodology document for AHCCCS' review and approval, at a minimum of 90 days prior to initiation (i.e., 90 days prior to the start of the PIP baseline year/period),
 - b. The Contractor shall submit PIP Report & Analysis Templates for each Contractor Self-Selected PIP active during the previous calendar year, as specified in the Contract. The Contractor shall clearly indicate if the PIP indicator rates and results are reflective of Title XIX, Title XXI, or combined Title XIX and Title XXI reporting, as applicable to population/program and associated PIP topic. In addition, the Contractor shall indicate if the interventions are applicable to Title XIX, Title XXI, or both Title XIX and Title XXI,
 - c. The Contractor Self-Selected PIP Deliverable submissions may be subject to PIP Validation through an AHCCCS EQRO, and when the criteria related to significant and sustained improvement for each included PIP indicator has been met, the Contractor shall submit a PIP Closure Request for AHCCCS' review and approval (as a separate stand-alone deliverable and in alignment with AHCCCS Contract requirements). In cases where the Contractor is seeking to close the PIP but has not met criteria related to significant and sustained improvement to support PIP closure for each included PIP indicator, the Contractor shall indicate the rationale for closing the PIP. Contractor Self-Selected PIPs shall remain open until the Contractor receives formal notification of approval for PI from AHCCCS or an AHCCCS EQRO.