**Contracting Parameters for Maternity Bundle Pilots**

Community Health Choice, a nonprofit Medicaid HMO that provides care for about half the infant births in greater Houston, collaborated with Health Care Incentives Improvement Institute to design, implement, and measure the maternity care bundled-payment pilot that UT Health’s Department of Obstetrics, Gynecology and Reproductive Sciences is participating in.

Contracting parameters included the following.

* Year 1 of the pilot involved upside-only shared savings for the provider.
* In Year 1, shared savings were split 50/50 between the plan and provider.
* Year 2 shared savings or losses will be based on several factors, including improvement or decline in quality outcome scores from Year 1 to Year 2.
* Payments are made on a fee-for-service basis, with year-end reconciliation of expected versus actual costs to determine whether savings were achieved.
* Episodes are included in the contract if the provider practice was responsible for the delivery, regardless of whether that practice provided prenatal care.
* The episode consists of three components: prenatal care, delivery care, and neonatal care. Episodes that result in nursery Level 4 NICU newborns are excluded.
* The target budget for delivery is derived from a blended C-section and vaginal delivery rate, based on the provider’s historical C-section rate.
* The prenatal portion of the budget is prorated to reflect the actual number of months of prenatal care provided from 0 to nine months.

*Source*: Health Care Incentives Improvement Institute