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**Clinical Integration Program**  
**Clinical Integration Program Policies and Procedures**  
***Bonus Payment Methodology Development***

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- I. PURPOSE:** To provide Community Medical Group (“CMG”) with a bonus payment methodology that assures aligned incentives among participating providers under clinically-integrated contracts with health care purchasers.
- II. SCOPE:** CMG Board, Compensation Committee, management, staff, and participating provider practices.
- III. DEFINITIONS:**
- A. **“CI Bonus Funds”** shall mean the pay-for-performance, shared savings, or other similar bonus or incentive funds that CMG obtains under contracts with health care purchasers pursuant to the CMG CI Program.
  - B. **“Clinical Integration”** shall have the meaning set forth in the 1996 Joint Statements of Antitrust Enforcement Policy in Health Care by the Federal Trade Commission and U.S. Department of Justice: *... an active and ongoing program to evaluate and modify practice patterns by the network's physician participants and create a high degree of interdependence and cooperation among the physicians to control costs and ensure quality. This program may include: (1) establishing mechanisms to monitor and control utilization of health care services that are designed to control costs and assure quality of care; (2) selectively choosing network physicians who are likely to further these efficiency objectives; and (3) the significant investment of capital, both monetary and human, in the necessary infrastructure and capability to realize the claimed efficiencies.*
  - C. **“Clinical Integration Program”** or **“CI Program”** shall mean the active and ongoing program of clinical quality, efficiency, and cost effectiveness initiatives developed, implemented, and operated by CMG on behalf of and in collaboration with CMG participating provider practices.
  - D. **“Compensation Committee”** shall mean the committee established by the CMG Board that develops recommendations for payment methodologies of CI Bonus Funds to participating providers and other related issues.
  - E. **“Program Year”** shall mean the 12-month calendar year or such other time period for the Clinical Integration Program established by the CMG Board.
  - F. **“Purchaser”** shall mean a purchaser of health care services including, but not limited to: employers, trusts, insurance companies, health benefits administrators, health maintenance organizations and preferred provider organizations;
  - G. **“Value Based Contract”** shall mean a supplemental contract with a Purchaser to participate in quality incentive bonus, pay for performance, enhanced fee-for-service or other quality or efficiency-based programs related to the provision of medical services to individuals who are beneficiaries under the health benefits plans of such Purchasers.

**IV. POLICY STATEMENT:** Under the supervision of the CMG Board, with the advice of the CMG Compensation Committee, CMG shall establish pay-for-performance incentive models that reward provider performance under the CI Program. Such incentive models should both encourage individual provider performance and foster interdependence among the entire provider network. In addition to encouraging providers to achieve CI Program goals, the design of the incentive models should also take into consideration the additional work required of providers and their staff to accomplish these goals, efforts which are not typically compensated under the current fee-for-service payment system but are nonetheless necessary to achieve and sustain the high level of performance the CI Program demands.

**V. PROCEDURE(s):**

- A. Board Oversight.** Should CMG enter into any Value Based Contract that includes pay-for-performance, shared savings, or other similar bonus or incentive funds (“CI Bonus Fund(s)”), the CMG Board shall oversee: (1) the establishment of CI Bonus Fund pools, (2) the development of payment methodologies for those CI Bonus Fund pools, and (3) the payment of CI Bonus Funds to participating CMG providers.
- B. Establishment of CI Bonus Fund Pools.** CMG shall establish and manage CI Bonus Fund Pools for applicable pay-for-performance, shared savings, or other similar bonus or incentive funds obtained via Value Based Contracts.
- C. The Compensation Committee.** As allowed under article II, section 9 of the CMG Bylaws, the CMG Board shall appoint a Compensation Committee.
1. The role of the Compensation Committee shall be to propose a methodology for payment of CI Bonus Funds, as well as other matters delegated to it by the CMG Board related to provider compensation.
  2. All members of the Compensation Committee shall serve at the direction of the CMG Board.
  3. The current roster of the Compensation Committee is attached to this policy as Exhibit A.
- D. Development of CI Bonus Pool Payment Methodology.** When developing the CI Bonus Fund payment methodology, the Compensation Committee will consider the following:
1. Where possible, CI Program performance criteria should apply to all patients of a participating CI Program provider, including those covered under Value Based Contracts.
  2. Where possible, the same approach to CI Bonus Fund Pools and CI Program criteria should apply across all Purchasers.
  3. CMG will establish the total dollars available for payment for each participating CMG provider.
  4. Out of the total CI Bonus Fund dollars available for payment, the total achievable amount for each participating CMG provider should be divided as follows:
    - a. **A percentage to be determined for the performance of participating primary care providers;**



**EXHIBIT A**

**COMPENSATION COMMITTEE ROSTER**

Joseph Quaranta, MD  
Margaret Chustecka, MD  
Craig Summers, MD  
Ken Yanagisawa, MD  
Phil Dickey, MD  
Jonathan Stein, MD  
Edward Rippel, MD  
Deborah Desir, MD  
Arnold Holzman, PhD  
Alan Reznik, MD  
James Spak, MD  
Fausto Petruzzello, MD  
Chris Illick, MD.

Committee Staff: Mark Aresco (COO)