

In this 2026-2028 QHP Issuer Contract, Covered California will continue to leverage the Quality Transformation Initiative as the primary financial incentive for quality and health equity performance and improvement. This Attachment 2 – Performance Standards with Penalties specifies performance standards in the areas of health disparities, collaboration across QHP Issuers and with community, data quality and completeness, oral health, and primary care utilization that are critical to Covered California meeting its mission.

The total amount at risk for Contractor's failure to meet the Performance Standards is equal to 0.2% of the total Gross Premium for each applicable Plan Year (At-Risk Amount). The amount at risk for each Performance Standard is a percent of the total At-Risk Amount for each Plan Year. Penalties will be determined on an annual basis at the end of each Calendar Year, based on Contractor's final year-end data for each Performance Standard. Where applicable, performance is assessed for each product (HMO, PPO, EPO) Contractor offers. Penalties are assessed by product for Contractors with multiple products. Covered California shall specify when the At-Risk Amount or the performance requirements differ by product.

This table represents a summary of the Performance Standards with Penalties which are detailed further in this Attachment:

Performance Standards with Penalties		Percent of At-Risk Amount 2026-2028
Health Disparities	1. Reducing Health Disparities: Demographic Data Collection – Enrollee Race and Ethnicity Self-Identification	10%
	2. Reducing Health Disparities: Demographic Data Collection – Enrollee Spoken and Written Language	10%
Collaboration	3. Collaboration Across QHP Issuers and with Community	10%
Data	4. Healthcare Evidence Initiative (HEI) Data	40%
Oral Health	5. Pediatric Oral Evaluation, Dental Services (OEV-CH-A) (NQF #2517)	5%
	6. Pediatric Topical Fluoride for Children, Dental Services (TFL-CH-A) (NQF #3700)	5%
Utilization and Primary Care	7. Utilization and Primary Care: Overall Engagement with Members	10%
	8. Utilization and Primary Care: Monitoring Continuity of Care	10%

During the term of this Agreement, Contractor shall meet or exceed the Performance Standards identified in this Attachment. If Contractor recently contracted with Covered California for the first time, Contractor shall meet the Alternate Standard, if specified, for each performance standard during its first two Plan Years contracted with Covered California. Contractor shall be responsible for payment of penalties for Contractor's failure to meet the Performance Standards in accordance with the terms set forth in Article 7 of the Agreement and this Attachment. Contractor shall submit the data required by the Performance Standards by the date specified by Covered California. Some of the data required applies to a window of time. Some of the data represents a point in time. This measurement timing is described in more detail in the sections within this Attachment and further specified in methodology documents distributed for the applicable Measurement Year.

Contractor shall monitor and track its performance each month against the Performance Standards and, as requested, provide Covered California with a detailed Monthly Performance Report in a mutually-agreeable format. Contractor must report on Covered California business only and report Contractor's Enrollees in Covered California for the Individual Exchange separate from Contractor's Enrollees in Covered California for Small Business. The reporting period for each Performance Standard is specified below in the Performance Standards Table. All references to Days shall be calendar days and references to time of day shall be to Pacific Standard Time.

If Contractor fails to meet a Performance Standard reported in any calendar month (whether or not the failure is excused), Covered California may request and Contractor shall (a) investigate and report on the root cause of the problem; (b) develop a corrective action plan (where applicable); (c) to the extent within Contractor's control, remedy the cause of the performance failure and resume meeting the affected Performance Standards; (d) implement and notify Covered California of measures taken by Contractor to prevent recurrences, if the performance failure is otherwise likely to recur; and (e) make written recommendations to Covered California for improvements in Contractor's procedures.

When the results of the Performance Standards are calculated, Covered California will provide Contractor with a Final Contractor Performance Standard Evaluation Report, along with an invoice. Contractor shall remit payment either to Covered California within thirty (30) Days of receiving the Final Contractor Performance Standard Evaluation Report and invoice, or, if directed by Covered California, to an alternative entity that Covered California determines is able to support improvement on Performance Standards and Contractor's quality performance identified on the invoice.

If Contractor does not agree with the Final Contractor Performance Standard Evaluation Report, Contractor may dispute the Report in writing within thirty (30) Days of receipt of that Report. The written notification of dispute shall provide a detailed explanation of the basis for the dispute. Covered California shall review and provide a written response to

Contractor's dispute within thirty (30) Days of receipt of Contractor's notification of dispute. If Contractor still disputes the findings of Covered California, Contractor may pursue additional remedies in accordance with Section 13.1 of the Agreement.

Contractor shall not be responsible for any failure to meet a Performance Standard if and to the extent that the failure is excused pursuant to Section 13.7 of the Agreement (Force Majeure), or the parties agree that the lack of compliance is due to Covered California's failure to properly or timely perform (or cause to be properly or timely performed) any responsibility, duty, or other obligation under this Agreement, provided that Contractor timely notifies Covered California of the problem and uses commercially reasonable efforts to perform and meet the Performance Standards notwithstanding Covered California's failure to perform or delay in performing.

If Contractor wishes to avail itself of one of these exceptions, Contractor must notify Covered California in its response to the performance report identifying the failure to meet such Performance Standard. This response must include: (a) the identity of the Performance Standard that is subject to the exception, and (b) the circumstances that gave rise to the exception in sufficient detail to permit Covered California to evaluate whether Contractor's claim of exception is valid.

The parties may adjust, suspend, or add Performance Standards from time to time, upon written agreement of the parties, without an amendment to this contract.

Covered California and Contractor shall work together to periodically review and adjust the specific measures consistent with any applicable Federal regulations.

Performance Standards with Penalties

Definitions for Performance Standards: 1 – 8

Measurement Year: The Calendar Year that the activity being assessed is performed.

Reporting Year: The Calendar Year that performance data is reported to Covered California.

Assessment Year: The Calendar Year that performance data is evaluated, and Measurement Year performance level is determined.

When used to assess HEI Data submissions, the following definitions shall apply:

Full and Regular: All files, records, and portions of expected files for the intended period are present; formats match those in specifications or otherwise agreed to by Covered California, its HEI Vendor, and the data supplier; and data volumes, counts, and sums approximate the data supplier's historical patterns, or their deviation can be explained and justified by business circumstances identified by the data supplier.

Incomplete: A file or part of a file is missing, or critical data elements are not provided as per assessment methodology.

Irregular: Unexpected file or data element formatting, or record volumes or data element counts or sums deviate significantly from historical submission patterns for the data supplier.

Late: Contractor does not submit monthly HEI submission pursuant to the deadlines in the 2026-2028 HEI Data Submission Schedule.

Non-Usable: HEI Vendor cannot successfully include submitted HEI data in its database build or HEI Vendor's or Covered California's analysts determine that critical components of the submitted data cannot be used or relied upon in subsequent analytic work.

Establish a Baseline: Requested data is submitted to Covered California at a time and in a format specified, allowing Covered California to calculate a performance benchmark of a value greater than zero for comparison in future Assessment Years.

Baseline Rate: The performance benchmark established by Covered California using Contractor's data submissions for the applicable Performance Standard.

Performance Standards with Penalties	
Performance Standard 1	
1. Reducing Health Disparities: Demographic Data Collection – Enrollee Race and Ethnicity Self-Identification – Attachment 1, Article 1.01	
a) Contractor must collect Enrollee self-reported race and ethnicity data for at least eighty percent (80%) of its Covered California Enrollees during the Plan Year. Contractor must demonstrate compliance by including valid, acceptable, and reasonable race and ethnicity attributes for at least 80% of Enrollees in its Healthcare Evidence Initiative (HEI) data submissions. Contractor must meet or exceed the required threshold at least once when assessed at two points in time in the Assessment Year. See separate methodology document for lists of valid and acceptable standard values and reasonableness criteria.	
Measurement Years 2026, 2027, 2028	
Contractor does not meet or exceed the 80% target for self-reported racial and ethnic data for Enrollees: 10% penalty	
Contractor meets or exceeds the 80% target for self-reported racial and ethnic data for Enrollees: no penalty	
b) Alternate Standard: Contractor must collect self-reported race and ethnicity data during the first Measurement Year it is contracted with Covered California and include valid race and ethnicity attributes for its Enrollees in HEI data submissions. Contractor must collect Enrollee self-reported race and ethnicity data for at least eighty percent (80%) of its Covered California Enrollees during the second Measurement Year it is contracted with Covered California. Contractor must demonstrate compliance by including valid, acceptable, and reasonable race and ethnicity attributes for at least 80% of Enrollees in its HEI data submissions.	

Contractor must meet or exceed the required threshold at least once when assessed at two points in time in the Assessment Year.

See separate methodology document for lists of valid standard values and reasonableness criteria.

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Performance Standards with Penalties	
Performance Standard 2	
2. Reducing Health Disparities: Demographic Data Collection – Enrollee Spoken or Written Language – Attachment 1, Article 1.01	
a) Contractor must include valid, acceptable, and reasonable spoken or written language attributes for Enrollees in its HEI submissions. Contractor's data submissions must demonstrate compliance at least once when assessed at two points in time in the Assessment Year. See separate methodology document for lists of valid and acceptable standard values and reasonableness criteria.	
Measurement Years 2026, 2027, 2028	
Contractor does not include valid, acceptable, and reasonable spoken or written language attributes for Enrollees in its HEI submissions: 10% penalty Contractor includes valid, acceptable, and reasonable spoken or written language attributes for Enrollees in its HEI submissions: no penalty	
b) Alternate Standard: Contractor must collect spoken and written language data during the first Measurement Year it is contracted with Covered California, and include valid spoken or written language attributes for its Enrollees in HEI data submissions. Contractor must collect spoken and written language data during the second Measurement Year it is contracted with Covered California, and include valid, acceptable, and reasonable spoken or written data attributes for its Enrollees. Contractor's data submissions must demonstrate compliance at least once when assessed at two points in time in the Assessment Year.	

See separate methodology document for lists of valid standard values and reasonableness criteria.

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Performance Standards with Penalties
Performance Standard 3
3. Collaboration Across QHP Issuers and With Community – Attachment 1, Articles 1.03, 2.01.3, 2.03.4, 3.05.2, 4.02.2, 4.02.4, 4.02.6
a) Contractor must host or attend QHP Issuer collaboration and community engagement activities approved by Covered California in at least six of the following seven required focus areas during the Plan Year: 1. Disparities Reduction 2. Access to Behavioral Health Services 3. Substance Use Disorders 4. Use of Generative Artificial Intelligence 5. Payments to Support Networks Based on Value 6. Hospital Quality, Value, and Safety 7. Comprehensive Pregnancy and Postpartum Care Contractor hosted collaborative QHP Issuer and community engagement activities must meet criteria specified by Covered California and must be submitted to and approved by Covered California in advance to count toward this requirement. Additionally, unless otherwise specified in Attachment 1, an event that addresses one or more of the focus areas that Covered California’s Health Equity and Quality Transformation Division determines meets specified criteria, including, hosted learning sessions, working groups, and forums and roundtables, may count toward this requirement. Contractor must meet threshold for required activities which will be assessed once in the Assessment Year. See separate methodology document for activity submission and evaluation process.
Measurement Years 2026, 2027, 2028: Contractor hosts or attends QHP Issuer collaboration and community engagement activities approved by Covered California in fewer than six of the seven focus areas: 10% penalty

Contractor hosts or attends QHP Issuer collaboration and community engagement activities approved by Covered California in at least six of the seven focus areas: **no penalty**

b) Alternate Standard: Contractor must host or attend Covered California specified events and collaborative QHP Issuer, community engagements, and qualifying implementation activities to meet Attachment 1 requirements approved by Covered California in at least six out of the following seven required focus areas during the Plan Year:

1. Disparities Reduction
2. Access to Behavioral Health Services
3. Substance Use Disorders
4. Use of Generative Artificial Intelligence
5. Payments to Support Networks Based on Value
6. Hospital Quality, Value, and Safety
7. Comprehensive Pregnancy and Postpartum Care

Contractor hosted collaborative QHP Issuer and community engagement activities must meet criteria specified by Covered California and must be submitted to and approved by Covered California in advance to count toward this requirement. Additionally, unless otherwise specified in Attachment 1, an event that addresses one or more of the focus areas that Covered California's Health Equity and Quality Transformation Division determines meets specified criteria, including, hosted learning sessions, working groups, and forums and roundtables, may count toward this requirement.

Contractor must meet threshold for required activities which will be assessed once in the Assessment Year.

See separate methodology document for activity submission and evaluation process.

Contractor does not host or attend activities in six out of seven of the focus areas: **10% penalty**

Contractor hosts or attends activities in six out of seven of the focus areas: **no penalty**

Performance Standards with Penalties	
Performance Standard 4	
4. Data Submission specific to HEI in Attachment 1, Article 5.02.1	
a) Contractor must complete Full and Regular submissions of data according to the standards outlined in Attachment 1, Article 5.02.1 and Attachment 1, Article 1.02.1. Contractor must meet threshold for data submissions for each calendar month during the Measurement Year.	
Measurement Years 2026, 2027, 2028 Incomplete, Late, or Non-useable submission of HEI data: 40% penalty Full and Regular submission of HEI data: no penalty	
b) Alternate Standard: Contractor must submit data according to the standards outlined in Attachment 1, Article 5.02.1 and Attachment 1, Article 1.02.1, and participate in data quality meetings with Covered California staff and Merative representatives during the first Measurement Year it is contracted with Covered California. Contractor must complete Full and Regular submissions of data according to the standards outlined in Attachment 1, Article 5.02.1 and Attachment 1, Article 1.02.1 during the second Measurement Year it is contracted with Covered California. Contractor does not submit Full and Regular data in the second Measurement Year it is contracted with Covered California. 40% penalty Contractor submits Full and Regular data in the second Measurement Year it is contracted with Covered California. no penalty	

Performance Standards with Penalties		
Performance Standard 5		
5. Pediatric Oral Evaluation, Dental Services (OEV-CH-A) (NQF #2517)		
a) Contractor shall Establish a Baseline and meet or exceed the specified performance standard for the Pediatric Oral Evaluation, Dental Services (OEV-CH-A) (NQF #2517) measure. As specified, Contractor's data submissions must Establish a Baseline in the Assessment Year or meet or exceed the required increase over the Baseline Rate or performance threshold in the Assessment Year. If Contractor meets a 70% performance threshold for this metric, Contractor's performance will not be subject to financial penalties for failing to show annual improvement. Performance at or above the 70% threshold will require reporting and monitoring but will not be subject to penalties for failing to meet the annual improvement target.		
Measurement Year 2026	Measurement Year 2027	Measurement Year 2028
Contractor does not Establish a Baseline: 5% penalty Contractor Establishes a Baseline: no penalty	Contractor demonstrates an increase of less than 10% over the Baseline Rate: 5% penalty Contractor demonstrates a rate of 70% or greater or an increase of 10% or more over the Baseline Rate: no penalty	Contractor demonstrates an increase of less than 15% over the Baseline Rate: 5% penalty Contractor demonstrates a rate of 70% or greater or an increase of 15% or more over the Baseline Rate: no penalty
b) Alternate Standard: Contractor must submit pediatric dental data during the first Measurement Year it is contracted with Covered California. Contractor must Establish a Baseline in the second Measurement Year it is contracted with Covered California.		

Contractor must demonstrate compliance with data submissions in the first Assessment Year it is contracted with Covered California.

As required, Contractor's data submissions must Establish a Baseline in the Assessment Year.

Contractor does not Establish a Baseline during the second Measurement Year it is contracted with Covered California: **5% penalty.**

Contractor Establishes a Baseline during the second Measurement Year it is contracted with Covered California: **no penalty.**

Performance Standards with Penalties		
Performance Standard 6		
6. Pediatric Topical Fluoride for Children, Dental Services (TFL-CH-A) (NQF #3700)		
a) Contractor shall Establish a Baseline and meet or exceed the specified performance standard for the Pediatric Topical Fluoride for Children, Dental Services (TFL-CH-A) (NQF #3700) measure. As specified, Contractor's data submissions must Establish a Baseline in the Assessment Year or meet or exceed the required increase over the Baseline Rate or performance threshold in the Assessment Year. If Contractor meets a 70% performance threshold for this metric, Contractor's performance will not be subject to financial penalties for failing to show annual improvement. Performance at or above the 70% threshold will require reporting and monitoring but will not be subject to penalties for failing to meet the annual improvement target.		
Measurement Year 2026	Measurement Year 2027	Measurement Year 2028
Contractor does not Establish a Baseline: 5% penalty Contractor Establishes a Baseline: no penalty	Contractor demonstrates an increase of less than 10% over the Baseline Rate: 5% penalty Contractor demonstrates a rate of 70% or greater or an increase of 10% or more over the Baseline Rate: no penalty	Contractor demonstrates an increase of less than 15% over the Baseline Rate: 5% penalty Contractor demonstrates a rate of 70% or greater or an increase of 15% or more over the Baseline Rate: no penalty
b) Alternate Standard: Contractor must submit pediatric dental data during the first Measurement Year it is contracted with Covered California.		

Contractor must Establish a Baseline in the second Measurement Year it is contracted with Covered California.

As required, Contractor's data submissions must Establish a Baseline in the Assessment Year.

Contractor does not Establish a Baseline during the second Measurement Year it is contracted with Covered California: **5% penalty.**

Contractor Establishes a Baseline during the second Measurement Year it is contracted with Covered California: **no penalty.**

Performance Standards with Penalties		
Performance Standard 7		
7. Utilization and Primary Care: Overall Engagement with Members - Attachment 1, Article 4.01.2		
a) Contractor must Establish a Baseline and increase the portion of Covered California Enrollees with continuous enrollment in Contractor's QHP throughout the prior Plan Year with at least one medical or prescription drug claim each Plan Year. As specified, Contractor's data submissions must Establish a Baseline in the Assessment Year, or meet or exceed the required increase over the Baseline Rate or threshold in the Assessment Year.		
Measurement Year 2026	Measurement Year 2027	Measurement Year 2028
Contractor does not Establish a Baseline: 10% penalty	Contractor demonstrates an increase in utilization of less than 5% over the Baseline Rate: 10% penalty	Contractor demonstrates an increase in utilization of less than 10% over the Baseline Rate: 10% penalty
Contractor Establishes a Baseline: no penalty	Contractor demonstrates (a) an increase of 5% or more over the Baseline Rate or (b) a Baseline Rate of over 80%: no penalty	Contractor demonstrates (a) an increase of 10% or more over the Baseline Rate or (b) a Baseline Rate of over 80%: no penalty
b) Alternate Standard: Contractor must monitor the portion of its Covered California Enrollees with at least one medical or prescription drug claim during the first year it is contracted with Covered California. In the second Measurement Year it is contracted with Covered California, Contractor must Establish a Baseline for Covered California Enrollees with continuous enrollment in Contractor's QHP throughout the prior Plan Year with at least one medical or prescription drug claim in the Plan Year. As required, Contractor's data submissions must Establish a Baseline in the Assessment Year.		

Contractor does not Establish a Baseline during the second Measurement Year it is contracted with Covered California: **10% penalty.**

Contractor Establishes a Baseline during the second Measurement Year it is contracted with Covered California: **no penalty.**

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Performance Standards with Penalties		
Performance Standard 8		
8. Utilization and Primary Care: Monitoring Continuity of Care - Attachment 1, Article 4.01.2		
a) Contractor must monitor the continuity of care index for Covered California Enrollees and Establish a Baseline. Contractor must plan and implement efforts to improve its continuity of care index if it does not achieve a continuity of care index of at least 0.7 for at least 60% of Enrollees. The continuity of care index measures Covered California Enrollees with continuous enrollment in Contractor's QHP throughout the prior Plan Year with two or more primary care visits with any primary care clinician during that Plan Year. As specified, Contractor's data submissions must Establish a Baseline and demonstrate compliance in the Assessment Year, or meet or exceed the required increase over the Baseline Rate or threshold in the Assessment Year.		
Measurement Year 2026	Measurement Year 2027	Measurement Year 2028
Contractor Establishes a Baseline of less than 0.7 for at least 60% of Enrollees and does not report to Covered California on planned improvement activities: 10% penalty Contractor Establishes a Baseline and (a) reports to Covered California on planned improvement activities or (b) achieves a continuity of care index of at least 0.7 for at least 60% of Enrollees: no penalty	Contractor has a Baseline Rate of less than 0.7 for at least 60% of Enrollees and does not implement and report to Covered California on continuity of care improvement activities: 10% penalty. Contractor (a) implements and reports to Covered California on continuity of care improvement activities or (b) achieved a continuity of care index of at least 0.7 for at least 60% of Enrollees: no penalty.	Contractor has a Baseline Rate of less than 0.7 for at least 60% of Enrollees and demonstrates an increase in continuity of care of less than 10% over the Baseline Rate: 10% penalty Contractor demonstrates (a) an increase of 10% or more over the Baseline Rate or (b) a Baseline Rate of at least 0.7 for at least 60% of Enrollees: no penalty

b) Alternate Standard: Contractor must monitor continuity of care for its Covered California Enrollees during the first Measurement Year it is contracted with Covered California.

As required, Contractor's data submissions must Establish a Baseline and demonstrate compliance in the Assessment Year.

Contractor Establishes a Baseline of less than 0.7 for at least 60% of Enrollees and does not report to Covered California on planned improvement activities during the second Measurement Year it is contracted with Covered California: **10% penalty**

Contractor Establishes a Baseline and (a) reports to Covered California on planned improvement activities or (b) achieves a continuity of care index of at least 0.7 for at least 60% of Enrollees during the second Measurement Year it is contracted with Covered California. **no penalty**