

## Attachment 2 - Performance Standards with Penalties

In this 2024-2026 QDP Issuer Contract, Covered California is implementing in this Attachment 2 – Performance Standards with Penalties specific performance standards in the areas of health disparities, data quality and completeness, and oral health that are critical to Covered California meeting its mission. Except where else noted, the measurement period will be January 1, 2024 - December 31, 2024. The maximum payment obligations collectively will be 1% of Contractor’s total Gross Premium per product for Plan Year 2024. Covered California for Small Business penalties will not be assessed in 2024 – 2026.

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 2024	Percent of At-Risk Amount 2025	Percent of At-Risk Amount 2026
<b>Health Disparities 20%</b>	1. Reducing Health Disparities: Demographic Data Collection – Enrollee Race and Ethnicity Self- Identification	10%	10%	10%
	2. Reducing Health Disparities: Demographic Data Collection – Enrollee Spoken and Written Language	10%	10%	10%
<b>Data Submission 30%</b>	3. Healthcare Evidence Initiative (HEI) Data Submission	25%	25%	25%
	4. Provider Directory Submission	5%	5%	5%
<b>Oral Health 50%</b>	5. Pediatric Oral Evaluation, Dental Services	10%	10%	10%
	6. Pediatric Topical Fluoride for Children	10%	10%	10%
	7. Pediatric Sealant Receipt on Permanent First Molars	10%	10%	10%
	8. Adult Preventive Services Utilization	20%	20%	20%

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During the term of this Agreement, Contractor shall meet or exceed the Performance Standards identified in this Attachment. 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.

Contractor shall monitor and track its performance each month against the Performance Standards and 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. Except as otherwise specified below in the Performance Standards Table, the reporting period for each Performance Standard shall be one calendar month. 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 any Performance Standard 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.

The total amount at risk for Contractor's failure to meet the Performance Standards is equal to 1.0% of the total Gross Premium for the applicable Plan Year (At-Risk Amount). 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,

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performance is assessed for each product (DHMO, DPPO, DEPO) the Contractor offers. Penalties are weighted by enrollment in the product for Contractor's with multiple products. Covered California has specified below when the At-Risk Amount or the performance requirements differ by product.

Covered California will provide the Contractor an Initial Contractor Performance Standard Evaluation Report, covering preliminary year end data available, which Covered California will send to Contractor for review no later than February 28th of the following calendar year.

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, within sixty (60) Days of receipt of the Performance Standards data requirements. Contractor shall remit payment to Covered California within thirty (30) Days of receiving the Final Contractor Performance Measurement Evaluation Report and invoice.

If Contractor does not agree with either the Initial or Final 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 the 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.

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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. Notwithstanding anything to the contrary herein, in no event shall any failure to meet a Customer Satisfaction Performance Standard fall within an exception.

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.

<b>Performance Standards with Penalties</b>
<b>Quality, Equity, And Delivery System Transformation Standards</b>
Definitions for Performance Standards: 1 – 8 Measurement Year: The calendar year that 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.

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<b>Performance Standard 1</b>		
<b>1. Reducing Health Disparities: Demographic Data Collection – Enrollee Race and Ethnicity Self-Identification – Attachment 1, Article 1.01</b>		
<p><b>a)</b> Contractor must meet the identified performance levels for Enrollee self-reported race and ethnicity data. Contractor must demonstrate compliance by including valid and acceptable race and ethnicity attributes for at least the minimum number of Enrollees in its Healthcare Evidence Initiative (HEI) data submissions to meet annual performance levels.</p> <p>Please note the following specifications:                      See list of acceptable standard values in separate methodology document.                      “Other”, “mixed”, “multi-racial”, etc. values do apply toward meeting the race and ethnicity standard.                      “Null”, “blank”, “missing”, “unknown”, “not reported”, “decline to state”, etc. values DO NOT apply toward meeting the race and ethnicity standard.</p>		
Measurement Year 2024	Measurement Year 2025	Measurement Year 2026
Contractor does not establish a baseline rate for Enrollees’ self-reported race and ethnicity data: <b>10% penalty</b>  Contractor establishes a baseline rate for Enrollees’ self-reported race and ethnicity data: <b>no penalty</b>	Contractor does not meet the interim capture rate for Enrollees’ self-reported race and ethnicity data: <b>10% penalty</b>  Contractor meets the interim capture rate for Enrollees’ self-reported race and ethnicity data: <b>no penalty</b>	Contractor does not meet the 80% target for self-reported race and ethnicity data for Enrollees: <b>10% penalty</b>  Contractor meets the 80% target for self-reported race and ethnicity data for Enrollees: <b>no penalty</b>

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<b>Performance Standards with Penalties</b>		
<b>Quality, Equity, And Delivery System Transformation Standards</b>		
<b>Performance Standard 2</b>		
<p><b>2. Reducing Health Disparities: Demographic Data Collection – Enrollee Spoken and Written Language – Attachment 1, Article 1.01</b></p> <p>Contractor must meet the identified performance levels for Enrollee self-reported spoken and written language preferences. Contractor must demonstrate compliance by including valid spoken and written language attributes for Enrollees in its Healthcare Evidence Initiative (HEI) data submissions.</p>		
Measurement Year 2024	Measurement Year 2025	Measurement Year 2026
<p>Contractor does not establish the baseline rate and interim capture rate for Enrollees’ spoken and written language preference: <b>10% penalty</b></p> <p>Contractor establishes the baseline rate and interim capture rate for Enrollees’ spoken and written language preference: <b>no penalty</b></p>	<p>Contractor does not meet the interim capture rate target for Enrollees’ spoken and written language preferences: <b>2.5% penalty</b></p> <p>Contractor meets the interim capture rate target for Enrollees’ spoken and written language preferences: <b>no penalty</b></p>	<p>Contractor does not collect written and spoken language preferences for a minimum of eighty percent (80%) of its Enrollees: <b>2.5% penalty</b></p> <p>Contractor collects written and spoken language preferences for a minimum of eighty percent (80%) of its Enrollees: <b>no penalty</b></p>

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<b>Performance Standards with Penalties</b>
<b>Healthcare Evidence Initiative (HEI) Data</b>
<b>Performance Standard 3</b>
<p><b>3. HEI Data Submission specific to Attachment 1, Article 5.02.1 Data Submission (Healthcare Evidence Initiative)</b> Expectation: Full and regular submission of HEI data according to contract Attachment 1, Article 5.02, Section 5.02.1 Data Submissions (Healthcare Evidence Initiative). Contractor must work with Covered California and its HEI Vendor to ensure accuracy of data variables on an ongoing basis.</p> <p>Definitions for Performance Standard:</p> <p><b>Full and Regular:</b> 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 / justified by business circumstances identified by the data supplier.</p> <p><b>Incomplete:</b> A file or part of a file is missing, or critical data elements are not provided.</p> <p><b>Irregular:</b> Unexpected file or data element formatting, or record volumes or data element counts / sums deviate significantly from historical submission patterns for the data supplier.</p> <p><b>Late:</b> Data is submitted on a date later than the supplier's agreed-upon submission date (i.e., between the 5th and 15th of the month) plus five business days.</p> <p><b>Non-Usable:</b> HEI Vendor cannot successfully include submitted data in its database build, or HEI Vendor's or Covered CA's analysts determine those critical components of the submitted data cannot be used or relied upon in subsequent analytic work.</p>

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### Performance Level:

1. Incomplete, irregular, late or non-useable submission of HEI data: 10% penalty of total performance requirement.  
Failure to submit required financials (e.g., allowed, copay, coinsurance, and deductible amounts) constitutes incomplete submission.  
Full and regular submission according to the formats specified and useable by Covered California within 5 business days of each monthly reporting cycle: no penalty
2. Dental claim / encounter submissions in which a file's allowed amount total varies by more than plus or minus 2% from the file's total net payment + coinsurance + copayment + deductible + third party amounts: 5% penalty of total performance requirement  
Submission within the 2% variance threshold: no penalty
3. Dental claim / encounter submissions with rendering provider taxonomy and type missing or invalid on more than 1% of claims: 5% penalty of total performance requirement.  
Submission meeting or surpassing the 99% populated and valid threshold: no penalty
4. Dental claim / encounter submissions with rendering National Provider Identifier (NPI) and Tax ID Number (TIN) missing or invalid on more than 1% of claims: 5% penalty of total performance requirement.  
Submission meeting or surpassing the 99% populated and valid threshold: no penalty.



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<b>Performance Standards with Penalties</b>
<b>Provider Directory Submission</b>
<b>Performance Standard 4</b>
<b>4. Provider Directory Submission</b>  <u>Expectation:</u> Full and regular submission of provider data according to the standards outlined in the Performance Standard contract specific to contract Section 4.4.4. Submissions occur every month pursuant to the submission schedule (Extranet, Plan Home, Resources, Provider Directory Resources, Covered California Provider Data Submission Schedule_Current Year).

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<b>Performance Standards with Penalties</b>		
<b>Oral Health Standards</b>		
<b>Performance Standard 5</b>		
<p><b>5. Oral Evaluation, Dental Services (NQF #2517)</b>                  Contractor must meet the specified performance standards for the Oral Evaluation, Dental Services (NQF #2517) measure.</p> <p>Contractor shall submit the required Covered California Healthcare Evidence Initiative (HEI) Data for each plan year, to generate its Dental Quality Alliance (DQA) pediatric measures.</p>		
<p>Measurement Year 2024</p> <p>Contractor establishes a baseline rate for this measure using HEI data.</p> <p>Contractor does not meet performance standard: <b>10% penalty</b></p> <p>Contractor meets performance standards: <b>no penalty</b></p>	<p>Measurement Year 2025</p> <p><b>NOTE:</b> Performance standards for 2025 and 2026 will be established using 2024 baseline HEI data.</p> <p>Contractor does not meet performance standard: <b>10% penalty</b></p> <p>Contractor meets performance standards: <b>no penalty</b></p>	<p>Measurement Year 2026</p> <p><b>NOTE:</b> Performance standards for 2025 and 2026 will be established using 2024 baseline HEI data.</p> <p>Contractor does not meet performance standards: <b>10% penalty</b></p> <p>Contractor meets performance standards: <b>no penalty</b></p>

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<b>Performance Standards with Penalties</b>		
<b>Oral Health Standards</b>		
<b>Performance Standard 6</b>		
<p><b>6. Topical Fluoride for Children, Dental Services (NQF #2528)</b>                  Contractor must meet the specified performance standards for the Topical Fluoride for Children, Dental Services (NQF #2528) measure.</p> <p>Contractor shall submit the required Covered California Healthcare Evidence Initiative (HEI) Data for each plan year, to generate its Dental Quality Alliance (DQA) pediatric measures.</p>		
<p>Measurement Year 2024                  Contractor establishes a baseline rate for this measure using HEI data.</p> <p>Contractor does not meet performance standard: <b>10% penalty</b></p> <p>Contractor meets performance standards: <b>no penalty</b></p>	<p>Measurement Year 2025</p> <p><b>NOTE:</b> Performance standards for 2025 and 2026 will be established using 2024 baseline HEI data.</p> <p>Contractor does not meet performance standard: <b>10% penalty</b></p> <p>Contractor meets performance standards: <b>no penalty</b></p>	<p>Measurement Year 2026</p> <p><b>NOTE:</b> Performance standards for 2025 and 2026 will be established using 2024 baseline HEI data.</p> <p>Contractor does not meet performance standards: <b>10% penalty</b></p> <p>Contractor meets performance standards: <b>no penalty</b></p>

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<b>Performance Standards with Penalties</b>		
<b>Oral Health Standards</b>		
<b>Performance Standard 7</b>		
<p><b>7. Sealant Receipt on Permanent First Molars</b>                  Contractor must meet the specified performance standards for the Sealant Receipt on Permanent First Molars measure. This measure is specified by the Dental Quality Alliance (DQA).                   Contractor shall submit the required Covered California Healthcare Evidence Initiative (HEI) Data for each plan year, to generate its Dental Quality Alliance (DQA) pediatric measures.</p>		
<p>Measurement Year 2024</p> <p>Contractor establishes a baseline rate for this measure using HEI data.</p> <p>Contractor does not meet performance standard: <b>10% penalty</b></p> <p>Contractor meets performance standards: <b>no penalty</b></p>	<p>Measurement Year 2025</p> <p><b>NOTE:</b> Performance standards for 2025 and 2026 will be established using 2024 baseline HEI data.</p> <p>Contractor does not meet performance standard: <b>10% penalty</b></p> <p>Contractor meets performance standards: <b>no penalty</b></p>	<p>Measurement Year 2026</p> <p><b>NOTE:</b> Performance standards for 2025 and 2026 will be established using 2024 baseline HEI data.</p> <p>Contractor does not meet performance standards: <b>10% penalty</b></p> <p>Contractor meets performance standards: <b>no penalty</b></p>

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<b>Performance Standards with Penalties</b>		
<b>Oral Health Standards</b>		
<b>Performance Standard 8</b>		
<p><b>8. Adult Use of Preventive Services</b>                  Contractor must meet the specified performance standards for the Use of Preventive Services for adult members. Covered California defines this measure as the percentage of adult members who received any preventive dental service during the plan year.</p> <p>Contractor shall submit the required Covered California Healthcare Evidence Initiative (HEI) Data for each plan year to generate its adult measure.</p>		
Measurement Year 2024	Measurement Year 2025	Measurement Year 2026
Contractor establishes a baseline rate for this measure using HEI data.  Contractor does not meet performance standard: <b>20% penalty</b>  Contractor meets performance standards: <b>no penalty</b>	<p><b>NOTE:</b> Performance standards for 2025 and 2026 will be established using 2024 baseline HEI data.</p> Contractor does not meet performance standard: <b>20% penalty</b>  Contractor meets performance standards: <b>no penalty</b>	<p><b>NOTE:</b> Performance standards for 2025 and 2026 will be established using 2024 baseline HEI data.</p> Contractor does not meet performance standards: <b>20% penalty</b>  Contractor meets performance standards: <b>no penalty</b>