

## **Attachment 2 – Performance Standards with Penalties**

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 at Article 7 of the Agreement and in 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 0.05% of the total Gross Premium for Small Business 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, performance is assessed for each product (HMO, PPO, EPO) 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.

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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. No penalties or credits will be assessed in 2023.

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.

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.

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<b>Performance Standards with Penalties</b>
<b>Healthcare Evidence Initiative (HEI) Data Performance Standard 1</b>
<p><b>1. HEI Data Submission specific to Attachment 1, Article 5.02.1 Data Submission</b></p> <p><b>While Covered California builds its small group business, penalties included in this section will not be applied to the CCSB line of business.</b></p> <p>Contractor must complete full and regular submission of data according to the standards outlined in Attachment 1, Article 5.02.1.</p> <p>Definitions for Performance Standard 1 Incomplete: A file or part of a file is missing, or critical data elements are not provided. 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 submits data five (5) or more business days later than its scheduled monthly submission date. Non-Usable: HEI Vendor cannot successfully include submitted 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.</p>
<b>Measurement Years 2023, 2024, 2025 - 80% of At-Risk Amount</b>
<p>1. Incomplete, irregular, late, or non-useable submission of HEI data: <b>12% penalty</b> Failure to submit required financials (e.g., allowed, copay, coinsurance, and deductible amounts) or dental claims covered under medical benefits constitutes incomplete submission. Full and regular submission according to the formats specified and useable by Covered California within five (5) business days of the Contractor's scheduled monthly submission date: <b>no penalty</b></p> <p>2. Inpatient facility medical claim submissions for which the HEI Vendor cannot identify and match at least 95% of California admissions to its Master Provider Index: <b>12% penalty</b> Contractor's submission meets or exceeds the 95% identification and matching standard: <b>no penalty</b></p>

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3. Professional medical and drug claim submissions with rendering (medical) or ordering (drug) provider taxonomy and type missing or invalid on more than 2% of claim submissions: **8% penalty**  
Contractor's submission meets or exceeds the 98% populated and valid threshold: **no penalty**
4. Enrollment submissions with Primary Care Provider (PCP) National Provider Identifier (NPI) and Tax ID Number (TIN) missing or invalid on more than 1% of records for HMO products: **8% penalty**  
Contractor's submission meets or exceeds the 99% populated and valid threshold for HMO products: **no penalty**
5. Professional medical and drug claim submissions with rendering (medical) or ordering (drug) NPI and TIN missing or invalid on more than 1% of claims: **8% penalty**  
Contractor's submission meets or exceeds the 99% populated and valid threshold: **no penalty**
6. Medical and drug claim submissions in which a file's allowed amount total varies by more than plus or minus 2% from the file's total sum of net plan payment, coinsurance, copayment, deductible, and third party amounts: **8% penalty**  
Contractor's submission meets or exceeds the 98% summary financial validation threshold: **no penalty**
7. Medical claim, drug claim, or capitation record submissions unaccompanied by corresponding enrollment records more than 1% of the time: **8% penalty**  
Contractor's submission meets or exceeds the 99% matching enrollment threshold: **no penalty**
8. Enrollment, medical and drug claim, and capitation record submissions for which the HEI Vendor cannot identify and match at least 99% of records to a known insurance product for the data supplier, i.e., HIOS ID and year combination (on- or off-Exchange) or issuer-specific product ID and year combination (off-Exchange): **8% penalty**  
Contractor's submission meets or exceeds the 99% identification and matching threshold: **no penalty**
9. Drug claim submissions in which a file's allowed amount total varies by more than plus or minus 2% from the file's total sum of ingredient cost and dispensing fee amounts: **4% penalty**  
Contractor's submission meets or exceeds the 98% summary financial validation threshold: **no penalty**
10. Drug claim submissions with drug Payment Tier missing or invalid on more than 1% of claims or with not all expected values (i.e., 1 = Generic, 2 = Brand Formulary, 3 = Brand Non-Formulary, 4 = Specialty Drug, and 5 = ACA Preventive Medication) represented at appropriate and accurate proportions and consistent with Contractor's

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formulary, as determined by comparison to Contractor's prior period data submissions, comparison to data aggregated from all data suppliers, and consultation with the Contractor: **4% penalty**  
Contractor's submission meets or exceeds the 99% populated and valid threshold and contains expected values at appropriate and accurate proportions: **no penalty**

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<b>Performance Standards with Penalties</b>		
<b>Dental Quality Alliance (DQA) Pediatric Measure Set</b>		
<b>Performance Standard 2</b>		
<p><b>2. Dental Quality Alliance (DQA) Pediatric Measure Set</b></p> <p><b>Pilot Period: January 1, 2023 – December 31, 2023</b>  <b>Penalties will not be assessed in 2023.</b>  <b>2024 and 2025 – 20% of At-Risk Amount</b></p> <p>Contractor must submit the Dental Quality Alliance (DQA) Pediatric Measure Set for each specified measurement year and meet the specified performance standards in 2024 and 2025.</p> <p>Contractor shall submit the required pediatric dental Covered California Healthcare Evidence Initiative (HEI) Data for each plan year, to generate its Dental Quality Alliance (DQA) pediatric measures.</p>		
Measurement Year 2023	Measurement Year 2024	Measurement Year 2025
<p>No assessment.</p>	<p><b>NOTE:</b> Performance standards for 2024 and 2025 will be established using 2023 baseline data.</p> <p>Contractor does not meet performance standard: <b>20% penalty</b></p> <p>Contractor meets performance standards: <b>no penalty</b></p>	<p><b>NOTE:</b> Performance standards for 2024 and 2025 will be established using 2023 baseline data.</p> <p>Contractor does not meet performance standards: <b>20% penalty</b></p> <p>Contractor meets performance standards: <b>no penalty</b></p>

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<b>Performance Standards with Penalties</b>
<b>Quality, Equity, And Delivery System Transformation Standards</b>
Covered California will continue monitor and assess CCSB performance. As CCSB membership grows, performance standards may be included and penalties may be assessed in future years.