Plan Management Advisory Meeting

January 8, 2026

Agenda		Time
01	Welcome and Agenda Review	10:00 – 10:05
02	2027 QHP Amendment Model Contract Public Comment Summary	10:05 – 10:15
03	2027 Qualified Health and Dental Plan Attachments 1 and 2 Amendments	10:15 – 10:30
04	PY27 Qualified Health and Dental Plan Certification Applications	10:30 – 10:35
05	Open Forum	10:35 – 12:00

2027 QHP Amendment Model Contract Public Comment Summary

Plan Management Division

Stakeholder Engagement

Covered California solicited feedback on the draft 2027 Qualified Health and Dental Plan (QHP & QDP) Issuer Contract Amendments for the individual markets. The third public comment period for these drafts was held from November 13, 2025, through December 2, 2025.

The Plan Management Division (PMD) will provide a summary of comments submitted for:

- 2026-2028 QHP Individual Issuer Model Contract.

Additionally, the Health Equity and Quality Transformation (EQT) Division will deliver updates on stakeholder feedback regarding the following contract attachments:

- QHP Individual Attachment 1: Advancing Equity, Quality, and Value
- QHP Individual & QDP Attachment 2: Performance Standards with Penalties

Stakeholder Feedback – Model Contract

Considering recent changes to Agent commission rates in the second half of the year, which may compromise Agent operations and their active participation in essential services, Covered California proposed an update to the Compensation Methodology requirement. This requirement would call for Contractors to seek approval for any reductions to Agent commission rates following the annual Qualified Health Plan Certification process.

Key feedback and responses include:

- **QHP Individual Contract, Section 3.3: Agents in Covered California for the Individual Market, b) Compensation Methodology:**
  - Covered CA received two comments expressing concern that this update may impact Contractor's ability to effectively respond to market dynamics.
  - Covered CA clarifies that it aims to support health insurance companies in addressing market dynamics through adjusting Agent commission rates, without causing undue delays or obstacles. The proposed requirement will remain and intends to ensure adjustments to Agent commissions made after the certification process are responsible, maintaining levels that allow Agents to continue delivering services.

2027 Contract Amendment Drafts & Public Comment Responses

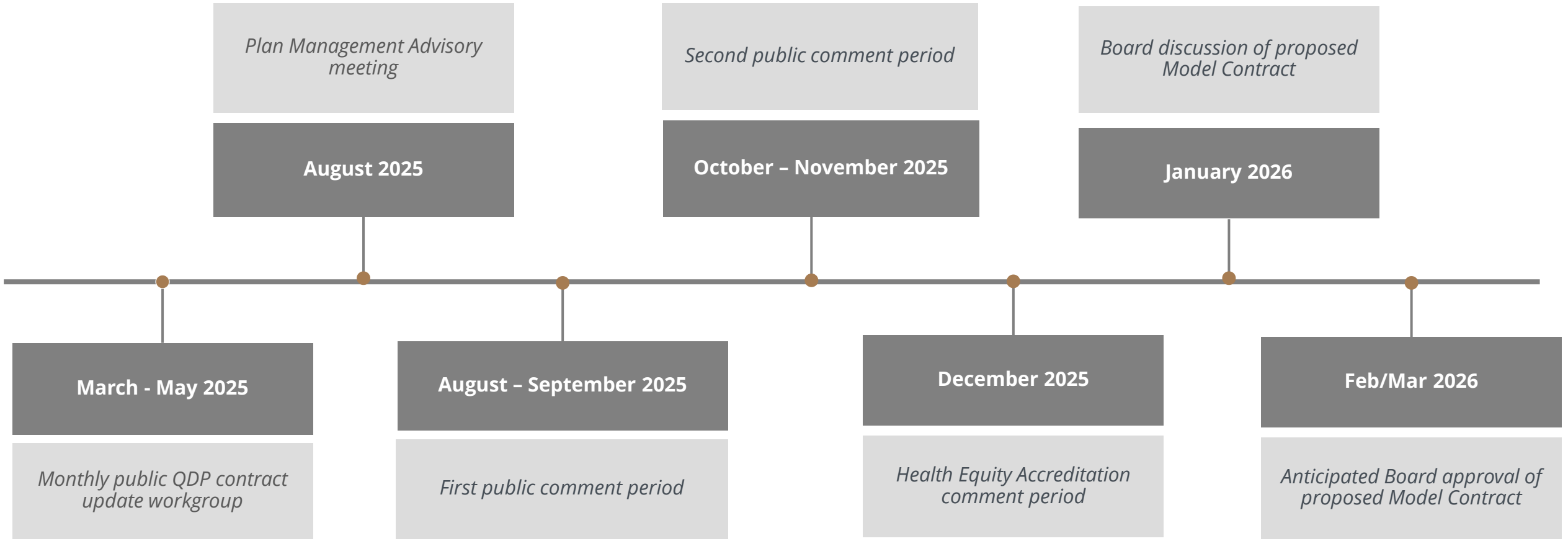
2027 QHP and QDP Contract Amendment drafts and Response to Comment documents are posted on California's Health Benefit Exchange website: https://hbex.coveredca.com/stakeholders/plan-management/contract-listings/2027/

Any questions please email PMDContractsUnit@covered.ca.gov and to EQT@covered.ca.gov

2027 Qualified Health and Dental Plan Attachments 1 and 2 Amendments

Taylor Priestley, MSW, MPH
Director, Health Equity and Quality Transformation (EQT)

2027 QHP & QDP Issuer Contract Amendment Development Timeline



2027: QHP & QDP Contract Amendment Updates

QHP Attachment 1

- NCQA Health Equity Accreditation

QHP Attachment 2

- Pediatric Oral Health performance standards

QDP Attachment 2

- Pediatric Oral Health performance standards

2027 Qualified Dental Plan Amendment

Stakeholder Engagement and Public Comment

2027 QDP Amendment

- Contract Workgroup open to all Issuers, Public Purchasers, and Consumer Advocate Groups
- Participants reviewed and offered feedback on the proposed contracts and preliminary contract language
- Two public comment and response periods for draft Contract feedback

QDP Contract Workgroup

- 3 public meetings from March – May 2025

Public Comment Cycle 1

- Comment Cycle 1 was held between 8/15/2025 – 9/15/2025
- 2 unique organizations commented with 6 total comments. Comments and responses are available online

Public Comment Cycle 2

- Comment Cycle 2 was held between 10/9/2025 – 11/10/2025
- 2 unique organizations commented with 9 total comments. Comments and responses are available online

All 2027 Certification and Contract Documents will be presented in Feb/March 2026 for Board approval

QDP Utilization Data Analysis

Key Findings

- Pediatric utilization of QDPs is overall higher than adult utilization, and services used skew more toward Preventive for Pediatric than Adult members
- We see the largest differences in dental plan utilization by plan type: DPPO utilization is 3 times DHMO utilization and this holds true for Pediatric members and Adults
- While we see utilization differences by age, race/ethnicity and income, these findings were not statistically significant and dwarfed by utilization differences by plan type

Summary of Proposed 2027 QDP Attachment 2 Performance Standards & Percent At Risk

Performance Area	Performance Standards with Penalties	Percent of At-Risk Amount 2024-2026	Percent of At-Risk Amount 2027
Data Submission 50%	1. Healthcare Evidence Initiative (HEI) Data Submission	45%	45%
	2. Provider Directory Submission	5%	5%
Oral Health 50%	3. Pediatric Oral Evaluation, Dental Services	5%	5%
	4. Pediatric Topical Fluoride for Children, Dental Services	5%	5%
	5. Pediatric Sealant Receipt on Permanent First Molars	5%	5%
	6. Adult Preventive Services Utilization	35%	35%

2027 Performance Standards – No Proposed Changes

Notable Changes to Draft Attachment 2	Rationale
Performance Standard 1 - Healthcare Evidence Initiative (HEI) Data Submission	Accurate and complete dental services data remains a priority and serves as the foundation for quality and equity accountability.
Performance Standard 2 – Provider Directory Submission	Accurate and complete provider directory data remains a priority as a critical component of enrollee access to care.

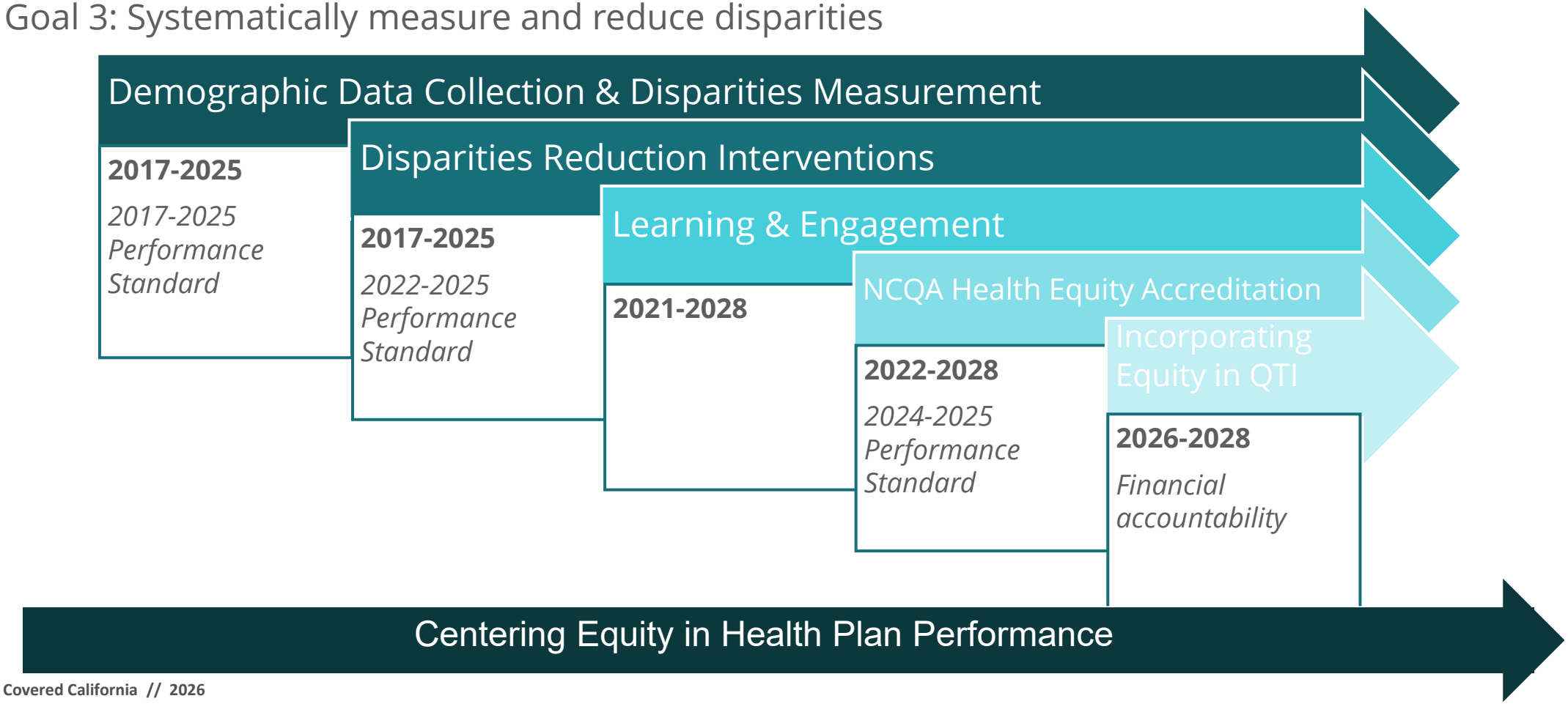
Proposed QDP 2027 Attachment 2 Changes

Notable Changes to Draft Attachment 2	Rationale
Performance Standard 3 - Pediatric Oral Evaluations, Dental Services **Performance Standard 4 - Pediatric Topical Fluoride for Children, Dental Services** **Performance Standard 5 - Pediatric Sealant Receipt on Permanent First Molars** **Performance Standard 6 - Adult Preventive Dental Services Utilization** ❑ Introduction of differentiated improvement targets for DHMO and DPPO plans: 5% penalty assessed for DHMO products if the annual performance increase is less than 20% and for DPPO products if the annual performance increase is less than 10%, with no penalty applied for increases equal to or exceeding these thresholds ❑ Introduction of performance threshold of 70%, above which annual improvement not subject to financial penalty. ❑ Addition of Alternate Standard for newly contracted QDP Issuers: Contractor must submit pediatric dental data in the first measurement year, establish a baseline in the second measurement year, and demonstrate compliance with data submissions in the first Assessment Year.	❑ The very low DHMO baseline performance rates result in a much lower improvement expectation compared to DPPOs if the same year over year percentage improvement target is used, widening the disparity already seen. ❑ Covered California recognizes continued improvement is increasingly difficult to achieve at higher performance; performance rates of 70% and higher reflect meaningful care delivery to members. ❑ In alignment with QHP Issuer Model Contract Attachment 2, implements applicable requirements and timeline for QDP Issuer Contractors who execute contracts after the first year of the contract term.

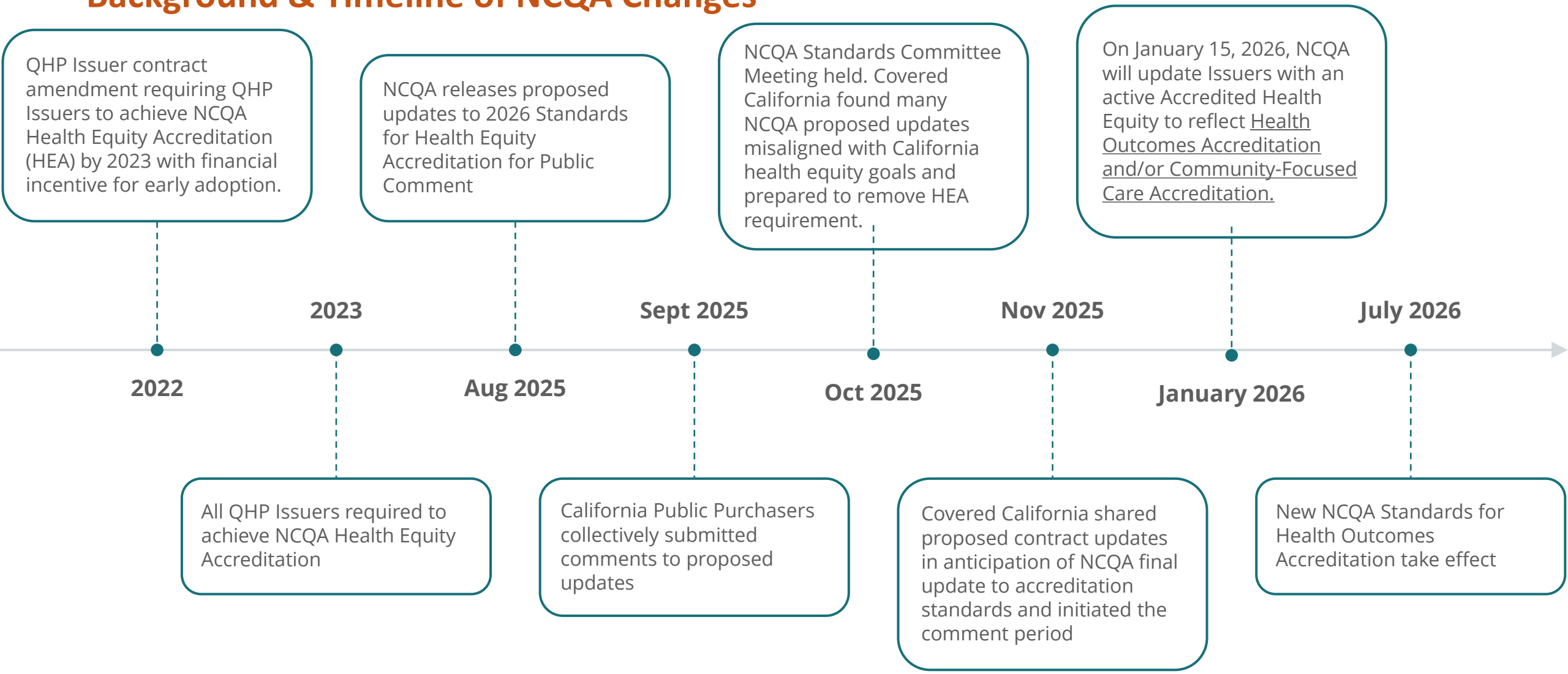
2027 Qualified Health Plan Amendments

Covered California Health Equity Initiatives

Multi-year contractual initiatives have been in place since 2017 and seek to achieve the following goals:
Goal 1: Improve demographic data capture to support measurement
Goal 2: Improve structure and rigor for disparities intervention development
Goal 3: Systematically measure and reduce disparities



Background & Timeline of NCQA Changes



NCQA Health Equity Accreditation Proposed Updates for 2026

Type of Change	Standard Change(s) from 2024-2026	NCQA Rationale	Example Redlines
Removal of language specifically referencing health equity, diversity	Organizational Readiness HEA1A: Removal of language "diverse staff" to be replaced by "responsive workforce"	To "**Adapt to the evolving policy environment**" and "focus on respectful, appropriate, responsive care, **rather than abstract concepts such as reducing bias or promoting inclusion**"	HE1: The organization has a workforce capable of supporting its goals to provide opportunities for members or patients to achieve their best possible health. ~~supports health equity goals and takes action to reduce bias and improve diversity, equity and inclusion.~~
Removal of requirements to collect specific patient demographic data factors, and removal of standardized approach to measure stratification	Collection of Data on Gender Identity HE 2D: Retirement of requirement to collect data on gender identity Use of Data to Assess Disparities HE 6B	To "**Adapt to the evolving policy environment**"	HE2: ~~The organization gathers individuals' race/ethnicity, language, gender identity and sexual orientation data using standardized methods.~~ The organization gathers member- or patient-level demographic data using standardized methods.
Removal of language around culturally and linguistically appropriate services and serving multicultural populations	Revise language including in program description in HE 5A Change "Use of Data to measure CLAS and inequities" (HE 6D) to "Evaluating Effectiveness of Interventions" (HO 7D)	To "**Adapt to the evolving policy environment**" and to "better **describe the intent of activities formerly referenced by broader terminology such as "diversity** of the community" And enable "organizations to select data quality lenses that are most meaningful for their population and regulatory priorities"	HE5: ~~The organization continually improves its services to meet the needs of multicultural populations.~~ The organization has clearly defined processes, goals and responsibilities for continuously improving the appropriateness and accessibility of its services.
Additional requirements to expand demographic data collection to include disability status, disability accommodations, and geographic data elements	Collection of new data elements on Disability Status & Disability-Related Accommodations HO 2 Collection of new data elements on geographic data HO 2	To "Add content for disability" and "Add content for geographic classification" Both to "expand the selection of data types so that organizations can select data quality lenses that are most meaningful for their population and regulatory priorities."	"The organization has a documented process for direct collection of data on disability function for all patients or members that includes: • The following response options: – Hearing. – Seeing (including when wearing glasses). – Concentrating, remembering or making decisions. – Walking or climbing stairs. – Dressing or bathing..."

NCQA Health Equity Accreditation: QHP Issuer Current Status

QHP Issuer Product	Expiration Year
Aetna HMO	2026
Anthem Blue Cross EPO	2026
Anthem Blue Cross HMO	2026
Blue Shield California HMO	2028
Blue Shield California PPO	2028
Chinese Community Health Plan HMO	2027
Health Net HMO	2027
Health Net PPO	2027
Inland Empire Health Plan HMO	2026
Kaiser Permanente HMO (NorCal)	2026
Kaiser Permanente HMO (SoCal)	2027
L.A. Care HMO	2027
Molina Healthcare HMO	2028
Sharp Healthcare HMO	2026
Valley Health Plan HMO	2027
Western Health Advantage HMO	2028

Stakeholder Engagement and Public Comment

Public Comment Cycle 1
- November Plan Management Advisory meeting focused on Attachment 1: NCQA Health Equity Accreditation changes
- Participants reviewed and offered feedback on the proposed contracts and preliminary contract language
- Three public comment and response periods for Contract feedback

Public Comment Cycle 1
- Comment Cycle 1 was held between 8/15/2025 – 9/15/2025
- 3 unique organizations commented with 4 total comments. Comments and responses are available online

Public Comment Cycle 2
- Comment Cycle 2 was held between 10/9/2025 – 11/10/2025
- 2 unique organizations commented with 16 total comments. Comments and responses are available online

Public Comment Cycle: Health Equity Accreditation removal
- Additional comment cycle was held between 11/13/2025 – 12/2/2025
- No comments received

All 2027 Certification and Contract Documents will be presented in Feb/March 2026 for Board approval

ARTICLE 1: EQUITY & DISPARITIES REDUCTION

Notable Changes to Draft Attachment 1	Rationale
Health Equity Capacity Building Effective Plan Year 2027, Covered California will remove the requirement for QHP Issuers to achieve or submit evidence of NCQA Health Outcomes Accreditation, formerly known as Health Equity Accreditation, from its contract requirements.	As NCQA's proposed updates to the HEA standards are not fully aligned with Covered California strategic approach or the evidence base for health equity work, this contract change supports continued tailoring of efforts and those of the contracted QHP Issuers to meet the needs of Enrollees and achieve meaningful progress in equity-focused initiatives.
Health Equity Capacity Building QHP Issuers will be required to maintain a diverse workforce representative of the populations they serve to support equitable health outcomes. QHP Issuers can either submit evidence of compliance with NCQA Health Equity Accreditation 2024 Standards or report on efforts to achieve workforce diversity, including assessments of representation, recruitment practices, cultural humility, and staff training. Issuers who demonstrate proof of NCQA HEA 2024 Standards in Plan Year 2026 are exempt from resubmitting during this contract period.	This proposed requirement is intended to ensure QHP Issuers continue to prioritize developing and maintaining a workforce that reflects the diversity of the populations they serve. Covered California supports meaningful progress, and this change emphasizes accountability, transparency, and the critical role of workforce diversity and cultural humility in addressing health disparities.
Culturally and Linguistically Appropriate Care Clarified requirement to demonstrate provision of culturally and linguistically appropriate services to Enrollees, which can be met through either submission of NCQA Health Equity Accreditation Standards reports or reports outlined by Covered California. Health Outcomes Accreditation and its associated reports will not be accepted to meet this requirement.	This language clarification reflects Covered California's commitment to ensuring the consistent implementation and monitoring of culturally and linguistically appropriate services to best serve our diverse Enrollees.

PROPOSED QHP 2027 ATTACHMENT 2 CHANGES

Notable Changes to Draft Attachment 2	Rationale
Performance Standard 5 - Pediatric Oral Evaluations, Dental Services **Performance Standard 6 – Pediatric Topical Fluoride for Children, Dental Services** ❑ Introduction of differentiated improvement targets for DHMO and DPPO plans: 5% penalty assessed for DHMO products if the annual performance increase is less than 20% and for DPPO products if the annual performance increase is less than 10%, with no penalty applied for increases equal to or exceeding these thresholds ❑ Introduction of performance threshold of 70%, above which annual improvement not subject to financial penalty. ❑ Corrected Assessment Period	❑ The very low DHMO baseline performance rates result in a much lower improvement expectation compared to DPPOs if the same year over year percentage improvement target is used, widening the disparity already seen. ❑ Covered California recognizes continued improvement is increasingly difficult to achieve at higher performance; performance rates of 70% and higher reflect meaningful care delivery to members. ❑ Performance thresholds and annual improvement targets adjusted in alignment with QDP contract updates proposed for 2027 ❑ Assessment period is the full measurement year, not point in time.

2027 Qualified Health and Dental Plan Certification Application

COVERED CALIFORNIA

Public Comment

- The four draft applications and crosswalks were posted on Monday, 9/15/25 with public comment due back on Tuesday, 9/30/25.
- The Plan Management Division received a total of three (3) public comments across the four Applications.
- The comments were seeking clarity for instructions.
- The Public Comment Summary is available at: https://hbex.coveredca.com/stakeholders/plan-management/qhp-qdp-certification/

Plan Year 2027 Certification Milestones

Milestone	Date
Release Draft 2027 QHP & QDP Certification Applications	September 15, 2025
Draft Application Comment Periods End	September 30, 2025
Plan Management Advisory: Benefit Design & Certification Applications Policy Recommendation	January 2026
Board Meeting: Discussion of Benefit Design & Certification Applications Policy Recommendation	January/February 2026
Letters of Intent Accepted	February 2-13, 2026
Final AV Calculator Released*	February 2026
Applicant Trainings (electronic submission software, SERFF submission and templates*)	February 2026
Board Meeting: Anticipated approval of 2027 Patient-Centered Benefit Plan Designs & Certification Applications	February 2026
QHP & QDP Applications Open	March 2, 2026
QHP & QDP Application Responses (Individual and CCSB) Due	April 30, 2026, noon (12:00 pm PT)
Evaluation of QHP Responses & Negotiation Prep	May – June 2026
QHP Negotiations	June 2026
QHP Preliminary Rates Announcement	July 2026
Regulatory Rate Review Begins (QHP Individual Marketplace)	July 2026
Evaluation of QDP Responses & Negotiation Prep	June – July 2026
QDP Negotiations	July 2026
CCSB QHP Rates Due	July 2026
QDP Rates Announcement (no regulatory rate review)	August 2026
Public Posting of Proposed Rates	August 2026
Public Posting of Final Rates	September – October 2026**
Execution of Covered California Contract	September – October 2026**

*Final AV Calculator and final SERFF Templates availability dependent on CMS release
TBD = dependent on CCIIO rate filing timeline requirements
**Dates subject to change based on rate filing requirements

Next steps

- Applicants interested in participating for Plan Year 2027 must complete and submit a Covered CA Letter of Intent (LOI) to Apply template.
  - LOIs will be posted to the HBEX Solicitations page starting Monday, 2/2/26, and due Friday, 2/13/26, by 5:00 pm.
  - LOIs will be available at:

    https://hbex.coveredca.com/stakeholders/plan-management/qhp-qdp-certification/
  - Interested Applicants applying for multiple markets must complete a LOI for each market/application.
  - LOIs are nonbinding but required to receive access to the online application submission portal.
- PY27 Applications and supporting documents are available at:

  https://hbex.coveredca.com/stakeholders/plan-management/qhp-qdp-certification/
- PY27 Applications open Monday, 3/2/26, and are due Thursday, 4/30/26, at noon (12:00 pm).
- For questions, please email QHPCertification@covered.ca.gov

Appendix

QDP Utilization Data Analysis

QDP 2023 Overall Utilization Rates for Pediatric and Adult Enrollees

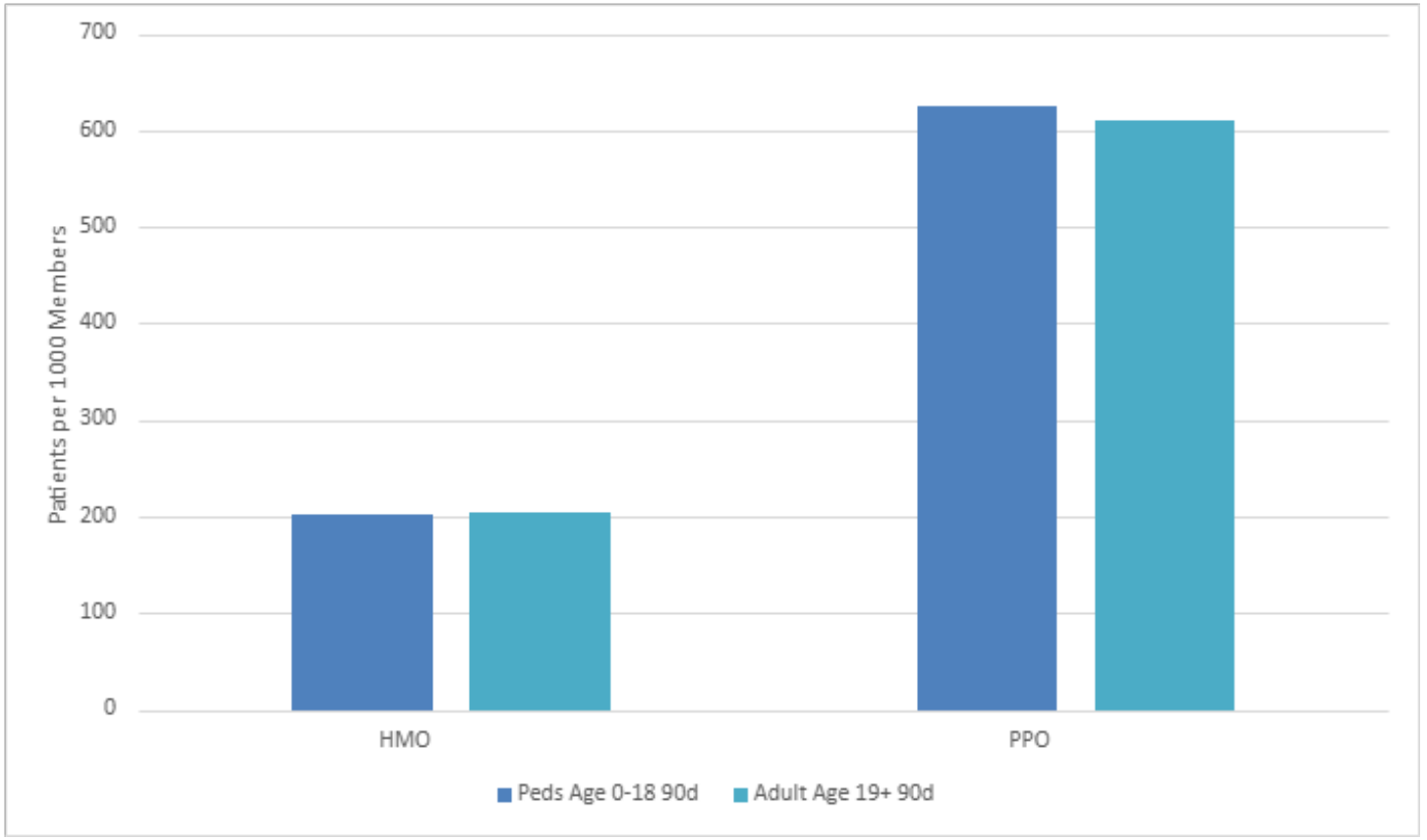
- Overall, fewer than half of enrollees in standalone dental plans utilize any services
- **Pediatric enrollees have higher rates of utilization** as compared to adult enrollees
- Applying a 180-day versus 90- day continuous enrollment rule only leads to a small increase in the portion of members utilizing care

Continuous enrollment period	Population	% of enrollees who utilized any service
90d	Pediatric	**44.8%**
	Adult	**35.0%**
180d	Pediatric	**50.1%**
	Adult	**39.8%**

QDP 2023 Utilization Rates per 1000 by Product

- **Plan type** (DHMO vs DPPO) results in the most significant difference in utilization rates.
  - Over **600** patients / 1000 members in PPO plans use care, compared to about **200** patients / 1000 members in HMO plans
- This holds true both for pediatric and adult populations.

2023 QDP Utilization by Product Type for Adult and Pediatric Enrollees

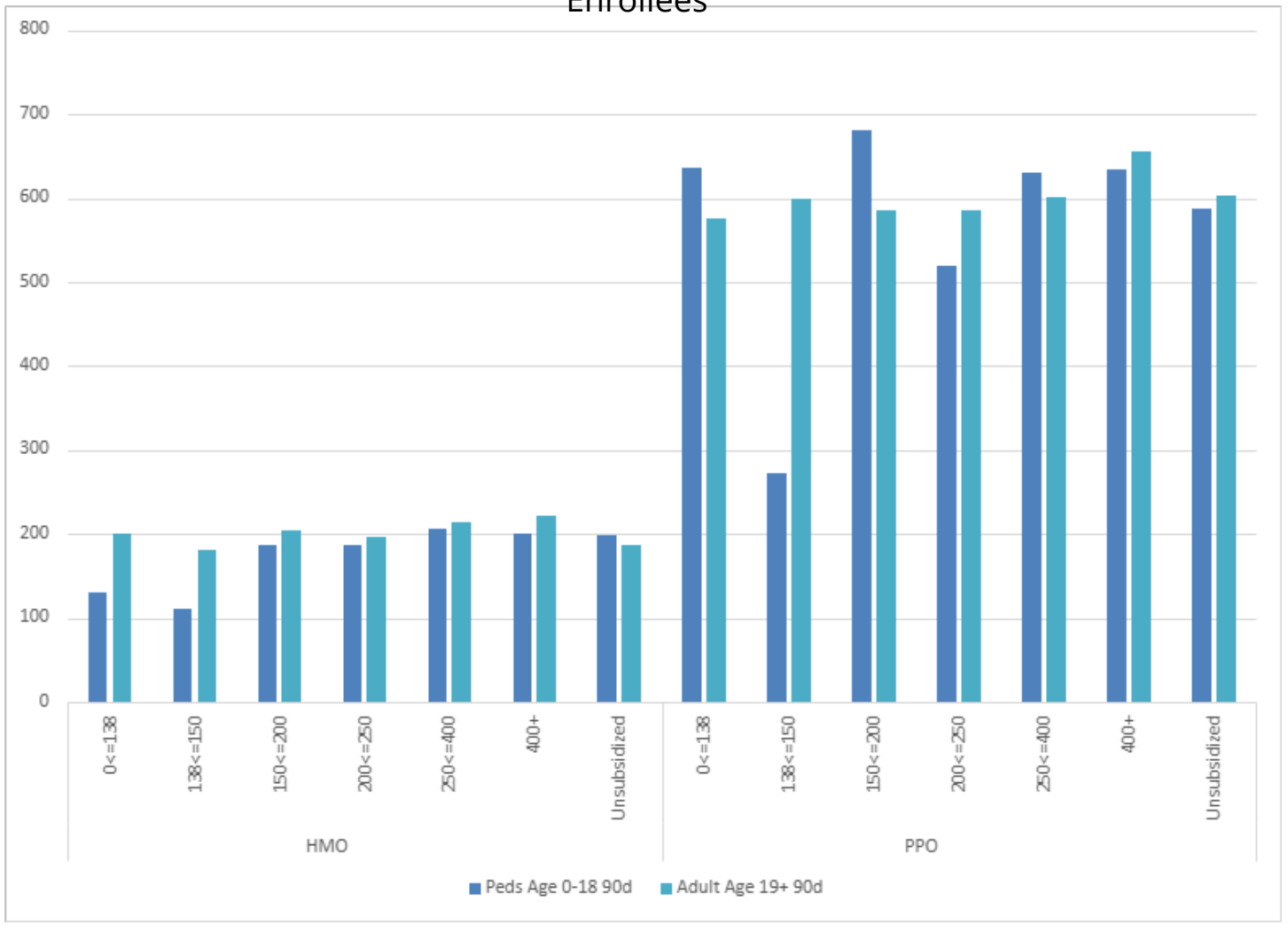


QDP 2023 Utilization Rates by Income & Plan Type

The differences in utilization by income are largely minimized when we stratify by income and plan type

- The exception here is Pediatric enrollees (FPL 138<=150) in PPO plans have much lower utilization rates than other pediatric enrollees in PPO plans, although this difference is not statistically significant.

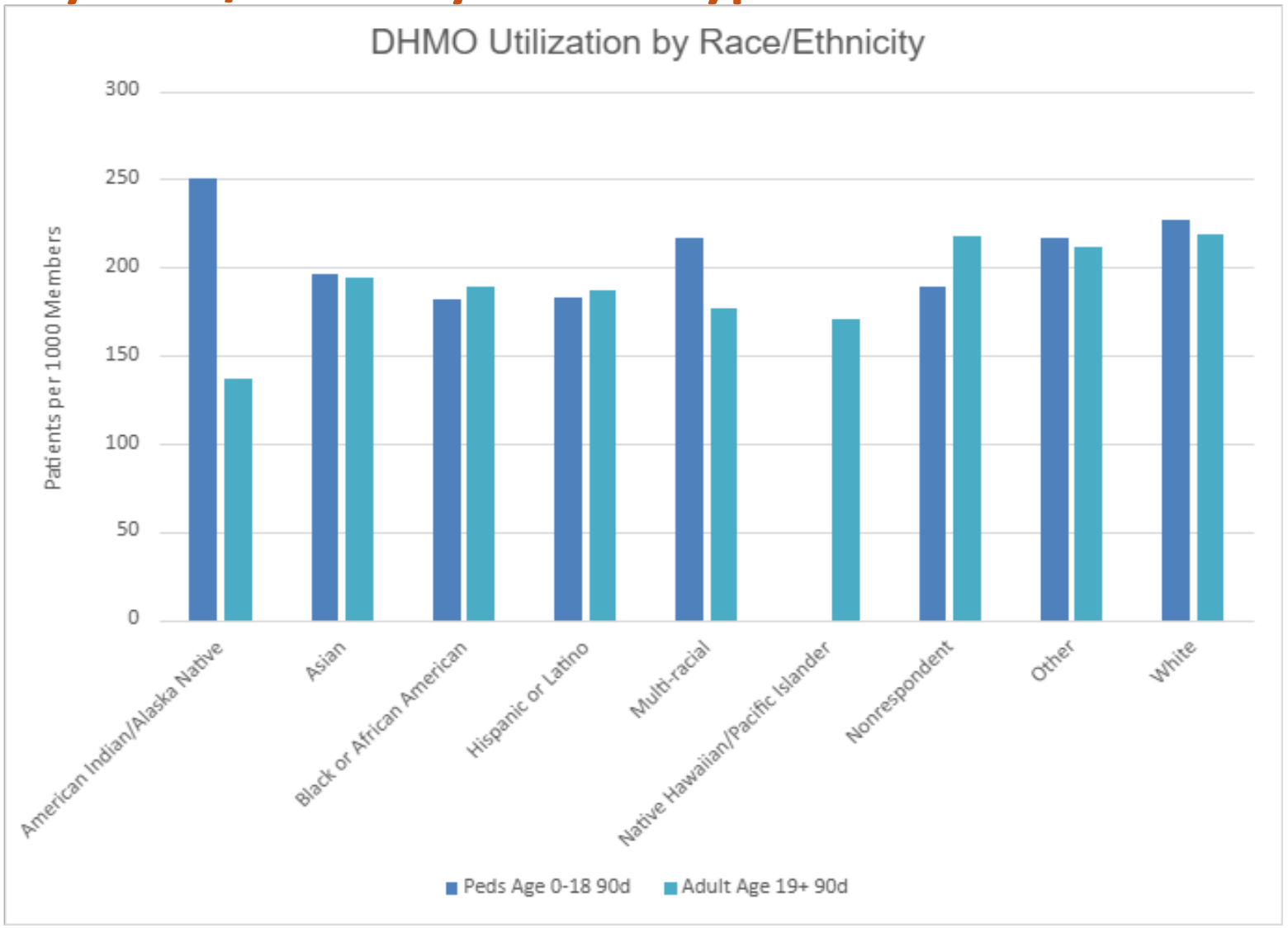
2023 QDP Utilization by Product Type and Income Level for Adult and Pediatric Enrollees



Note: The data reported includes members with at least 90 days of continuous enrollment, as there was no significant difference in utilization rates compared to those enrolled for 180 days.

QDP 2023 Utilization Rates by Race/Ethnicity & Plan Type

- In DHMO plans, pediatric members identifying as American Indian/Alaska Native have higher utilization than other groups. Conversely, adults identifying as American Indian/Alaska Native have lower rates of utilization, but these differences are not statistically significant.



Note: The data reported includes members with at least 90 days of continuous enrollment, as there was no significant difference in utilization rates compared to those enrolled for 180 days.