

## **Cover Page**

### **Covered California for Individual Market Qualified Health Plan Issuer Contract, Attachment 2 – Performance Standards with Penalties**

#### **Response to Comments**

The following is the Covered California response to comments received for the 2023-2025 Covered California for Individual Market Qualified Health Plan Issuer Contract, Attachment 2 – Performance Standards with Penalties Amendment for 2024.

All documents will be posted to the Plan Management HBEX webpage:  
<https://hbex.coveredca.com/stakeholders/plan-management/>.

Performance Standard	Section #	Other Document Cross-Ref	Comment	Covered California Response
2		Reducing Health Disparities: Demographic Data Collection – Enrollee Spoken and Written Language	For clarity, does this mean that if we meet 80% for spoken but 70% for written that we will not be subject to the penalty? That is how we are interpreting it but just want to make sure we aren't missing anything with your intention.	Yes, that is correct. If the threshold were 80%, meeting the 80% threshold for written or spoken language or a combination would constitute sufficient performance.
4		National Committee for Quality Assurance (NCQA) Health Equity Accreditation	For clarity, for MY2024 and MY2025 please add a statement that NCQA HE Accreditation is needed by time MHCD expires. Whichever is later. If MHCD expires hypothetically 7/1/24, we should not be penalized for not have HE until 7/1/24.	Covered California will make this clarifying edit.
6		Primary Care Spend	We recommend making 2024 an additional reporting only year for Primary Care Spend to allow more time for setting a performance standard. MY 2023 data will not be reported and reviewed until 2024.	Covered California will update this performance standard to continue reporting only in 2024 and set thresholds for primary care spend using a negotiated annual target in 2025.
7		Payment to Support Networks Based on Value	We recommend making 2024 an additional reporting only year for Payment to Support Networks Based on Value to allow more time for setting a performance standard. MY 2023 data will not be reported and reviewed until 2024.	Covered California will update this performance standard to continue reporting only in 2024 and set thresholds for network payment models using a negotiated annual target in 2025.
9	1	Self-Reported Race and Ethnicity	Please clarify the requirement to include valid race and ethnicity attributes for each person in the denominator of the PLD submission. Does this include an "unknown" attribute? Performance Standard 1, which requires the collection of 80% of members' self-reported race and ethnicity.	The specifics of valid race and ethnicity attributes are included in the PLD submission instructions. They will align with requirements of Performance Standard 1.
9	9	HEI Data Submission	For clarity, what if the annual PLD is met but HEI isn't since this is "or"?	The intent for this requirement is that data for both monthly HEI submission as well as the annual PLD submission needs to be complete. If either are not met, a penalty will result.

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9	9	HEI Data Submission	There is very little valuable and timely reporting that carriers are receiving from the significant volume of data being submitted to the HEI vendor. We respectfully request a credit if the HEI vendor and/or Covered California does not provide reporting.	Covered California will set plan engagement meetings to discuss findings from HEI analysis. In addition, public reporting of HEI analysis is required by AB 929. Credit will not be provided for lack of reporting, though timelines for assessment and scoring will be adjusted as appropriate.
9	9	HEI Data Submission	We respectfully request this be limited to "in network" CA general acute care hospitals.	Covered California will not make the proposed change to this performance standard. We do not think it is necessary to introduce additional data element(s), i.e., paid in network indicator and network provider indicator, that may not be well populated by all issuers.
9		HEI Data Submission	We would like to meet with Covered Ca and Merative to review the components of Performance Standard 9, understand the methodology for calculating these performance standards, and when carriers are to receive feedback on areas not meeting the measurement thresholds.	Covered California will gladly facilitate such a meeting or meetings with QHP issuers and our HEI Vendor (Merative) to review the components of this performance standard.  PLD files will continue to go through test file submissions and feedback prior to final submissions. The Performance Standard will only apply to the final PLD file.
9		HEI Data Submission	HEI data for this performance measure will be provided directly from the subcontracted dental provider for the QHP members. We do not agree that this measure should be included with the health plan performance measures.	Covered California will include this measure with the health plan performance measures as contracted QHP issuers are responsible for the care received by enrolled members.

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9		Topical Fluoride for Children, Dental Services (TFL-CH-A) (NQF #2528) (Pediatric)	<p>We recommend allowing for one year of experience for all new HEI measures before assessing a performance standard penalty. Topical Fluoride for Children, Dental Services (TFL-CH-A) (NQF #2528) will need to have at least one year of reporting experience to establish a baseline rate for the measure prior to setting a performance standard. Please use MY 2024 for reporting only with no penalty, which would align with the contract language specifying MY 2024 is when "Contractor establishes a baseline rate for this measure using HEI data."</p> <p>Please consider removing this as an additional performance standard. HEI measures are already assessed under Attachment 2 section 9. In addition, the eligible denominator population is significantly smaller than the eligible Medi-Cal population. Reporting should be evaluated before determining whether a performance standard is necessary for this measure.</p>	Measurement Year 2024 is effectively a reporting year only, as the penalty will only be assessed for failure to establish a baseline rate. Performance Standard 9 refers to HEI data quality and completeness expectations.
10		Oral Evaluation, Dental Services (OEV-CH-A) (NQF #2517) (Pediatric)	Will the addition of this measure result in any revisions to the 25-2-2, as ADV is currently a 25-2-2 measure and being replaced here with OED?	The addition of Oral Evaluation, Dental Services (OEV-CH-A) (NQF #2517) (Pediatric) to Attachment 2 performance standards will not impact 25-2-2. The measure set for 25-2-2 is from the QRS Clinical Quality Management Summary Indicator measure set.

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10		Oral Evaluation, Dental Services (OEV-CH-A) (NQF #2517) (Pediatric)	<p>We recommend allowing for one year of experience for all new HEI measures before assessing a performance standard penalty. Oral Evaluation, Dental Services (OEV-CA-A) (NQF #2517) will need to have at least one year of reporting experience to establish a baseline rate for the measure prior to setting a performance standard. Please use MY 2024 for reporting only with no penalty, which would align with the contract language specifying MY 2024 is when "Contractor establishes a baseline rate for this measure using HEI data."</p> <p>Please consider removing this as an additional performance standard. HEI measures are already assessed under Attachment 2 section 9. In addition, the eligible denominator population is significantly smaller than the eligible Medi-Cal population. Reporting should be evaluated before determining whether a performance standard is necessary for this measure.</p>	Measurement Year 2024 is effectively a reporting year only, as the penalty will only be assessed for failure to establish a baseline rate. Performance Standard 9 refers to HEI data quality and completeness expectations.
10		Oral Evaluation, Dental Services (OEV-CH-A) (NQF #2517) (Pediatric)	Please confirm that the DQA reporting will no longer be required for Plan Year 2024 or Measurement Year 2024?	Covered California is no longer requiring self-reporting of the full DQA measure set.
10		Oral Evaluation, Dental Services (OEV-CH-A) (NQF #2517) (Pediatric)	HEI data for this performance measure will be provided directly from the subcontracted dental provider for the QHP members. We do not agree that this measure should be included with the health plan performance measures.	Covered California will include this measure with the health plan performance measures as contracted QHP issuers are responsible for the care received by enrolled members.
10 & 11		Oral Evaluation, Dental Services (OEV-CH-A) (NQF #2517) (Pediatric)	We support the inclusion Oral Health Performance Standards 10 & 11 to evaluate the integration of children's dental services into their overall health and possible expansion to measure adult dental services in the future.	Thank you for your support.

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11	QDP Article 1.02.1	Topical Fluoride for Children, Dental Services (TFL-CH-A) (NQF #2528) (Pediatric)	Will the addition of this measure result in any revisions to the 25-2-2, as ADV is currently a 25-2-2 measure and being replaced here with ADV?	The addition of Topical Fluoride for Children, Dental Services (TFL-CH-A) (NQF #2528) (Pediatric) to Attachment 2 performance standards will not impact 25-2-2. The measure set for 25-2-2 is from the QRS Clinical Quality Management Summary Indicator measure set.
11		Topical Fluoride for Children, Dental Services (TFL-CH-A) (NQF #2528) (Pediatric)	<p>We recommend allowing for one year of experience for all new HEI measures before assessing a performance standard penalty. Topical Fluoride for Children, Dental Services (TFL-CH-A) (NQF #2528) will need to have at least one year of reporting experience to establish a baseline rate for the measure prior to setting a performance standard. Please use MY 2024 for reporting only with no penalty, which would align with the contract language specifying MY 2024 is when "Contractor establishes a baseline rate for this measure using HEI data."</p> <p>Please consider removing this as an additional performance standard. HEI measures are already assessed under Attachment 2 section 9. In addition, the eligible denominator population is significantly smaller than the eligible Medi-Cal population. Reporting should be evaluated before determining whether a performance standard is necessary for this measure.</p>	Measurement Year 2024 is effectively a reporting year only, as the penalty will only be assessed for failure to establish a baseline rate. Performance Standard 9 refers to HEI data quality and completeness expectations.

Performance Standard	Section #	Other Document Cross-Ref	Comment	Covered California Response
		Att 2 and Att 4	<p>Penalties at risk:                      We recommend maintaining the total penalty at risk for Performance Standards and the Quality Transformation Initiative at 1% for 2024. The Quality Transformation Initiative should have a year of reporting assessment experience before increasing penalties to allow carriers to understand the impact of their newly implemented QTI provider programs. QTI improvements will require financial investments to drive provider engagement and metric improvements, holding funds at the current (Year 1) level will allow carriers to maximize the balance between increased rates due to added costs and actual QTI improvements. Through initial conversations with key provider partners, we have been asked to increase performance incentives to assist with QTI improvements. We are working on socializing the QTI requirements that were recently finalized with providers and it will take time to establish and implement an improvement strategy.</p> <p>The Performance Standards assessments no longer have a credit to offset penalties and further increasing this amount due annually will also influence rate setting.</p> <p>In 2023 the average statewide increase was 6% without QTI penalties included. Further increasing in penalties could have an impact on the average statewide premium.</p> <p>We request that the process for distributing the QTI funds be documented in order to assist health plans with determining participation fees, pricing impacts and overall planning.</p>	<p>Covered California will keep the percent of premium at-risk for Attachment 2 and Attachment 4 QTI as originally anticipated for 2024 (Attachment 2 at 0.2%, QTI at 1.8%).</p> <p>The total amount of premium at-risk for Attachment 4 QTI and Attachment 2 Performance Standards with Penalties will increase by 1% per year up to 4% maximum as stated in the 2023-2025 contract. Covered California will consider an alternate distribution between Attachment 2 and Attachment 4 for 2025 with more advanced notice.</p> <p>Covered California is committed to disbursing all QTI funds back to issuers equally and will continue to be transparent in the development of the QTI funds allocation process.</p>

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		Att 2 and Att 5	We believe that any penalty funds generated by attachment 2 should be used in the same way as for QTI, reducing the fees evenly for all carriers. We request that the process for distributing the QTI funds be documented in order to assist health plans with determining pricing impacts and overall planning.	Attachment 2 will continue to be implemented as performance standards with penalties. Covered California will keep Attachment 2 penalty funds and QTI payment funds separate. Covered California is still determining QTI funds allocation process. We are exploring different approaches that are feasible to implement. Covered California is committed to disbursing all QTI funds back to issuers equally. We will continue to be transparent in the development of the QTI funds allocation process.
		Att 2 and Att 4	For the penalties at risk, will this be based on 1% of gross premium inclusive of subsidies or will it be based on premium retained after risk adjustment?	Penalties at risk are based on the total gross premium (inclusive of subsidies) for the applicable plan year.
		Att 2 and Att 4	We respectfully request that penalties from QTI are not shifted to Attachment 2 measures and the total penalty at risk for Performance Standards and the QTI remain the same.	Covered California will keep the percent of premium at-risk for Attachment 2 and Attachment 4 QTI as originally anticipated for 2024 (Attachment 2 at 0.2%, QTI at 1.8%).
		Att 2 and Att 4	Our understanding of the need for a large portion of premium to be at risk for the Quality Transformation Initiative (QTI) was to provide incentive for quality improvement that had not been made over time. We recommend maintaining the total penalty at risk for Performance Standards and the QTI at 1% for 2024. We should first look for evidence as to whether QTI has been successful – giving carriers a year of reporting assessment experience before increasing penalties would allow them to understand the impact of their newly implemented QTI provider programs.	Covered California will keep the percent of premium at-risk for Attachment 2 and Attachment 4 QTI as originally anticipated for 2024 (Attachment 2 at 0.2%, QTI at 1.8%). The total amount of premium at-risk for Attachment 4 QTI and Attachment 2 Performance Standards with Penalties will increase by 1% per year up to 4% maximum as stated in the 2023-2025 contract. Covered California will consider an alternate distribution between Attachment 2 and Attachment 4 for 2025 with more advanced notice.



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			<p>Our understanding of the need for a large portion of premium to be at risk for the Quality Transformation Initiative (QTI) was to provide incentive for quality improvement that had not been made over time. We think it might be a mistake to reduce the QTI at risk % in order to increase the amount at risk for attachment 2 before getting clear evidence as to whether QTI has been successful. We recommend staying with the original distribution of at risk amounts until after 2026 when the full at risk amount will apply to QTI.</p>	<p>Covered California will keep the percent of premium at-risk for Attachment 2 and Attachment 4 QTI as originally anticipated for 2024 (Attachment 2 at 0.2%, QTI at 1.8%). The total amount of premium at-risk for Attachment 4 QTI and Attachment 2 Performance Standards with Penalties will increase by 1% per year up to 4% maximum as stated in the 2023-2025 contract. Covered California will consider an alternate distribution between Attachment 2 and Attachment 4 for 2025 with more advanced notice.</p>
			<p>We believe that any penalty funds generated by attachment 2 should be used in the same way as for QTI, reducing the fees evenly for all carriers.</p>	<p>Attachment 2 will continue to be implemented as performance standards with penalties. Covered California will keep Attachment 2 penalty funds and QTI payment funds separate.</p>
			<p>We agree with consensus from other carriers that penalty funds generated by attachment 2 should be used in the same ways as those generated from the QTI, reducing the fees evenly for all carriers. Add language to document how the Performance Standard fees will be used.</p>	<p>Attachment 2 will continue to be implemented as performance standards with penalties. We will not add language to Attachment 2 Performance Standards related to the use of Attachment 2 penalties. Covered California will keep Attachment 2 penalty funds and QTI payment funds separate. Covered California is committed to disbursing all QTI funds back to issuers equally and will continue to be transparent in the development of the QTI funds allocation process.</p>