Attachment X. Performance Standards with Penalties

In this 2023-2025 QHP Issuer Contract, Covered California is implementing the Quality Transformation Initiative as the main financial incentive for quality and health equity performance and improvement. This Attachment X. Performance Standards with Penalties captures performance standards in the areas of health disparities, payment strategies, enrollee experience, data quality and completeness, and oral health, that are critical to Covered California meeting its mission.

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 2023	Percent of At-Risk Amount 2024	Percent of At-Risk Amount 2025
Health Disparities	1. Reducing Health Disparities: Demographic Data Collection – Enrollee Race and Ethnicity Self-Identification	10%	5%	5%
	2. Reducing Health Disparities: Demographic Data Collection – Enrollee Spoken and Written Language	10% (for reporting)	5%	5%
	3. Reducing Health Disparities: Disparities Reduction Intervention	10%	10%	10%
	4. National Committee for Quality Assurance (NCQA) Health Equity Accreditation	0%	10%	10%
Payment	5. Primary Care Payment	10%	10%	10%
	6. Primary Care Spend	10% (for reporting)	5%	5%
	7. Payment to Support Networks Based on Value	10% (for reporting)	10%	10%
Enrollee Experience	8. Quality Rating System (QRS) QHP Enrollee Experience Summary Indicator Rating	20%	20%	20%
Data	9. Healthcare Evidence Initiative (HEI) Data Submission	20%	20%	20%
Oral Health	10. Dental Quality Alliance (DQA) Pediatric Measure Set	0%	5%	5%

Attachment X. 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 in Section 6.1 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 0.2% 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, 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.

Attachment X. Performance Standards with Penalties

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 60 calendar days of receipt of the Performance Standards data requirements. Contractor shall remit payment to Covered California within 30 calendar 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) calendar 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) calendar 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 12.1 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 12.7 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.

Performance Standards with Penalties		
Quality, Equity, And Delivery System Transformation Standards		
Definitions for Performance Standards: 1 – 7 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.		
Performance Standard 1		
1. Reducing Health Disparities: Demographic Data Collection – Enrollee Race and Ethnicity Self-Identification – Attachment 7, Article 1.01 and 1.02 Contractor must meet the target of eighty percent (80%) Enrollee self-reported race and ethnicity data for Enrollees. Contractor must demonstrate compliance by including valid race and ethnicity attributes for at least 80% of Enrollees in its Healthcare Evidence Initiative (HEI) data submissions. Please note the following specifications: a. See list of acceptable standard values in separate methodology document. b. “Other", "mixed", "multi-racial", etc. values do apply toward meeting the 80% race and ethnicity standard. c. “Null”, “blank”, "missing", “unknown”, "not reported", "decline to state", etc. values DO NOT apply toward meeting the 80% race and ethnicity standard.		
Measurement Year 2023	Measurement Year 2024	Measurement Year 2025
Contractor does not meet the 80% standard for self-reported racial and ethnic data for Enrollees: **10% penalty** Contractor meets the 80% standard for self-reported racial and ethnic data for Enrollees: **no penalty**	Contractor does not meet the 80% target for self-reported racial and ethnic data for Enrollees: **5% penalty** Contractor meets the 80% target for self-reported racial and ethnic data for Enrollees: **no penalty**	Contractor does not meet the 80% target for self-reported racial and ethnic data for Enrollees: **5% penalty** Contractor meets the 80% target for self-reported racial and ethnic data for Enrollees: **no penalty**

Performance Standards with Penalties		
Quality, Equity, And Delivery System Transformation Standards		
Performance Standard 2		
2. Reducing Health Disparities: Demographic Data Collection – Enrollee Spoken and Written Language – Attachment 7, Article 1.01 and 1.02 Contractor must include valid spoken and written language attributes for Enrollees in its HEI submissions for 2023 and must meet the negotiated annual standard for self-reported spoken and written language in 2024 and 2025. Contractor must demonstrate compliance by including valid spoken and written language attributes for Enrollees in its Healthcare Evidence Initiative (HEI) data submissions.		
Measurement Year 2023	Measurement Year 2024	Measurement Year 2025
Contractor does not include valid spoken and written language attributes for Enrollees in its HEI submissions: **10% penalty** Contractor includes valid spoken and written language attributes for Enrollees in its HEI submissions: **no penalty**	Contractor does not meet the intermediate standard for self-reported spoken language for Enrollees: **2.5% penalty** Contractor does not meet the intermediate standard for self-reported written language for Enrollees: **2.5% penalty** Contractor meets the intermediate standard for self-reported spoken and written language for Enrollees: **no penalty**	Contractor does not meet the intermediate standard for self-reported spoken language for Enrollees: **2.5% penalty** Contractor does not meet the intermediate standard for self-reported written language for Enrollees: **2.5% penalty** Contractor meets the intermediate standard for self-reported spoken and written language for Covered California Enrollees: **no penalty**

Performance Standards with Penalties		
Quality, Equity, And Delivery System Transformation Standards		
Performance Standard 3		
3. Reducing Health Disparities: Disparities Reduction Intervention – Attachment 7, Article 1.03 Pursuant to Article 1.03 of Attachment 7, Contractor must demonstrate meaningful improvement for its selected disparity measure for the intervention population based on the mutually agreed upon intervention proposal and target improvement rate and by year-end 2025 demonstrate reduced disparity between intervention population and reference population. Contractor must report progress, including analysis of outcomes and potential to scale or replicate intervention, by submitting to Covered California-approved disparities intervention progress reports.		
Measurement Year 2023	Measurement Year 2024	Measurement Year 2025
Contractor and submits required progress reports, and Contractor does not meet target improvement rate in intervention population for identified disparity measure: **10% penalty** Contractor meets target improvement rate in intervention population for identified disparity measure and submits required progress reports: **no penalty**	Contractor submits required progress reports and Contractor does not meet disparity reduction target for identified disparity measure: **10% penalty** Contractor meets disparity reduction target for identified disparity measure and submits required progress reports: **no penalty**	Contractor submits required progress reports and Contractor does not meet disparity reduction target for identified disparity measure: **10% penalty** Contractor meets disparity reduction target for identified disparity measure and submits required progress reports: **no penalty**

Performance Standards with Penalties		
Quality, Equity, And Delivery System Transformation Standards		
Performance Standard 4		
4. National Committee for Quality Assurance (NCQA) Health Equity Accreditation Contractor must achieve and maintain NCQA Multicultural Health Care Distinction (MHCD) or Health Equity Accreditation by year-end 2023.		
Measurement Year 2023 No assessment.	Measurement Year 2024 Contractor fails to achieve or maintain NCQA Health Equity Accreditation by January 1, 2024 or fails to maintain accreditation throughout 2024: **10% penalty** Contractor achieves NCQA Health Equity Accreditation and maintains accreditation throughout 2024: **no penalty**	Measurement Year 2025 Contractor fails to achieve NCQA Health Equity Accreditation by January 1, 2025 or fails to maintain accreditation throughout 2025: **10% penalty** Contractor achieves NCQA Health Equity Accreditation and maintains accreditation throughout 2025: **no penalty**

Performance Standards with Penalties		
Quality, Equity, And Delivery System Transformation Standards		
Performance Standard 5		
5. Primary Care Payment – Attachment 7, Article 4.01.3 Contractor must progressively expand and meet a minimum threshold for the number and percent of primary care clinicians paid through the Health Care Payment Learning and Action Network Alternative Payment Model (HCP LAN APM) categories of population-based payment (Category 4) or alternative payment models built on fee for service structure such as shared savings (Category 3) for each measurement year. Contractor's payment models must provide the revenue necessary for primary care clinicians to adopt accessible, data-driven, team-based care.		
Measurement Year 2023	Measurement Year 2024	Measurement Year 2025
Contractor demonstrates that less than 40% of primary care clinicians are contracted under HCP LAN APM Category 3 or Category 4: **10% penalty** Contractor demonstrates that 40% to less than 50% of primary care clinicians are contracted under HCP LAN APM Category 3 or Category 4: **7.5% penalty** Contractor demonstrates that 50% to less than 60% of primary care clinicians are contracted under HCP LAN APM Category 3 or Category 4: **5% penalty**	Contractor demonstrates that less than 45% of primary care clinicians are contracted under HCP LAN APM Category 3 or Category 4: **10% penalty** Contractor demonstrates that 45% to less than 55% of primary care clinicians are contracted under HCP LAN APM Category 3 or Category 4: **7.5% penalty** Contractor demonstrates that 55% to less than 65% of primary care clinicians are contracted under HCP LAN APM Category 3 or Category 4: **5% penalty**	Contractor demonstrates that that less than 50% of primary care clinicians are contracted under HCP LAN APM Category 3 or Category 4: **10% penalty** Contractor demonstrates that 50% to less than 60% of primary care clinicians are contracted under HCP LAN APM Category 3 or Category 4: **7.5% penalty** Contractor demonstrates that 60% to less than 70% of primary care clinicians are contracted under HCP LAN APM Category 3 or Category 4: **5% penalty**

Contractor demonstrates that 60% or more primary care clinicians are contracted under HCP LAN APM Category 3 or Category 4: **no penalty**	Contractor demonstrates that 65% or more primary care clinicians are contracted under HCP LAN APM Category 3 or Category 4: **no penalty**	Contractor demonstrates that 70% or more of primary care clinicians are contracted under HCP LAN APM Category 3 or Category 4: **no penalty**

Performance Standards with Penalties		
Quality, Equity, And Delivery System Transformation Standards		
Performance Standard 6		
6. Primary Care Spend – Attachment 7, Article 4.01.3 Contractor must report on total primary care spend, as defined by the Integrated Healthcare Association (IHA), and the percent of spend within each Health Care Payment Learning and Action Network Alternative Payment Model (HCP LAN APM) category. Contractor must report the percent of spend within each HCP LAN APM category compared to its overall primary care spend.		
Measurement Year 2023	Measurement Year 2024	Measurement Year 2025
Contractor does not report on its total primary care spend and the percent of spend within each HCP LAN APM category: **10% penalty** Contractor reports on its total primary care spend and the percent of spend within each HCP LAN APM category: **no penalty**	Performance standards to be developed.	Performance standards to be developed.

Performance Standards with Penalties		
Quality, Equity, And Delivery System Transformation Standards		
Performance Standard 7		
7. Payment to Support Networks Based on Value – Attachment 7, Article 4.03.2 Contractor must report on its network payment models using the Health Care Payment Learning and Action Network Alternative Payment Model (HCP LAN APM) categories of fee for service with no link to quality and value (Category 1), fee for service with a link to quality and value (Category 2), alternative payment models built on a fee for service structure such as shared savings (Category 3), and population-based payment (Category 4). Contractor must report the percent of spend within each HCP LAN APM category compared to its overall budget.		
Measurement Year 2023	Measurement Year 2024	Measurement Year 2025
Contractor does not report on its total network spend and the percent of spend within each HCP LAN APM category: **10% penalty** Contractor reports on its total network spend and the percent of spend within each HCP LAN APM category: **no penalty**	Performance standards to be developed.	Performance standards to be developed.

Performance Standards with Penalties
Quality, Equity, And Delivery System Transformation Standards
Performance Standard 8
8. Quality Rating System (QRS) QHP Enrollee Experience Summary Indicator Rating QHP Issuers are required by CMS annually to collect and submit third-party validated Quality Rating System (QRS) measure data, for the previous measurement year that will be used by CMS to calculate QHP scores and ratings. These measures will be determined by CMS. Covered California will publicly report the QRS scores and ratings that are produced by CMS and reserves the right to produce additional QRS scores from the CMS data for public release. QRS scores are based on surveys of both individual market and Covered California for Small Business Enrollees for those products offered in both marketplaces. Performance penalties will be calculated using the PMPM for individual market only. Contractor will still be subject to an assessment of penalty or no penalty for each measurement year if Covered California issues a rating score and CMS does not issue a rating score (as was done for Measurement Year 2019 (Plan Year 2021 QRS). However, if neither Covered California or CMS issues a rating score, then Contractor will not be subject to an assessment of penalty or no penalty.
Measurement Years 2023, 2024, 2025 The QHP Enrollee Experience Summary Indicator Rating (Members Care Experience) score will be based on the QRS performance benchmarks supplied by CMS or adjusted, as appropriate, by Covered California. 1-2 Stars: **20% performance penalty.** 3-5 Stars: **no penalty.**

Performance Standards with Penalties
Healthcare Evidence Initiative (HEI) Data
Performance Standard 9
9. HEI Data Submission specific to Attachment 7, Article 15.01 Data Submission Full and regular submission of data according to the standards outlined in Attachment 7, Article 15.01. Contractor must work with Covered California and the HEI vendor to ensure accuracy of data elements on an ongoing basis. Definitions for Performance Standard 9 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 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.
Measurement Years 2023, 2024, 2025 1. Incomplete, irregular, late, or non-useable submission of HEI data: **3% penalty** 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 5 business days the Contractor's scheduled monthly submission date: **no penalty** 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: **3% penalty** Contractor's submission meets or exceeds the 95% identification or matching standard: **no penalty** 3. Professional medical and Rx claim submissions with rendering (medical) or ordering (Rx) provider taxonomy and type missing or invalid on more than 2% of claim submissions: **2% 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: **2% penalty**
   Contractor's submission meets or exceeds the 99% populated and valid threshold: **no penalty**

5. Professional medical and Rx claim submissions with rendering (medical) or ordering (Rx) NPI and TIN missing or invalid on more than 1% of claims: **2% penalty**
   Contractor's submission meets or exceeds the 99% populated and valid threshold: **no penalty**

6. Medical and Rx 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: **2% penalty**
   Contractor's submission meets or exceeds the 98% summary financial validation threshold: **no penalty**

7. Medical claim, Rx claim, or capitation record submissions unaccompanied by corresponding enrollment records more than 1% of the time: **2% penalty**
   Contractor's submission meets or exceeds the 99% matching enrollment threshold: **no penalty**

8. Enrollment, medical and Rx 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): **2% penalty**
   Contractor's submission meets or exceeds the 99% identification and matching threshold: **no penalty**

9. Rx 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: **1% penalty**
   Contractor's submission meets or exceeds the 98% summary financial validation threshold: **no penalty**

10. Rx claim submissions with Rx 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 formulary: **1% penalty**
    Contractor's submission meets or exceeds the 99% populated and valid threshold and contains expected values at appropriate and accurate proportions: **no penalty**

Attachment X. Performance Standards with Penalties

<table>
<tr><th colspan="3">Performance Standards with Penalties</th></tr>
<tr><th colspan="3">Dental Quality Alliance (DQA) Pediatric Measure Set</th></tr>
<tr><th colspan="3">Performance Standard 10</th></tr>
<tr><td colspan="3">10. Dental Quality Alliance (DQA) Pediatric Measure Set
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.

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.</td></tr>
<tr><td>Measurement Year 2023

No assessment.</td><td>Measurement Year 2024

NOTE: Performance standards for 2024 and 2025 will be established using 2023 baseline data.

Contractor does not meet performance standard: 5% penalty

Contractor meets performance standards: no penalty</td><td>Measurement Year 2025

NOTE: Performance standards for 2024 and 2025 will be established using 2023 baseline data.

Contractor does not meet performance standards: 5% penalty

Contractor meets performance standards: no penalty</td></tr>
</table>