

ATTACHMENT 4 TO COVERED CALIFORNIA 2023-2025 INDIVIDUAL MARKET QHP ISSUER CONTRACT: QUALITY TRANSFORMATION INITIATIVE

Health Insurance Issuers contracting with Covered California to offer Qualified Health Plans (QHPs) are integral to Covered California's ability to achieve its mission of improving the quality, equity, and value of healthcare services available to Covered California Enrollees and all Californians. Covered California and Contractor recognize the value of improving the quality of care provided to Covered California Enrollees and reducing health disparities, as well as the substantial opportunities for improvement in the current quality and equity of care provided. Covered California and Contractor jointly agree to improve quality and reduce health disparities to promote the vision of the Affordable Care Act and meet Covered California Enrollee needs and expectations.

This Quality Transformation Initiative (QTI) is a quality improvement payment program intended to set direct and substantial financial consequences for QHPs to improve the quality of healthcare and to reduce health disparities for Covered California Enrollees and all Californians. Specifically, the QTI focuses on improving care for a focused number of clinically important conditions for which there are major opportunities for improvement and good measures in current use. QHPs that fail to meet specified quality levels will be required to make payments that may be as high as 4% of premium. Importantly, Covered California is working to align both the selection of measures and the fact of substantial financial consequences with other major purchasers, including the California Department of Health Care Services (DHCS), CalPERS, and the Centers for Medicare & Medicaid Services' (CMS) Medicare payment programs.

Quality will be assessed using standardized quality measure scores including measure scores on CMS Quality Rating System (QRS) measures for marketplace QHPs and National Committee for Quality Assurance (NCQA) Healthcare Effectiveness Data and Information Set (HEDIS) measures. Contractor must submit data required to determine quality measure scores by the date and in the manner specified by Covered California.

Covered California and Contractor agree that the goal is continuous quality and equity improvement, regardless of where the QHP currently performs compared to national or California performance. For purposes of the QTI, scores on quality measures at or above the 66th percentile nationally for marketplace QHPs shall represent levels of performance for which there would be no financial consequences. During the term of this Agreement, Contractor agrees to conduct quality improvement activities to meet or exceed the 66th percentile nationally for marketplace QHPs for each measure in the defined QTI measure set described below. If Contractor does not improve quality to the specified level, Contractor agrees to contribute quality improvement fund payments to the QTI Fund.

In addition, if Contractor fails to exceed the 25th percentile nationally for a measure in the defined QTI measure set described below, Contractor must submit a Quality Improvement Plan at a time and in a manner determined by Covered California for review and approval. The Quality Improvement Plan must indicate the actions Contractor is implementing to improve quality levels and the timeline by which Contractor will implement the plan. Covered California will monitor and collaborate with Contractor to ensure the actions implemented to improve performance do not have negative impacts on Covered California Enrollees.

For Measurement Year 2023 the maximum quality improvement fund payment for Contractor's failure to meet the specified quality levels is equal to 0.8% of Contractor's total Gross Premium per product. Contractor is subject to potential payment obligations for quality performance requirements as specified in Attachment 2 — Performance Standards with Penalties and this Attachment 4 in accordance with Section 5.2.1 of the Agreement.

Quality improvement fund payments will be determined on an annual basis based on when Measurement Year data is available to assess performance. Quality levels and quality improvement fund payments are assessed for each product (HMO, PPO, EPO) Contractor offers.

Contractor shall not be responsible for any failure to meet the quality levels if and to the extent that the failure is excused pursuant to Section 13.7 of the Agreement (Force Majeure).

Covered California will use Contractor's measure scores and quality levels to evaluate and publicly report both QHP Issuer performance and its impact on healthcare quality and health disparities reduction in California.

1.01 Core Conditions and Measure Set

1.01.1 2023 – 2025 Core Conditions and Measure Set

For the QTI for Measurement Years 2023-2025, Covered California has identified a set of four areas of focus for improvement and related measures in each area that are nationally endorsed, represent priority quality and equity domains, align with other purchaser measures, and span pediatric and adult Enrollees. Covered California will use standardized quality measure scores, including measure scores from the CMS Quality Rating System (QRS) for marketplace QHPs, to assess Contractor's quality.

- 1) Contractor will be assessed on the QTI measure set consisting of the following QRS measures for Measurement Years 2023-2025:
 - a) Controlling High Blood Pressure (NQF #0018)
 - b) Comprehensive Diabetes Care: Hemoglobin A1c (HbA1c) Control (<8.0%) (NQF #0575)
 - c) Colorectal Cancer Screening (NQF #0034)
 - d) Childhood Immunization Status (Combo 10) (NQF #0038)

Covered California will use Contractor's reportable measure scores published by CMS through the CMS Marketplace Quality Module within CMS' Health Insurance and Oversight System for Measurement Years 2023-2025.

Contractor's measure scores will be rounded to the nearest whole number.

- 2) Contractor will report on the following measures National Committee for Quality Assurance (NCQA) Healthcare Effectiveness Data and Information Set (HEDIS) for Measurement Years 2023-2025:
 - a) Depression Screening and Follow-Up for Adolescents and Adults (DSF)
 - b) Pharmacotherapy for Opioid Use Disorder (POD)

Covered California intends to include these measures in the QTI measure set after benchmarks have been established.

1.01.2 Health Disparities Reduction Requirements

For Measurement Years 2023-2025, Contractor must annually submit the HEDIS hybrid measure data for the QTI measures described in 1.01.1.

As specified in Attachment 1, Article 1.02.1, Contractor must submit a patient level data file that includes a unique person identifier as specified by Covered California and valid race and ethnicity attributes for each person in the denominator.

Covered California will use patient level data file submissions to publicly report Contractor's performance on QTI measures stratified by race and ethnicity.

After national race and ethnicity stratified population benchmarks have been established, Covered California intends to add health disparities reduction requirements to the QTI measure set.

1.01.3 Revisions to Measure Set

Covered California will evaluate the QTI measure set periodically in collaboration with Contractor, other QHP Issuers, and stakeholders. Covered California may modify the QTI measure set described in 1.01.1 through the contract amendment process or for the next contract period.

1.02 Quality Levels

For purposes of the QTI, quality measure scores at or above the 66th percentile nationally for marketplace QHPs shall represent levels of performance for which there would be no financial consequences. During the term of this Agreement, Contractor agrees to conduct quality improvement activities to meet or exceed the 66th percentile nationally for marketplace QHPs for each measure in the defined QTI measure set described in 1.01.1. If Contractor does not improve quality to the specified level, Contractor agrees to contribute quality improvement fund payments to the QTI Fund.

- 1) Covered California will apply a fixed benchmark year for each measure for the entire three-year period of the contract. Covered California will use the national percentiles published by CMS through the CMS Marketplace Quality Module within CMS' Health Insurance and Oversight System. Contractor's measure score for each QTI measure for each Measurement Year 2023-2025 is compared to the Quality Rating System (QRS) national percentiles for Measurement Year 2021 or Measurement Year 2022 for the corresponding measure to determine Contractor's quality improvement fund payment as described below. National percentiles will be rounded to the nearest whole number.
 - a) Measurement Year 2021 is the fixed benchmark year for the contract period for the following measures:
 - i) Controlling High Blood Pressure (NQF #0018)

- ii) Comprehensive Diabetes Care: Hemoglobin A1c (HbA1c) Control (<8.0%) (NQF #0575)
 - iii) Colorectal Cancer Screening (NQF #0034)
- b) Measurement Year 2022 is the fixed benchmark year for the contract period for the following measure:
 - i) Childhood Immunization Status (Combo 10) (NQF #0038)
- 2) Contractor agrees to contribute quality improvement fund payments to the QTI Fund based on the following quality levels for each measure:
 - a) Contractor must contribute the full per measure amount if the measure score is below the 25th percentile.
 - b) Contractor must contribute a per measure amount at a declining constant linear rate, as determined by Covered California, for each measure score between the 25th and 65.9th percentile.
 - c) Contractor will not contribute payment for each measure score at or above the 66th percentile.
- 3) Each reportable measure in the QTI measure set described in 1.01.1.1 is weighted equally to determine the amount of quality improvement fund payment per measure. The maximum quality improvement fund payment for each measure is proportional to the number of reportable measures in the QTI measure set. For example, if Contractor has four reportable measures, each measure accounts for 25% of the total possible payment per Measurement Year for the contract period. Correspondingly, if Contractor has three reportable measures, each measure accounts for 33.3% of the total possible payment, and so forth.

1.03 Implementation Timeline

Quality improvement fund payments will be determined on an annual basis. As Covered California is using measure scores for QRS measures for Measurement Years 2023-2025, Covered California will calculate the quality improvement fund payment after Contractor submits QRS data at a time and in a manner determined by Covered California for the applicable measurement year. Quality improvement fund payments will be determined for each product (HMO, PPO, EPO) Contractor offers.

When the quality improvement fund payment is calculated, Covered California will provide Contractor with a QTI Performance Report, along with the determined

quality improvement fund payment, within ninety (90) calendar days of receipt of the CMS Measurement Year data. Contractor must remit payment to the QTI Fund within thirty (30) calendar days of receiving the QTI Performance Report.

If Contractor does not agree with the QTI Performance Report, Contractor may dispute the Report in writing within thirty (30) calendar days of receipt of that Report. The written notification of dispute must provide a detailed explanation of the basis for the dispute. Covered California must 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 13.1 of the Agreement.

1.04 Quality Improvement Fund Payments

If Contractor does not improve quality to the specified level for the QTI measures as described above, Contractor agrees to contribute to the QTI Fund. The amount of Contractor's quality improvement fund payment is determined by the quality level for each QTI measure and the total maximum quality improvement fund payment for the Measurement Year.

The maximum quality improvement fund payment begins at 0.8% of Contractor's total Gross Premium per product for Measurement Year 2023. Contractor is subject to potential payment obligations for quality performance requirements as specified in Attachment 2 — Performance Standards with Penalties and this Attachment 4. The maximum payment obligations collectively between these two begin at 1% of Contractor's total Gross Premium per product for Plan Year 2023 and increase by an additional 1% of Contractor's total Gross Premium per product per Plan Year up to 3% maximum over the contract period and up to 4% in future contract years as described in Section 5.2.1 of the Agreement.

1.05 Quality Improvement Plans

If Contractor scores below the 25th percentile for a QTI measure described in 1.01.1.1, Contractor must annually submit a Quality Improvement Plan at a time determined by Covered California for review and approval in accordance with Section 5.2.4 of the Agreement. The quality improvement plan must address all measures for which Contractor scores below 25th percentile.

The Quality Improvement Plan must indicate the actions Contractor is implementing to improve performance levels, and the timeline by which Contractor will implement the plan.

Contractor must continue to comply with applicable network adequacy standards,

with attention to access for rural and traditionally underserved populations. If the Contractor excludes a provider from the QHP network, Contractor must immediately notify Covered California and the appropriate state regulator and licensing entity. Exclusion of a provider may be subject to prior regulatory review and could result in required reductions in Contractor's licensed service area.

The Quality Improvement Plan is subject to review and approval by Covered California. Covered California will collaborate with Contractor to develop the Quality Improvement Plan. Covered California will review the Quality Improvement Plan with Contractor to ensure the actions implemented to improve performance do not have negative impacts on Covered California Enrollees.

Contractor must engage and work with Covered California to review its measure scores for the QTI measure set at least annually and review its progress towards implementing the Quality Improvement Plan if applicable.

1.06 Quality Transformation Initiative Fund

[language forthcoming]