

Attachment 2 - Performance Standards with PenaltiesJanuary 2, 2026

In this 2024-20262027 QDP Issuer Contract, Covered California is implementing in this Attachment 2 – Performance Standards with Penalties specific performance standards in the areas of health disparities, data quality and completeness, and oral health that are critical to Covered California meeting its mission. Except as otherwise specified, the measurement period will be January 1, 20262027 - December 31, 20262027. The maximum payment obligations collectively will be 1% of Contractor's total Gross Premium per product for Plan Years 2024 - 20262027. Covered California for Small Business penalties will not be assessed in 2024 – 20262027.

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 2024	Percent of At- Risk Amount 2025	Percent of At-Risk Amount 2026	Percent of At-Risk Amount <u>2027</u>
Data Submission 50%	1. Healthcare Evidence Initiative (HEI) Data Submission	45%	45%	45%	<u>45%</u>
	2. Provider Directory Submission	5%	5%	5%	<u>5%</u>
Oral Health 50%	3. Pediatric Oral Evaluation, Dental Services	5%	5%	5%	<u>5%</u>
	4. Pediatric Topical Fluoride for Children, Dental Services	5%	5%	5%	<u>5%</u>
	5. Pediatric Sealant Receipt on Permanent First Molars	5%	5%	5%	<u>5%</u>
	6. Adult Preventive Services Utilization	35%	35%	35%	<u>35%</u>

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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 Article 7 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 1.0% 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 (DHMO, DPPO, DEPO) ~~the~~-Contractor offers. Penalties are assessed by

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product for Contractor's with multiple products. Covered California has specified below when the At-Risk Amount or the performance requirements differ by product.

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 Standard Evaluation Report and invoice.

If Contractor does not agree with the Final Contractor 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.

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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 – 6

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.

Establish a Baseline: Requested data is submitted to Covered California at a time and in a format specified, allowing Covered California to calculate a performance benchmark of a value greater than zero for comparison in future Assessment Years.

Baseline Rate: The performance benchmark established by Covered California using Contractor's data submissions for the applicable Performance Standard.

Performance Standards with Penalties	
Healthcare Evidence Initiative (HEI) Data Submissions	
Performance Standard 1	
1. Data Submission specific to HEI in Attachment 1, Article 5.02.1	
<p>a) Contractor must complete <u>full</u><u>Full</u> and <u>regular</u><u>Regular</u> submission of data according to the standards outlined in Attachment 1, Article 5.02.1 and Attachment 1, Article 1.02.1.</p> <p>Definitions for Performance Standard 1:</p> <p><u>Full and Regular</u>: All files, records, and portions of expected files for the intended period are present; formats match those in specifications or otherwise agreed to by Covered California, its HEI Vendor, and the data supplier; and data volumes, counts, and sums approximate the data supplier's historical patterns, or their deviation can be explained and justified by business circumstances identified by the data supplier.</p> <p><u>Incomplete</u>: A file or part of a file is missing, or critical data elements are not provided as per assessment methodology.</p> <p><u>Irregular</u>: 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.</p>	

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Late: Contractor does not submit monthly HEI submission pursuant to the 2024–2026 HEI Data Submission Schedule submission date.

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Non-Usable: HEI Vendor cannot successfully include submitted HEI 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.

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Measurement Years 2024 – 20262027

4. Incomplete, Irregular, Late, or Non-Usable submission of HEI data as per Data Submission Schedule and assessment methodology: **45% penalty**

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Full and Regular submission of HEI data: no penalty

b) Alternate Standard: Contractor must submit data according to the formats specifiedstandards outlined in Attachment 1, Article 5.02.1 and Attachment 1, Article 1.02.1, and usable byparticipate in data quality meetings with Covered California pursuantstaff and Merative representatives during the first Measurement Year it is contracted with Covered California.

2. Contractor must complete Full and Regular submissions of data according to the 2024–2026 HEI Data Submission Schedule and assessment methodology: no penaltystandards outlined in Attachment 1, Article 5.02.1 and Attachment 1, Article 1.02.1 during the second Measurement Year it is contracted with Covered California.

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Contractor does not submit Full and Regular data in the second Measurement Year it is contracted with Covered California. **45% penalty**

Contractor submits Full and Regular data in the second Measurement Year it is contracted with Covered California. **no penalty**

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Performance Standards with Penalties			
Provider Directory Submission			
Performance Standard 2			
2. Provider Directory Submission			
Measurement Year 2024	Measurement Year 2025	Measurement Year 2026	<u>Measurement Year 2027</u>
Contractor does not submit Provider Directory Data in the specified format by the 10 th of each month in accordance with contract Section 4.4.4: 5% penalty Contractor submits full and regular Provider Directory Data submission in the specified format by the 10 th of each month accordance with contract Section 4.4.4: no penalty	Contractor does not submit Provider Directory Data in the specified format by the 10 th of each month in accordance with contract Section 4.4.4: 5% penalty Contractor submits full and regular Provider Directory Data submission in the specified format by the 10 th of each month accordance with contract Section 4.4.4: no penalty	Contractor does not submit monthly Provider Directory Data in the specified format pursuant to the submission schedule: 5% penalty Contractor submits full and regular Provider Directory Data submission in the specified format pursuant to the submission schedule: no penalty	<u>Contractor does not submit monthly Provider Directory Data in the specified format pursuant to the submission schedule: 5% penalty</u> <u>Contractor submits full and regular Provider Directory Data submission in the specified format pursuant to the submission schedule: no penalty</u>

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Performance Standards with Penalties			
Oral Health Standards			
Performance Standard 3			
3. Pediatric Oral Evaluation, Dental Services (<u>OEV-CH-A</u>) (NQF #2517)			
a) Contractor must meet shall Establish a Baseline and meet or exceed the specified performance standard for the Pediatric Oral Evaluation, Dental Services (<u>OEV-CH-A</u>) (NQF #2517) measure. Performance is assessed for each product offered.			
Contractor shall submit the required Covered California Healthcare Evidence Initiative (HEI) Data for each measurement year to generate its oral health measures.			
After baseline rates are established in Measurement Year 2024, Covered California may amend the 10% improvement performance levels for Measurement Years 2025 and 2026, if appropriate.			
As specified, Contractor's data submissions must Establish a Baseline in the Assessment Year, or meet or exceed the required increase over the Baseline Rate or performance threshold in the Assessment Year.			
If Contractor meets a 70% performance threshold for this metric in Measurement Year 2027, Contractor's performance will not be subject to financial penalties for failing to show annual improvement. Performance at or above the 70% threshold will require reporting and monitoring but will not be subject to penalties for failing to meet the annual improvement target.			
Measurement Year 2024	Measurement Year 2025	Measurement Year 2026	Measurement Year 2027
Contractor Establishes a Baseline Rate for this measure using HEI data.	Contractor demonstrates an increase of less than 10% over the Baseline Rate: 5% penalty	Contractor demonstrates an increase of less than 10% over the prior year: 5% penalty	For DHMO products: Contractor demonstrates an increase of less than 20% over the prior year: 5% penalty

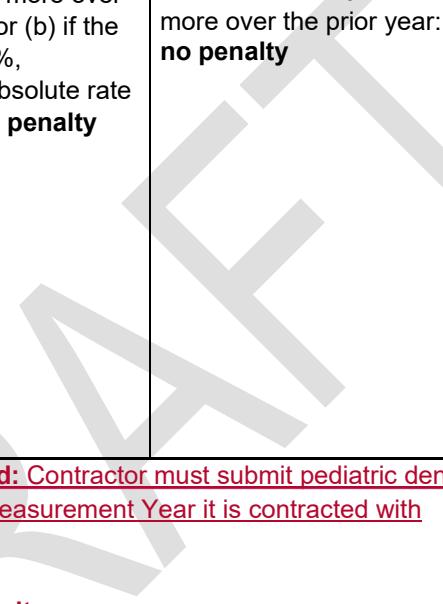
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Contractor does not Establish a Baseline Rate: 5% penalty Contractor establishes Baseline Rate: no penalty	Contractor demonstrates (a) an increase of 10% or more over the Baseline Rate or (b) if the Baseline Rate is 0%, demonstrates an absolute rate of at least 10%: no penalty	Contractor demonstrates an increase of 10% or more over the prior year: no penalty	<p><u>Contractor demonstrates a rate of 70% or greater or an increase of 20% or more over the prior year: no penalty</u></p> <p>For DPPO products: <u>Contractor demonstrates an increase of less than 10% over the prior year: 5% penalty</u></p> <p><u>Contractor demonstrates a rate of 70% or greater or an increase of 10% or more over the prior year: no penalty</u></p>
Measurement Year 2024 Contractor establishes a baseline rate for this measure using HEI data. Contractor does not establish baseline rate: 5% penalty Contractor establishes baseline rate: no penalty	b) Alternate Standard: Contractor must submit pediatric dental data during the first Measurement Year it is contracted with Covered California. baseline rate: 5% penalty Contractor demonstrates (must Establish a) an increase of 10% or more over Baseline in the baseline rate or (b) if the baseline rate is 0%, demonstrates an absolute rate of second Measurement Year it is contracted with Covered California.	Measurement Year 2026 Contractor demonstrates an increase of less than 10% over the prior year: 5% penalty Contractor demonstrates an increase of 10% or more over the prior year: no penalty	 Contractor demonstrates a rate of 70% or greater or an increase of 20% or more over the prior year: no penalty For DPPO products: Contractor demonstrates an increase of less than 10% over the prior year: 5% penalty Contractor demonstrates a rate of 70% or greater or an increase of 10% or more over the prior year: no penalty

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<p><u>Contractor must demonstrate compliance with data submissions at least 10% in the first Assessment Year it is contracted with Covered California.</u></p> <p><u>As required, Contractor's data submissions must Establish a Baseline in the Assessment Year.</u></p> <p><u>Contractor does not Establish a Baseline during the second Measurement Year it is contracted with Covered California: 5% penalty.</u></p> <p><u>Contractor Establishes a Baseline during the second Measurement Year it is contracted with Covered California: no penalty.</u></p>	
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Performance Standards with Penalties			
Oral Health Standards			
Performance Standard 4			
4. Pediatric Topical Fluoride for Children, Dental Services (TFL-CH-A) (NQF #2528)			
<p>a) Contractor <u>must</u><u>shall</u> Establish a Baseline and meet or exceed the specified performance standard for the Pediatric Topical Fluoride for Children, Dental Services (TFL-CH-A) (NQF #2528) measure. Performance is assessed for each product offered.</p> <p>Contractor shall submit the required Covered California Healthcare Evidence Initiative (HEI) Data for each measurement year to generate its oral health measures.</p> <p><u>After baseline rates are established in Measurement Year 2024, Covered California may amend the 10% improvement performance levels for Measurement Years 2025 and 2026, if appropriate.</u></p> <p><u>As specified, Contractor's data submissions must Establish a Baseline in the Assessment Year, or meet or exceed the required increase over the Baseline Rate or performance threshold in the Assessment Year.</u></p> <p><u>If Contractor meets a 70% performance threshold for this metric in Measurement Year 2027, Contractor's performance will not be subject to financial penalties for failing to show annual improvement. Performance at or above the 70% threshold will require reporting and monitoring but will not be subject to penalties for failing to meet the annual improvement target.</u></p>			
Measurement Year 2024	Measurement Year 2025	Measurement Year 2026	<u>Measurement Year 2027</u>
Contractor Establishes a Baseline rate for this measure using HEI data.	Contractor demonstrates an increase of less than 10% over the Baseline Rate: 5% penalty	Contractor demonstrates an increase of less than 10% over the prior year: 5% penalty	<u>For DHMO products:</u> <u>Contractor demonstrates an increase of less than 20% over the prior year: 5% penalty</u>

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<p>Contractor does not Establish a Baseline rate: 5% penalty</p> <p>Contractor Establishes a Baseline rate: no penalty</p>	<p>Contractor demonstrates (a) an increase of 10% or more over the Baseline Rate or (b) if the Baseline Rate is 0%, demonstrates an absolute rate of at least 10%: no penalty</p>	<p>Contractor demonstrates an increase of 10% or more over prior year: no penalty</p>	<p>Contractor demonstrates a rate of 70% or greater or an increase of 20% or more over the prior year: no penalty</p> <p>For DPO products: Contractor demonstrates an increase of less than 10% over the prior year: 5% penalty</p> <p>Contractor demonstrates a rate of 70% or greater or an increase of 10% or more over the prior year: no penalty</p>
<p>Measurement Year 2024</p> <p>Contractor establishes a baseline rate for this measure using HEI data.</p> <p>Contractor does not establish baseline rate: 5% penalty</p> <p>Contractor establishes baseline rate: no penalty</p>	<p>b) Alternate Standard: Contractor must submit pediatric dental data during the first Measurement Year it is contracted with Covered California.</p> <p>baseline rate: 5% penalty</p> <p>Contractor must Establish demonstrates (a) an increase of 10% or more over Baseline in the baseline rate or (b) if second Measurement Year it is contracted with Covered California.</p>	<p>Measurement Year 2026</p> <p>Contractor demonstrates an increase of less than 10% over the prior year: 5% penalty</p> <p>Contractor demonstrates an increase of 10% or more over prior year: no penalty</p>	<p>Deleted Cells</p> <p>Deleted Cells</p> <p>Formatted Table</p>

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<p>As required, Contractor's data submissions must Establish a Baseline in the baseline rate is 0%, demonstrates an absolute rate of at least 10%:Assessment Year.</p> <p>Contractor does not Establish a Baseline during the second Measurement Year it is contracted with Covered California: 5% penalty.</p> <p>Contractor Establishes a Baseline during the second Measurement Year it is contracted with Covered California: no penalty.</p>	
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Performance Standards with Penalties			
Oral Health Standards			
Performance Standard 5			
5. Pediatric Sealant Receipt on Permanent First Molars			
<p>a) Contractor must<u>shall Establish a Baseline and</u> <u>meet or exceed</u> the specified performance standard for the Pediatric Sealant Receipt on Permanent First Molars measure. This measure is specified by the Dental Quality Alliance (DQA). Performance is assessed for each product offered.</p> <p>Contractor shall submit the required Covered California Healthcare Evidence Initiative (HEI) Data for each measurement year to generate its oral health measures.</p> <p>After baseline rates are established in Measurement Year 2024, Covered California may amend the 10% improvement performance levels for Measurement Years 2025 and 2026, if appropriate.</p> <p><u>As specified, Contractor's data submissions must Establish a Baseline in the Assessment Year, or meet or exceed the required increase over the Baseline Rate or performance threshold in the Assessment Year.</u></p> <p><u>If Contractor meets a 70% performance threshold for this metric in Measurement Year 2027, Contractor's performance will not be subject to financial penalties for failing to show annual improvement. Performance at or above the 70% threshold will require reporting and monitoring but will not be subject to penalties for failing to meet the annual improvement target.</u></p>			
Measurement Year 2024	Measurement Year 2025	Measurement Year 2026	Measurement Year 2026 <u>2027</u>
Contractor establishes <u>Establishes</u> a baseline <u>Baseline</u> rate for	Contractor demonstrates an increase of less than 10% over the baseline rate <u>Baseline Rate</u> : 5% <u>penalty</u>	Contractor demonstrates an increase of less than 10% over the prior year: 5% <u>penalty</u>	<u>For DHMO products:</u>

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this measure using HEI data. Contractor does not establish Baseline Rate: 5% penalty Contractor establishes Baseline Rate: no penalty	Contractor demonstrates (a) an increase of 10% or more over the <u>baseline rate</u> <u>Baseline Rate</u> or (b) if the <u>baseline rate</u> <u>Baseline Rate</u> is 0%, demonstrates an absolute rate of at least 10%: no penalty	Contractor demonstrates an increase of 10% or more over prior year: no penalty	<p>Contractor demonstrates an increase of less than 20% over the prior year: 5% penalty</p> <p>Contractor demonstrates a rate of 70% or greater or an increase of 20% or more over the prior year: no penalty</p> <p>For DPO products: Contractor demonstrates an increase of less than 10% over the prior year: 5% penalty</p> <p>Contractor demonstrates a rate of 70% or greater or an increase of 10% or more over the prior year: no penalty</p>
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b) Alternate Standard: Contractor must submit pediatric dental data during the first Measurement Year it is contracted with Covered California.

Contractor must Establish a Baseline in the second Measurement Year it is contracted with Covered California.

As required, Contractor's data submissions must Establish a Baseline in the Assessment Year.

Contractor does not Establish a Baseline during the second Measurement Year it is contracted with Covered California: **5% penalty.**

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Contractor Establishes a Baseline during the second Measurement Year it is contracted with Covered California: no penalty.

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Performance Standards with Penalties	
Oral Health Standards	
Performance Standard 6	
6. Adult Use of Preventive Services	
<p>a) Contractor must shall Establish a Baseline and meet <u>or exceed</u> the specified performance standard for the Use of Preventive Services for adult members. This measure is specified by Covered California as the percentage of adult members who received any preventive dental service during the plan year. Performance is assessed for each product offered.</p> <p>Contractor shall submit the required Covered California Healthcare Evidence Initiative (HEI) Data for each measurement year to generate its oral health measures.</p> <p>After baseline rates are established in Measurement Year 2024, Covered California may amend the 10% improvement performance levels for Measurement Years 2025 and 2026, if appropriate.</p> <p>As specified, Contractor's data submissions must Establish a Baseline in the Assessment Year, or meet or exceed the required increase over the Baseline Rate or performance threshold in the Assessment Year.</p> <p>If Contractor meets a 70% performance threshold for this metric in Measurement Year 2027, Contractor's performance will not be subject to financial penalties for failing to show annual improvement. Performance at or above the 70% threshold will require reporting and monitoring but will not be subject to penalties for failing to meet the annual improvement target.</p>	

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Measurement Year 2024	Measurement Year 2025	Measurement Year 2026	Measurement Year 2027
Contractor Establishes a Baseline rate for this measure using HEI data. Contractor does not Establish a Baseline rate: 35% penalty Contractor Establishes a Baseline rate: no penalty	Contractor demonstrates an increase of less than 10% over the Baseline Rate: 35% penalty Contractor demonstrates (a) an increase of 10% or more over the Baseline Rate or (b) if the Baseline Rate is 0%, demonstrates an absolute rate of at least 10%: no penalty	Contractor demonstrates an increase of less than 10% over prior year: 35% penalty Contractor demonstrates an increase of 10% or more over prior year: no penalty	For DHMO products: <u>Contractor demonstrates an increase of less than 20% over the prior year: 35% penalty</u> <u>Contractor demonstrates a rate of 70% or greater or an increase of 20% or more over the prior year: no penalty</u> For DPPO products: <u>Contractor demonstrates an increase of less than 10% over the prior year: 35% penalty</u> <u>Contractor demonstrates a rate of 70% or greater or an increase of 10% or more over the prior year: no penalty</u>

b) Alternate Standard: Contractor must submit adult dental data during the first Measurement Year it is contracted with Covered California.

Contractor must Establish a Baseline in the second Measurement Year it is contracted with Covered California.

As required, Contractor's data submissions must Establish a Baseline in the Assessment Year.

Contractor does not Establish a Baseline during the second Measurement Year it is contracted with Covered California: **35% penalty.**

Contractor Establishes a Baseline during the second Measurement Year it is contracted with Covered California: **no penalty.**

Measurement Year 2024	Measurement Year 2025	Measurement Year 2026
Contractor establishes a baseline rate for this measure using HEI data.	Contractor demonstrates an increase of less than 10% over the baseline rate: 35% penalty	Contractor demonstrates an increase of less than 10% over prior year: 35% penalty
Contractor does not establish baseline rate: 35% penalty	Contractor demonstrates (a) an increase of 10% or more over the baseline rate or (b) if the baseline rate is 0%, demonstrates an absolute rate of at least 10%: no penalty	Contractor demonstrates an increase of 10% or more over prior year: no penalty
Contractor establishes baseline rate: no penalty		