

Responses to Comment Cycle 1 - Draft 2027 Amendment - QHP Issuer Contract for Individual Market - Attachment 2

Performance Standard	Comment	Covered CA response
7	We have no issue with the proposed penalty increase from 5% to 10% in Attachment 2 concerning Performance Standards and Penalties for contractors using an alternative standard who fail to establish a baseline during the second measurement year it is contracted with Covered California. This increase seems reasonable and is in line with the penalties that are assessed in Measurement Years (MY) 2026, MY 2027, and MY 2028 for contractors who fail to establish a baseline or show reasonable improvement over time for utilization and primary care: overall engagement with members.	Thank you for your comment.
5 & 6	Recommend adding a performance threshold where if you are at 70% or higher for that measure there is no penalty assessed, vs a straight 10% and 15% improvement over baseline in 2027 and 2028.	Covered California appreciates the suggestion to introduce a utilization threshold, above which annual improvement would not be subject to financial consequences. We acknowledge that continued improvement is more difficult to achieve at higher performance, and performance rates of 70% and higher reflect meaningful care delivery to members. This approach acknowledges plans that are achieving high utilization rates and ensures fairness when further incremental improvements become challenging. The revised 2027 amendment will reflect addition of a performance threshold in which plans achieving 70% or higher for that measure will not be subject to financial consequences for lack of annual improvement. This change reflects our focus on recognizing strong performance and ensuring the best outcomes for Covered California members.