

**ATTACHMENT O - EXHIBIT 2
CONTRACT COMPLIANCE AND PAY FOR OUTCOMES**

EXHIBIT 2 CONTRACT COMPLIANCE AND PAY FOR OUTCOMES

Except as defined below or where the context requires otherwise, all capitalized terms shall have the meanings ascribed to them in the Contract.

A. Contract Compliance

1. Non-compliance Remedies

It is the State's primary goal to ensure that the Contractor and its subcontractors/vendors deliver quality care to members while maintaining the program integrity of the State of Indiana's [MLTSS Program Name] program. To assess attainment of this goal, the State monitors certain quality and performance standards, and holds the Contractor accountable for being in compliance with Contract terms. FSSA accomplishes this by working collaboratively with the Contractor to maintain and improve programs, and not to impair Contractor stability.

In the event that the Contractor and/or its subcontractors/vendors fails to meet performance requirements or reporting standards set forth in the Contract or other standards established by the State, the State will provide the Contractor with a written notice of non-compliance and may require any of the corrective actions or remedies discussed below or in this contract. The State will provide written notice of non-compliance to the Contractor within sixty (60) calendar days of the State's discovery of such non-compliance.

If FSSA elects not to exercise a corrective action clause contained anywhere in the Contract in a particular instance, this decision must not be construed as a waiver of the State's right to pursue future assessment of that performance requirement and associated damages, including damages that, under the terms of the Contract, may be retroactively assessed.

2. Corrective Actions

In accordance with 42 CFR 438, Subpart I, FSSA may require corrective action(s) when the Contractor has failed to provide the requested services. The nature of the corrective action(s) will depend upon the nature, severity and duration of the deficiency and repeated nature of the non-compliance. The written notice of non-compliance corrective actions may be instituted in any sequence and include, but are not limited to, any of the following:

1. Written Warning: FSSA may issue a written warning and solicit a response regarding the Contractor's corrective action.
2. Formal Corrective Action Plan: FSSA may require the Contractor to develop a formal corrective action plan to remedy the breach. The corrective action plan must be submitted under the signature of the Contractor's chief executive and must be approved by FSSA. If the corrective action plan is not acceptable, FSSA may provide suggestions and direction to bring the Contractor into compliance.
3. Withholding Full or Partial Capitation Payments: FSSA may suspend capitation payments for the following month or subsequent months when the State determines that the Contractor is materially non-compliant. FSSA must give the Contractor written notice ten (10) business days prior to the suspension of capitation payments and specific reasons for non-compliance that result in suspension of payments. The State may continue to suspend all capitation payments until non-compliance issues are corrected.
4. Suspending Auto-assignment: FSSA may suspend auto-assignment of members to the Contractor. The State may suspend all auto-assignment or may selectively suspend auto-assignment for a region or county. The State will notify the Contractor in writing of its intent to suspend auto-assignment at least ten (10) business days prior to the first day of the suspension period. The suspension period may be for any length of time

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specified by the State. The State will base the duration of the suspension upon the nature and severity of the default and the Contractor's ability to cure the default.

5. Assigning the Contractor's Membership and Responsibilities to Another Contractor: The State may assign the Contractor's membership and responsibilities to one (1) or more other Contractors that also provide services to the [MLTSS Program Name] population, subject to consent by the Contractor that would gain that responsibility. The State must notify the Contractor in writing of its intent to transfer members and responsibility for those members to another Contractor at least ten (10) business days prior to transferring any members.
6. Appointing Temporary Management of the Contractor's Plan: The State may assume management of the Contractor's plan or may assign temporary management of the Contractor's plan to the State's agent, if at any time the State determines that the Contractor can no longer effectively manage its plan and provide services to members.
7. Contract Termination: The State reserves the right to terminate the Contract, in whole or in part, due to the failure of the Contractor to comply with any term or condition of this Contract, or failure to take corrective action as required by FSSA to comply with the terms of this Contract. The State must provide thirty (30) calendar days written notice and must set forth the grounds for termination.

3. Liquidated Damages

In the event that the Contractor fails to meet performance requirements or reporting standards set forth in the Contract, or other standards set forth by the State, it is agreed that damages shall be sustained by the State, and the Contractor shall pay to the State liquidated damages pursuant to this contract, its actual damages, and/or penalties as expressly permitted under 42 USC Chapter Seven, Subchapter XIX, Section 1396u-2 (e).

It is agreed that in the event of a failure to meet specified performance or reporting requirements subject to liquidated damages, it is and will be impractical and extremely difficult to ascertain and determine the actual damages which the State will sustain in the event of, and by reason of, such failure; it is therefore agreed that the Contractor will pay the State for such failure according to the following subsections. No punitive intention is inherent in the following liquidated damages provisions.

FSSA may impose remedies resulting from failure of the Contractor to provide the requested services depending on the nature, severity and duration of the deficiency. In most cases, liquidated damages will be assessed based on this Attachment. Should FSSA choose not to assess damages for an initial infraction or deficiency, it reserves the right to require corrective action or assess damages at any point in the future.

The State shall notify Contractor of liquidated damages due and Contractor shall pay the State the full amount of liquidated damages due within ten (10) business days of receipt of the State's notice. The State may, in its sole discretion, elect at any time to offset any amount of liquidated damages due against capitation payments otherwise due Contractor pursuant to the Contract.

4. Non-compliance with Reporting Requirements

The Reporting Manual, distributed following the Contract award and periodically thereafter, details the required formats, templates and submission instructions for the reports listed in the Contract. FSSA may change the frequency of required reports, or may require additional reports, at FSSA's discretion. The Contractor will be given at least thirty (30) calendar days' notice of any change to reporting requirements.

If the Contractor's non-compliance with the reporting requirements impacts the State's ability to monitor the Contractor's solvency, and the Contractor's financial position requires the State to transfer

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members to another Contractor, the State will require the Contractor to pay any difference between the capitation rates that would have been paid to the Contractor and the actual rates being paid to the replacement Contractor as a result of member transfer. In addition, the Contractor must pay any costs the State incurs to accomplish the transfer of members. Further, FSSA will withhold all capitation payments or require corrective action until the Contractor provides satisfactory financial data.

5. Performance and Reporting Requirements

Minimum recommended sample sizes for Hybrid and Survey measures must be met. Any report which requires a minimum sample size (e.g., CAHPS, HEDIS) will be rejected if they do not meet the established minimum standards for sampling. If Contractor fails to submit any report by the required deadline or fails to utilize the required sample sizes, the Contractor may forfeit eligibility for participation in the pay for outcomes program as described in Section B of this Exhibit and the Contractor will be subject to corrective actions as set forth in Section A.2 of this Exhibit.

If Contractor fails to submit any report required in the Contract or MCE Reporting Manual in a timely, complete, and accurate manner, Contractor shall pay liquidated damages of five hundred dollars (\$500) per day per report. On the third business day that a report is late, the Contractor shall pay five thousand and two hundred dollars (\$5,200) per report per month until a complete and accurate report is submitted to the State. Payment of liquidated damages does not relieve the Contractor of its responsibility to provide any report required under the Contract.

Payment of liquidated damages does not relieve Contractor of its responsibility to provide complete and accurate reports required under the Contract.

6. Encounter Data Quality (previously CRCS) Report

FSSA recognizes the importance of monitoring Contractor performance throughout the calendar year, and Contractor will be required to submit quarterly Encounter Data Quality reports for validation to FSSA in a timely, complete and accurate manner, for the [MLTSS Program Name] program in accordance with the reporting manual. Each quarterly report must include year-to-date information and must be verified to a degree of at least ninety-eight percent (98%) completeness for all claims (i.e., an incompleteness rate of no more than 2.0%).

The Reporting Manual details the requirements for submission of Encounter Data Quality reports.

FSSA will use Contractor's encounter data, or other method of data completion verification deemed reasonable by FSSA, to verify the completeness of the Encounter Data Quality reports in comparison to Contractor's encounter claims. FSSA reserves the right to change the method of data completion verification upon reasonable advance notice to the Contractor.

To the extent Encounter Data Quality data or underlying encounter data is used in a public report, it must be received by stated deadline in order to be published.

Payment of liquidated damages does not relieve Contractor of its responsibility to provide complete and accurate Encounter Data Quality reports required under the Contract.

7. Non-compliance with Encounter Claims Submission Requirements

Payment of liquidated damages as outlined below does not relieve Contractor of its responsibility to provide complete and accurate shadow/encounter claims required under the Contract.

a. Weekly Batch Submission

The Contractor must submit at least one (1) batch of encounter data for paid and denied institutional, professional, and pharmacy claims in a standardized secure format, as specified by FSSA on a weekly basis. If, during any calendar month, Contractor fails to submit all encounter claims on a weekly basis

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when due, unless delay is caused by technical difficulties of FSSA or its designee, Contractor will pay liquidated damages in the amount of four thousand, eight hundred fifty dollars (\$4,850) for each claim type for which shadow/encounter claims were not submitted in a timely manner.

b. Pre-cycle Edits

For each weekly encounter claims batch submission, Contractor must achieve no less than a ninety-seven percent (97%) compliance rate with pre-cycle edits. The State will assess pre-cycle edit compliance based upon the average compliance rate of the weekly encounter claims batch submissions made during the calendar month and will calculate compliance separately for institutional, professional and pharmacy claims. If the average compliance rate is below ninety-seven percent (97%) for any type of encounter claim, Contractor will pay liquidated damages in the amount of five thousand, four hundred sixty dollars (\$5,460.00) for each deficient encounter claim type. For purposes of this section there are three (3) encounter claims types: institutional, professional and pharmacy. Payment of liquidated damages does not relieve Contractor of its responsibility to provide complete and accurate encounter claims required under the Contract.

8. Prescription Drug Rebate File

Contractor shall comply with the required layouts for submitting pharmacy claim extracts used to support federal drug rebate invoicing and collection. The frequency of file submissions and the content of the files supporting drug rebate invoicing and collection are defined by FSSA and pertain to all pharmacy claim transactions and medical claim transactions that contain physician administered drugs as set forth in The Scope of Work. Contractor shall provide this reporting to FSSA in the manner and timeframe prescribed by FSSA, including, but not limited to, through a rebate file to the State or its designee. For any instance in which the Contractor fails to provide required files for drug rebate purposes in a timely, accurate, or complete manner, the Contractor shall be responsible for interest, based on the interest calculation for late rebate payments methodology published by CMS, on delayed rebate money owed to the State. For example, if the Contractor fails to meet the FSSA established deadline for submission of the claim extracts and/or rebate file and the drug rebate contractor completes the quarterly drug rebate invoicing process without the Contractor's claim information for the invoicing quarter, the Contractor shall reimburse the State for interest on the rebate amount later calculated by the drug rebate contractor, for the period of delay in collecting the rebate amount. Such reimbursement shall be due within thirty (30) days of presentation of the interest calculation.

9. Network Access

If FSSA determines that the Contractor has not met the network access standards established in the Contract, FSSA shall require submission of a Corrective Action Plan to FSSA within ten (10) business days following notification by the State. Determination of failure to meet network access standards shall be made following a review of the Contractor's Network Geographic Access Assessment Report. The frequency of required report submission will be outlined in the Reporting Manual. Contractor will pay liquidated damages in the amount of five thousand, two hundred, and fifty dollars (\$5,250) for each reporting period that the Contractor fails to meet the network access standards. Upon discovery of noncompliance, the Contractor shall be required to submit monthly Network Geographic Access Assessment Reports until compliance is demonstrated for sixty (60) consecutive days. FSSA may also require the Contractor to maintain an open network for the provider type for which the Contractor's network is non-compliant. Further, should Contractor be out of compliance for three (3) consecutive months as a result of failure to meet network access standards, FSSA shall immediately suspend auto-enrollment of members with the Contractor, until such time as Contractor successfully demonstrates compliance with the network access standards.

10. Marketing Violations

If FSSA determines that Contractor has violated the requirements of Contractor's obligations with respect to marketing and marketing materials as set forth in Section 5.1 of the Scope of Work and

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42 CFR 438.104, Contractor will pay liquidated damages of five thousand, nine hundred and eighty five dollars (\$5,985.00) for each instance that such determination of a violation is made. For illustration purposes only, a violation will be determined to exist if Contractor distributed, directly or indirectly through any agent or independent contractor, marketing materials that have not been approved by FSSA or that contain inaccurate, false or misleading information.

11. Member and Provider Communication and Education Violations

If FSSA determines that Contractor has violated the requirements of Contractor's obligations with respect to member and/or provider communication or education materials as set forth in the Scope of Work and 42 CFR 438.104, Contractor will pay liquidated damages of one thousand, one hundred and fifty five dollars (\$1,155.00) for each instance that such determination of a violation is made. In addition, FSSA reserves the right to require an immediate retraction or correction by the Contractor, in a format acceptable to FSSA. For illustration purposes only, a violation will be determined to exist if Contractor promulgated or distributed, directly or indirectly through any agent or independent contractor, member and/or provider communication or education materials that have not been approved by FSSA or that contain inaccurate, false or misleading information. For further illustration, a violation will be determined to exist if the Contractor distributes any member or provider communication, including member or provider letters, bulletins, alerts, press releases or other press communications, bulletins and forms, without prior approval by FSSA. For purposes of this Exhibit, provider communications are limited to provider communications related to the [MLTSS Program Name] program.

12. Claims Payment

If Contractor fails to pay or deny ninety-eight percent (98%) or more of any type of clean claims within the required timeframe, Contractor shall pay liquidated damages in the amount of five thousand, seven hundred dollars (\$5,700) for each deficient claims type. For the purposes of this section, there are six (6) claims types: professional paper claims, professional electronic claims, facility paper claims, facility electronic claims, pharmacy paper claims, and pharmacy electronic claims. This section includes payment of dental claims.

13. Provider Claim Disputes

Contractor must resolve and respond to ninety-nine percent (99%) of provider informal claim disputes within thirty (30) calendar days of receipt of the dispute. The Contractor must resolve and respond to ninety-nine percent (99%) of provider formal disputes within forty-five (45) calendar days of the receipt of the dispute. For each quarter in which Contractor fails to provide and communicate a timely resolution on ninety-nine percent (99%) of informal and/or formal disputes, Contractor shall pay liquidated damages in the amount of two thousand, three hundred and ten dollars (\$ 2,310.00).

14. Readiness Review

If Contractor fails to satisfactorily pass the readiness review at least thirty (30) calendar days prior to scheduled member enrollment (or other deadline as may be established at the sole discretion of the State), the State may delay member enrollment and/or may require other remedies (including, but not limited to contract termination), and Contractor shall be responsible for all costs incurred by the State as a result of such delay.

In addition, for each business day that Contractor fails to submit readiness review processes beyond their expected due date, Contractor shall pay liquidated damages in the amount of five thousand, four hundred and fifty dollars (\$5,450). Damages will be assessed each time the requirements are not met. In each instance that Contractor fails to submit substantially complete and accurate readiness review responses, Contractor shall pay liquidated damages in the amount of three thousand fifty dollars (\$3,050).

15. Member/Provider Helpline and Website Services

There are twelve (12) separate measures that will equally apply to the [MLTSS Program Name]

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Member/Provider Helpline and Website Metrics and the Pharmacy Helpline and Website Metrics Reports. For each instance in which FSSA finds the Contractor has failed to meet a metric for a given quarter, the Contractor shall pay liquidated damages in the amount of one thousand, four hundred seventy dollars (\$1,470.00) per quarter of noncompliance for each metric.

Helpline and Website Metrics: The twelve (12) metrics are as follows:

- i. For any calendar month, at least ninety-seven percent (97%) of all phone calls to the Helpline must reach the call center menu within thirty (30) seconds or the prevailing benchmark established by NCQA.
- ii. For any calendar month, at least eighty-five percent (85%) of all phone calls to an approved automated Helpline must be answered by a Helpline representative within thirty (30) seconds after the call has been routed through the call center menu. Answered means that the call is picked up by a qualified Helpline staff person.
- iii. For any calendar month, at least ninety-five percent (95%) of all phone calls to an approved automated Helpline must be answered by a Helpline representative within sixty (60) seconds after the call has been routed through the call center menu. Answered means that the call is picked up by a qualified Helpline staff person.
- iv. If Contractor does not maintain an approved automated call distribution system, for any calendar month, at least ninety-five percent (95%) of all phone calls to the Helpline must be answered within thirty (30) seconds.
- v. For any calendar month, the busy rate associated with the Helpline shall not exceed zero percent (0%).
- vi. Hold time shall not exceed one (1) minute in any instance, or thirty (30) seconds, on average.
- vii. For any calendar month, the lost call (abandonment) rate associated with the Helpline shall not exceed five percent (5%).
- viii. Contractor must maintain an answering machine, voice mail system or answering service to receive calls to the Helpline that take place after regular business hours. For any calendar month, one hundred percent (100%) of all after hours calls received must be returned or attempted to be returned within one (1) business day.
- ix. Contractor must maintain a system to receive and address electronic inquiries via e-mail and through the member website. For any calendar month, one hundred percent (100%) of all electronic inquiries received must be responded to within one (1) business day.
- x. Contractor's Helpline for one hundred percent (100%) of operating hours must be properly equipped to accept calls including, without limitation, calls from members with limited English proficiency and calls from members who are deaf, hearing impaired or have other special needs.
- xi. For any calendar month, eighty-five percent (85%) of all calls to the Helpline must be resolved during the initial call.
- xii. Contractor must make pertinent information available to members and providers through an Internet website in an FSSA-approved format in accordance with the terms of the Contract. The website must be available

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for access by members no less than twenty-three and one-half (23.5) hours per day, on average.

16. Prior Authorization

Contractor must respond to requests for authorization of services in the format and within the timeframes set forth in the Contract. For each quarter in which the Contractor fails to adjudicate ninety-eight percent (98%) or more of prior authorization requests within the required timeframes, Contractor shall pay liquidated damages in the amount of six thousand, six hundred and fifteen dollars (\$6,615.00).

17. Member Grievances

Contractor must resolve one hundred percent (100%) of member grievances within thirty (30) calendar days of receipt of the grievance. For each quarter in which Contractor fails to provide and communicate a timely resolution on one hundred percent (100%) of member grievances, Contractor shall pay liquidated damages in the amount of three thousand one hundred and fifty dollars (\$3,150.00).

18. Member Appeals

Contractor must resolve one hundred percent (100%) of member appeals within thirty (30) calendar days of receipt of the appeal. For each quarter in which Contractor fails to provide and communicate a timely resolution on one hundred percent (100%) of member appeals, Contractor shall pay liquidated damages in the amount of two thousand, three hundred and ten dollars (\$2,310). The Contractor must also provide a timely and satisfactory response to documentation required to facilitate member appeals in accordance with the FSSA Fair Hearing process. In addition, the Contractor shall provide a representative to participate in the FSSA fair hearing process to represent the State. For each instance in which the Contractor fails to either (i) provide a timely response to documentation required for the member appeal within the time frames set forth by FSSA, or (ii) upon adequate notice, represent the State at the FSSA fair hearing, Contractor shall pay liquidated damages in the amount of one thousand, one hundred dollars (\$1,100).

19. Provider Credentialing

Contractor shall process all credentialing applications within thirty (30) calendar days of receipt of a complete application. If FSSA determines that the Contractor has not processed all credentialing applications in a timely manner, FSSA shall require submission of a formal Corrective Action Plan within ten (10) business days following notification by the State. Upon discovery of noncompliance, Contractor shall be required to submit monthly provider credentialing reports until compliance is demonstrated for sixty (60) consecutive days.

20. Complaints and Internet Quorum Inquiries

The Contractor must resolve complaints and Internet Quorum (IQ) inquiries to FSSA's satisfaction, within the timeframes set forth by FSSA. Unless an alternative deadline is identified by FSSA for a specific IQ inquiry, IQ inquiries must be resolved in no more than five (5) business days. The Contractor may request additional time to respond, but FSSA is under no obligation to grant extensions. For each instance in which the Contractor fails to provide a timely and accurate response to complaints or IQ inquiries within the timeframes set forth by FSSA, Contractor shall pay liquidated damages in the amount of four hundred dollars (\$400.00).

21. Notification of System Outages

Contractor shall notify FSSA, at minimum, within two (2) hours of discovery of a disaster or other disruptions in its normal business operations. Contractor will be subject to corrective actions as set forth in Section A.2 of this Exhibit for failure to provide notification within two (2) hours of discovery.

22. Restoring Operations Following a Disaster

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Contractor is responsible for executing all activities needed to recover and restore operation of information systems, data and software at an existing or alternate location under emergency conditions within twenty-four (24) hours of identification of a disaster. If the Contractor's failure to restore operations requires the State to transfer members to another Contractor, to assign operational responsibilities to another Contractor or the State is required to assume the operational responsibilities, the State will require the Contractor to pay any difference between the capitation rates that would have been paid to the Contractor and the actual rates being paid to the replacement Contractor. In addition, the Contractor must pay any costs the State incurs associated with the Contractor's failure to restore operations following a disaster, including but not limited to costs to accomplish the transfer of members or reassignment of operational duties.

23. Advanced Notice of System Upgrades and Replacements

Contractor shall notify FSSA at least thirty (30) calendar days prior to the installation or implementation of minor software and hardware changes, upgrades, modifications or replacements and at least ninety (90) calendar days prior to the installation or implementation of major software or hardware changes, upgrades, modifications or replacements as defined in Section 9.0 of the Scope of Work. Contractor will be subject to corrective actions as set forth in Section A.2 of this Exhibit for failure to provide advanced notice in the required timeframe and may be required to delay implementation of the planned upgrade, modification or replacement.

24. Health Insurance Portability and Accountability Act (HIPAA) and Security Breaches

Contractor shall notify FSSA within one (1) business day upon discovery of a HIPAA, 42 CFR Part 2, or other security breach. Contractor shall be subject to corrective actions as set forth in Section A.2 of this Exhibit for failure to provide advanced notice in the required timeframe and must pay any costs the State incurs as a result of the violation.

25. Plan Solvency

If Contractor fails to meet solvency performance standards set forth below and as may be amended by the State, Contractor shall be subject to corrective actions as set forth in the Contract, including but not limited to Contract termination.

- a. On a quarterly basis, current ratio (assets to liability) shall be greater than or equal to one (1).
- b. On a quarterly basis, the number of day's cash on hand shall not be fewer than sixty (60) business days. FSSA reserves the right to adjust the required number of days of cash on hand based on historical Contractor performance and the ability of the Contractor to demonstrate solvency.
- c. On a quarterly basis, days in unpaid claims shall not be greater than sixty-five (65) business days.
- d. On a quarterly basis, days in claims receivables shall not be greater than thirty (30) business days.
- e. On a quarterly basis, equity (net worth) shall be maintained at or above \$150 per member.

26. Non-compliance with General Contract Provisions

The objective of this requirement is to provide the State with an administrative procedure to address issues where the Contractor is not compliant with the Contract. Through routine monitoring, the State may identify Contract non-compliance issues. If this occurs, the State will notify the Contractor in writing of the nature of the non-performance issue. The State will establish a reasonable period of time, but not more than ten (10) business days, during which the Contractor must provide a written response to the notification.

Specifically, the State may enforce any of the remedies listed if the Contractor does the following:

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- Fails substantially to provide medically necessary services that the Contractor is required to provide, under law or under its Contract with the State, to a member;
- Imposes on members premiums or charges that are in excess of the premiums or charges permitted under the [MLTSS Program Name] program;
- Acts to discriminate among members on the basis of their health status or need for health care services, such as unlawful termination or refusal to re-enroll a member or engaging in any practice that would reasonably be expected to discourage enrollment by a potential enrollee whose medical condition or history indicates probable need for substantial future medical services;
- Misrepresents or falsifies information that it furnishes to CMS or to the State;
- Misrepresents or falsifies information that it furnishes to a member, potential enrollee, or health care provider;
- Fails to comply with the requirements for physician incentive plans, as set forth in 42 CFR 422.208 and 422.210;
- Has violated any of the other applicable requirements of sections 1903(m) or 1932 of the Act and any implementing regulations.

27. FSSA Required Trainings

The Contractor shall ensure that any MCE staff member given a FSSA email completes all FSSA required trainings. Unless an alternative deadline is identified by FSSA for a specific training, all FSSA required trainings must be completed by its respective due date. The Contractor may request additional time to complete but FSSA is under no obligation to grant extensions.

28. Other Non-Performance

If the Contractor fails to meet the other performance standards set forth in the Contract, Contractor will be subject to corrective actions as set forth in the Contract.

29. Corrective Action Plan Response

If the Contractor fails to provide a timely and acceptable corrective action plan or comply with corrective action plans as required by the State, Contractor shall pay liquidated damages in the amount of four hundred dollars (\$400) per day for a late corrective action plan response, two thousand, three hundred and ten dollars (\$2,310) for failure to provide an acceptable corrective action plan response, and four hundred dollars (\$400) per day for failure to comply with an accepted corrective action plan response.

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B. Pay for Outcomes Program

1. Program Establishment and Eligibility

FSSA has established a pay for outcomes program under which Contractor may receive additional compensation if certain conditions are met. The state encourages plans to share earned incentive payments with members and providers. The compensation under the pay for outcomes program is subject to Contractor's complete and timely satisfaction of its obligations under the Contract. This includes but is not limited to timely submission of the Contractor's HEDIS Report for the measurement year and the Certified HEDIS Compliance Auditor's attestation listed in Section A.5 of this Exhibit. This includes reports as required and defined by the State. In furtherance of the foregoing and not by limitation, the Contractor may, in FSSA's discretion, lose eligibility for its compensation under the pay for outcomes program if:

- i. FSSA has suspended, in whole or in part, capitation payments or enrollment to the Contractor;
- ii. FSSA has assigned, in whole or in part, the membership and responsibilities of Contractor to another participating managed care plan contractor;
- iii. FSSA has assumed or appointed temporary management with respect to the Contractor;
- iv. The Contract has been terminated;
- v. The Contractor has, in the determination of the Director of the Office of Medicaid Policy and Planning, failed to execute a smooth transition at the end of the Contract term, including failure to comply with the Contractor responsibilities set forth in the Scope of Work; or
- vi. Pursuant to the Contract including without limitation this Exhibit, FSSA has required a corrective action plan or assessed liquidated damages against Contractor in relation to its performance under the Contract during the measurement year.

FSSA may, at its option, reinstate Contractor's eligibility for participation in the pay for outcomes program once Contractor has properly cured all prior instances of non-compliance of its obligations under the Contract, and FSSA has satisfactory assurances of acceptable future performance.

2. Incentive Payment Potential

During each measurement year, FSSA will withhold a portion of the approved capitation payments from Contractor as follows:

- Calendar Year 2024 – one point eight five percent (1.85%)
- Calendar Year 2025 – one point eight five percent (1.85%)
- Calendar Year 2026 – two percent(2%)
- Calendar Year 2027 – two point one five percent (2.15%)
- Calendar Year 2028 – two point one five percent (2.15%)
- Calendar Year 2029 – two point two five percent (2.25%)
- Calendar Year 2030 – two point two five percent (2.25%)

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Contractor may be eligible to receive some or all of the withheld funds based on Contractor's performance in the areas outlined in Section B.3 of this Exhibit. The State reserves the right to adjust performance measures and targets in future Contract years.

3. Calendar Year 2024 Outcome Measures and Incentive Payment Structure

The outcome measures, targets and incentive payment opportunities for calendar year 2024 are set forth below. The performance measures and targets are based on the priority areas established by FSSA. Performance measures and targets may change on a year-to-year basis as program priorities shift and as necessary to support continuous quality improvement. Note that if a performance measure is retired during the course of a year, the State, at its sole discretion and in consultation with the Contractor, may replace the performance measure for that performance period. The performance measures and targets applicable during subsequent years of the Contract shall be established annually by FSSA and reflected in an amendment to the Contract.

Contractor performance shall be calculated based on care delivered during calendar year 2024. The State reserves the right to make incentive payments, for any measure, be conditioned upon Contractor substantially maintaining or improving Contractor's outcome on that individual measure from the previous year. If the State exercises this right, the Contractor will be eligible for incentive payments if Contractor outcomes on individual measures for a certain year decline from the previous year's outcomes by a de minimis amount defined by FSSA for each measure. Future incentive payments for any measure may be conditioned upon Contractor maintaining or improving Contractor's outcome from the prior year.

Measures will be paid based on custom specifications and performance will be determined by FSSA or its designee. Contractor shall submit information to FSSA, in the format and detail specified by FSSA, with respect to each performance measure set forth below. Any data received after the required submission date will not be eligible for an incentive payment.

Incentive payments are payable in the form of release of funds withheld. For purposes of this subsection only, the amount withheld shall be referred to as the "Performance Withhold." The amount of the Performance Withhold at risk varies by measure.

- i. **Service Coordinator Person-Centered Planning Competency.** Administrative reporting, based on Contractor-reported data and data provided by the State's training vendor (if applicable), for service coordinators competent in person-centered planning processes. During the measurement year, this measure shall be defined as the percentage of Service Coordinators completing training modules annually with demonstrated person-centered planning competencies, as defined as a score of 85% or higher for each module, excluding Service Coordinators hired with less than 60-days remaining in the calendar year. The State will develop additional specifications for this measure (e.g., to address the handling of Service Coordinators who are employed for 30 days or less, or who resign before completing their training, etc.)

Amount of Performance Withhold at Risk: Thirty-five percent (35%)

If Contractor's 2024 measurement rate is at or above seventy-five percent (75%) of Service Coordinators competent in person-centered planning processes and below eighty-five percent (85%) Service Coordinators competent, Contractor is eligible to receive an incentive payment equal to twenty-five percent (25%) of the amount of the Performance Withhold at risk.

If Contractor's 2024 measurement rate is at or above eighty-five percent (85%) of Service Coordinators competent in person-centered planning processes and below ninety-five percent (95%) of Service Coordinators competent, Contractor is eligible to receive an incentive payment equal to fifty percent (50%) of the amount of the Performance Withhold at risk.

If Contractor's 2024 measurement rate is at or above ninety-five percent (95%) of service coordinators competent in person-centered planning processes, Contractor is eligible to receive an incentive payment equal to one hundred percent (100%) of the amount of the Performance

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Withhold at risk.

Standard for Year over Year Performance Changes:

Contractor will receive its incentive payment based on measurement year rate regardless of prior year performance.

- ii. **Completion of Initial Health Needs Screening.** Administrative reporting, based on Contractor reported data, for completion of health needs screening (including SDOH screen) within 90 days of MCE enrollment. During the measurement year, this measure shall be defined as the percentage of health needs screenings (including SDOH screening) completed, excluding terminated members. This measure is calculated by the State using completed health screening data submitted by the Contractor and the State's member enrollment files.

Amount of Performance Withhold at Risk: Thirty-five percent (35%)

If Contractor's 2024 measurement rate is at or above seventy-five percent (75%) screened and below eighty-five percent (85%) screened, Contractor is eligible to receive an incentive payment equal to twenty-five percent (25%) of the amount of the Performance Withhold at risk.

If Contractor's 2024 measurement rate is at or above eighty-five percent (85%) screened and below ninety percent (90%) screened, Contractor is eligible to receive an incentive payment equal to fifty percent (50%) of the amount of the Performance Withhold at risk.

If Contractor's 2024 measurement rate is at or above ninety percent (90%) screened, Contractor is eligible to receive an incentive payment equal to one hundred percent (100%) of the amount of the Performance Withhold at risk.

Standard for Year over Year Performance Changes:

Contractor will receive its incentive payment based on measurement year rate regardless of prior year performance.

- iii. **Participant Experience Accessing Care.** Percentage of members who received their personal care services on time. Measure based on Electronic Visit Verification (EVV) data with specifications and performance targets to be developed by FSSA.

Amount of Performance Withhold at Risk: Thirty percent (30%)

If Contractor's 2024 measurement rate is at or above sixty-five percent (65%) on time as scheduled and below seventy percent (70%) on time, Contractor is eligible to receive an incentive payment equal to twenty-five percent (25%) of the amount of the Performance Withhold at risk.

If Contractor's 2024 measurement rate is at or above seventy percent (70%) on time as scheduled and below seventy-five percent (75%) on time, Contractor is eligible to receive an incentive payment equal to fifty percent (50%) of the amount of the Performance Withhold.

If Contractor's 2024 measurement rate is at or above seventy-five percent (75%) on time as scheduled, Contractor is eligible to receive an incentive payment equal to one hundred percent (100%) of the amount of the Performance Withhold.

Standard for Year over Year Performance Changes:

ATTACHMENT O - EXHIBIT 2
CONTRACT COMPLIANCE AND PAY FOR OUTCOMES

Contractor will receive its incentive payment based on measurement year rate regardless of prior year performance.

4. Timing of Payments

FSSA will make its best efforts to distribute a report identifying Contractor's performance for the previous calendar year before the end of the current calendar year and the amount of incentive payments, if any, earned for such year for each outcome measure identified in Sections B.3. FSSA will make its best efforts to distribute payment to Contractor, subject to Section B.5 below, by December 31 of each year.

5. Conditions to Incentive Payments

FSSA will not have any obligation to distribute the Contractor's incentive payment to Contractor if FSSA has made a determination that Contractor is not eligible to participate in the pay for outcomes program, as described in Section B.1. The State encourages plans to share earned incentive payments with members and providers.

6. Non-Financial Incentives

In addition to the potential to earn incentive payments based on performance in the identified areas, FSSA may establish other means to incent performance improvement.

FSSA retains the right to publicly report Contractor performance. Information which may be provided in public reports includes but is not limited to Contractor's audited HEDIS report, Contractor's Consumer Assessment of Healthcare Providers and Systems (CAHPS) data, and information based on Encounter Data Quality submissions or underlying encounter data submitted by Contractor. FSSA intends to distribute information on key performance indicators to participating managed care plan contractors and the public on a regular basis, identifying Contractor's performance, and comparing that performance to other managed care plan contractors, standards set by FSSA and/or external benchmarks or industry standards. FSSA may recognize managed care plan contractors that attain superior performance and/or improvement by publicizing their achievements. For example, FSSA may post information concerning exceptional performance on its website, where it will be available to both stakeholders and members of the public. To the extent data is used in a public report, it must be received by stated deadline in order to be published.

In year two (2) of the Contract, FSSA intends to include Contractor quality and performance indicators on materials distributed to potential members to facilitate MCE selection. The State reserves the right to develop a rating system advertising Contractor performance on areas such as consumer satisfaction, network access and quality improvement.

Following the initial year of the Contract, after which sufficient quality data is anticipated to be available, the State seeks to reward high performing MCEs through the auto-assignment logic. For example, in developing the auto-assignment methodology, the State reserves the right to consider factors such as Contractor performance on clinical quality outcomes as reported through HEDIS data, enrollee satisfaction as delineated through the CAHPS survey results, network access and other outcome measures.