

EXHIBIT DD(1)

CHC-MCO PAY FOR PERFORMANCE

This Exhibit DD(1) defines a potential payment obligation by the Department to the CHC-MCO for long-term services and support measures as defined below. This Exhibit is effective only if the CHC-MCO operates a statewide Community HealthChoices program under this Agreement in CY 2026. If the CHC-MCO does not operate a statewide CHC program under this Agreement in CY 2026, the Department has no payment obligation under this Exhibit. In cases where a CHC-MCO fails to successfully implement a corrective action plan from the previous year related to an associated Quality Performance Measure below in Section I, the CHC-MCO will not be eligible to receive an incentive payment for that measure.

This Exhibit does not supplant Exhibits that provide for any incentive payments directly impacting NFs.

I. Quality Performance Measures

For 2026, the Department selected National Committee for Quality Assurance (NCQA) and Pennsylvania Performance Measures (PAPMs) impacting nursing home transition, long-term services and supports, overall health plan satisfaction, Participant self-direction, competitive integrated employment, and participant satisfaction as quality measures using established statewide specific goals. The Department chose these indicators based on an analysis of past data indicating the need for improvement across the CHC Program as well as the potential to improve services and support for CHC participants receiving CHC services. The quality measures include:

1. Comprehensive Assessments (CAU)
2. Care Plans (CPU)
3. Reassessments and Care Planning after Inpatient Discharge (RAC)
4. Sharing Care Plans with PCP (SCP)
5. CAHPS Health Plan Survey- Overall Satisfaction with Health Plan (Aligned/Medicaid only population)
6. CAHPS Home and Community Based Services (HCBS) Survey- Person Centered Service Plan (PCSP) included all things important to you
7. Nursing Home Transition
8. Participant Self-Direction Enrollment by Zone
9. Participants in Competitive Integrated Employment

NOTE: The CHC-MCO P4P measures may be subject to change due to NCQA specifications or PAPM requirements.

The CHC-MCO P4P Program incentivizes Benchmark Performance and Incremental Improvement Performance. The incentive dollars will be distributed equally between the Benchmark and Incremental Improvement results as described in Section II.

A. Benchmark Performance: The Department will award a Benchmark Performance payout amount for each measure that meets the statewide goal that will be defined below in Table 1. The Department will distribute the payouts according to the following criteria: 100% payout will occur if the CHC-MCO meets or exceeds the established goal defined below for each measure. Note: The Department has the right to change current CY 2026 goals based on CY 2025 performance. This will be done in consultation with the CHC-MCOs. Each of the nine measures will be considered equally for a benchmark payment. Calendar year (CY) 2026 measurement results will be used to calculate results.

Table 1

Basis	Baseline Year	Measurement Year	Description	Statewide Goal
HEDIS	CY 2025	CY 2026	Comprehensive Assessment and Update (CAU)	
HEDIS	CY 2025	CY 2026	Comprehensive Care Plan Update (CPU)	
HEDIS	CY 2025	CY 2026	Reassessment and Care Plan Update after Inpatient Discharge (RAC)	
HEDIS	CY 2025	CY 2026	Shared Care Plan with Primary Care Practitioner (SCP)	

CAHPS HP	CY 2025	CY 2026	Overall Satisfaction with Health Plan (Aligned SNP/Medicaid only population)	
HCBS CAHPS	CY 2025	CY 2026	PCSP included all things important to you	
Ops 32 Report	CY 2025	CY 2026	Number of Participants who, as defined on Ops 32, were successfully transitioned from the NF to the community and remained there for at least six months	
Encounter Data	CY 2025	CY 2026	Participant-Directed Services (including PAS, Agency with Choice, and Services My Way) by MCO by Zone, weight by HCBS in each zone	
Ops 22 Report	CY 2025	CY 2026	Supported Employment Benchmark for Competitive Integrated Employment - MCO Ratio Based on HCBS population age group 21-64	

B. Incremental Improvement Performance: The Department will award an Incremental Improvement Performance payout amount for each measure in Table 1 that will range from 0% up to and including 100% of the measure's value. Incremental performance improvements are measured comparing rates from HEDIS® 2026 (CY 2025) to HEDIS® 2027 (CY 2026) and PAPM 2026 (CY 2025) to PAPM 2027 (CY 2026). Each of the nine measures will be considered equally for an incremental payment.

The percent payout for each measure will be determined by the following sliding scale:

- ≥ 3 Percentage Point Improvement: 100 percent of the measure value.
- ≥ 2 and < 3 Percentage Point Improvement: 85 percent of the measure value.
- ≥ 1 and < 2 Percentage Point Improvement: 75 percent of the measure value.
- ≥ 0.5 and < 1 Percentage Point Improvement: 50 percent of the measure value.
- < 0.5 Percentage Point Improvement: no payout.

If a CHC-MCO is unable to obtain an Incremental Improvement Performance benchmark due to maintaining a high performance that exceeds a score of 99.5% of the state identified goal, the CHC-MCO will be eligible for the full percentage payout for that measure.

II. Payment for CHC-MCO Pay for Performance

The Maximum Program Payout amount will be proportionally split between the CHC-MCOs based on membership as of December 1, 2026, unless otherwise noted in the P4P Operations Memorandum. Each CHC-MCO's maximal allocation will then be split with 50% of the funds allocated to benchmark performance and 50% to incremental improvement. Within the benchmark allocation, each of the nine measures will be eligible for equal payment based on achieving the statewide goal. Within the

incremental improvement allocation, each of the nine measures will be eligible for equal payment based on the sliding scale results for each measure.

The Department will inform the CHC-MCO of the Maximum Program Payout amount by November 30, 2027.

Per 42 C.F.R. 438.6(b)(2)(ii) –(iii), this incentive arrangement does not automatically renew and is made available to both public and private CHC-MCOs under the same terms of performance.

NOTE: The Department may change the payout methodology based on reporting restrictions due to a natural disaster, pandemic, budgetary constraints or other unforeseen events. The payout methodology will be shared with the CHC-MCOs prior to finalizing.

If the CHC-MCO has a payment obligation to the Department pursuant to this Exhibit DD(1), the Department will reduce a subsequent payment to the CHC-MCO by this amount.