

COMMONWEALTH OF MASSACHUSETTS ~ STANDARD CONTRACT FORM



This form is jointly issued and published by the [Executive Office for Administration and Finance \(ANF\)](#), the [Office of the Comptroller \(CTR\)](#) and the [Operational Services Division \(OSD\)](#) as the default contract for all Commonwealth Departments when another form is not prescribed by regulation or policy. Any changes to the official printed language of this form shall be void. Additional non-conflicting terms may be added by Attachment. Contractors may not require any additional agreements, engagement letters, contract forms or other additional terms as part of this Contract without prior Department approval. Click on hyperlinks for definitions, instructions and legal requirements that are incorporated by reference into this Contract. An electronic copy of this form is available at www.mass.gov/osc under [Guidance For Vendors - Forms](#) or www.mass.gov/osd under [OSD Forms](#).

CONTRACTOR LEGAL NAME: Fallon Community Health Plan, Inc. (and d/b/a):	COMMONWEALTH DEPARTMENT NAME: Executive Office of Health and Human Services MMARS Department Code: EHS
Legal Address: (W-9, W-4,T&C): 10 Chestnut Street, Worcester, MA 01608	Business Mailing Address: One Ashburton Place, 5 th Floor, Boston, MA 02108
Contract Manager: Deborah Daviau	Billing Address (if different):
E-Mail: Deborah.Daviau@fallonhealth.org	Contract Manager: Corrinne Altman Moore
Phone: 508-368-9489 Fax: 508-368-9550	E-Mail: Corrinne.AltmanMoore@mass.gov
Contractor Vendor Code: VC6000230412	Phone: 617-573-1601 Fax: 617-222-7585
Vendor Code Address ID (e.g. "AD001"): AD001. (Note: The Address Id Must be set up for EFT payments.)	MMARS Doc ID(s): RFRR/Procurement or Other ID Number: 15LCEHSSCORFA
<p style="text-align: center;"><u> </u> NEW CONTRACT</p> PROCUREMENT OR EXCEPTION TYPE: (Check one option only) <input type="checkbox"/> Statewide Contract (OSD or an OSD-designated Department) <input type="checkbox"/> Collective Purchase (Attach OSD approval, scope, budget) <input type="checkbox"/> Department Procurement (includes State or Federal grants 815 CMR 2.00) (Attach RFR and Response or other procurement supporting documentation) <input type="checkbox"/> Emergency Contract (Attach justification for emergency, scope, budget) <input type="checkbox"/> Contract Employee (Attach Employment Status Form , scope, budget) <input type="checkbox"/> Legislative/Legal or Other: (Attach authorizing language/justification, scope and budget)	<p style="text-align: center;"><input checked="" type="checkbox"/> CONTRACT AMENDMENT</p> Enter Current Contract End Date Prior to Amendment: <u>12/31/2021</u> . Enter Amendment Amount: \$ <u>rate contract</u> . (or "no change") AMENDMENT TYPE: (Check one option only. Attach details of Amendment changes.) <input checked="" type="checkbox"/> Amendment to Scope or Budget (Attach updated scope and budget) <input type="checkbox"/> Interim Contract (Attach justification for Interim Contract and updated scope/budget) <input type="checkbox"/> Contract Employee (Attach any updates to scope or budget) <input type="checkbox"/> Legislative/Legal or Other: (Attach authorizing language/justification and updated scope and budget)
The following COMMONWEALTH TERMS AND CONDITIONS (T&C) has been executed, filed with CTR and is incorporated by reference into this Contract. <input checked="" type="checkbox"/> Commonwealth Terms and Conditions <input type="checkbox"/> Commonwealth Terms and Conditions For Human and Social Services	
COMPENSATION: (Check ONE option): The Department certifies that payments for authorized performance accepted in accordance with the terms of this Contract will be supported in the state accounting system by sufficient appropriations or other non-appropriated funds, subject to intercept for Commonwealth owed debts under 815 CMR 9.00. <input checked="" type="checkbox"/> Rate Contract (No Maximum Obligation. Attach details of all rates, units, calculations, conditions or terms and any changes if rates or terms are being amended.) <input type="checkbox"/> Maximum Obligation Contract Enter Total Maximum Obligation for total duration of this Contract (or new Total if Contract is being amended). \$ _____	
PROMPT PAYMENT DISCOUNTS (PPD): Commonwealth payments are issued through EFT 45 days from invoice receipt. Contractors requesting accelerated payments must identify a PPD as follows: Payment issued within 10 days <u> </u> % PPD; Payment issued within 15 days <u> </u> % PPD; Payment issued within 20 days <u> </u> % PPD; Payment issued within 30 days <u> </u> % PPD. If PPD percentages are left blank, identify reason: <u> </u> agree to standard 45 day cycle <u> </u> statutory/legal or Ready Payments (G.L. c. 29, § 23A); <u> </u> only initial payment (subsequent payments scheduled to support standard EFT 45 day payment cycle. See Prompt Pay Discounts Policy .)	
BRIEF DESCRIPTION OF CONTRACT PERFORMANCE or REASON FOR AMENDMENT: (Enter the Contract title, purpose, fiscal year(s) and a detailed description of the scope of performance or what is being amended for a Contract Amendment. Attach all supporting documentation and justifications.) Amendment 4 to the Second Amended and Restated SCO Contract.	
ANTICIPATED START DATE: (Complete ONE option only) The Department and Contractor certify for this Contract, or Contract Amendment, that Contract obligations: <input checked="" type="checkbox"/> 1. may be incurred as of the Effective Date (latest signature date below) and no obligations have been incurred prior to the Effective Date . <input type="checkbox"/> 2. may be incurred as of _____, a date LATER than the Effective Date below and no obligations have been incurred prior to the Effective Date . <input type="checkbox"/> 3. were incurred as of _____, 20____, a date PRIOR to the Effective Date below, and the parties agree that payments for any obligations incurred prior to the Effective Date are authorized to be made either as settlement payments or as authorized reimbursement payments, and that the details and circumstances of all obligations under this Contract are attached and incorporated into this Contract. Acceptance of payments forever releases the Commonwealth from further claims related to these obligations.	
CONTRACT END DATE: Contract performance shall terminate as of December 31, 2021 , with no new obligations being incurred after this date unless the Contract is properly amended, provided that the terms of this Contract and performance expectations and obligations shall survive its termination for the purpose of resolving any claim or dispute, for completing any negotiated terms and warranties, to allow any close out or transition performance, reporting, invoicing or final payments, or during any lapse between amendments.	
CERTIFICATIONS: Notwithstanding verbal or other representations by the parties, the "Effective Date" of this Contract or Amendment shall be the latest date that this Contract or Amendment has been executed by an authorized signatory of the Contractor, the Department, or a later Contract or Amendment Start Date specified above, subject to any required approvals. The Contractor makes all certifications required under the attached Contractor Certifications (incorporated by reference if not attached hereto) under the pains and penalties of perjury, agrees to provide any required documentation upon request to support compliance, and agrees that all terms governing performance of this Contract and doing business in Massachusetts are attached or incorporated by reference herein according to the following hierarchy of document precedence, the applicable Commonwealth Terms and Conditions , this Standard Contract Form including the Instructions and Contractor Certifications , the Request for Response (RFR) or other solicitation, the Contractor's Response, and additional negotiated terms, provided that additional negotiated terms will take precedence over the relevant terms in the RFR and the Contractor's Response only if made using the process outlined in 801 CMR 21.07 , incorporated herein, provided that any amended RFR or Response terms result in best value, lower costs, or a more cost effective Contract.	
AUTHORIZING SIGNATURE FOR THE CONTRACTOR: X: <u>Richard Burke</u> Date: <u>12-8-20</u> (Signature and Date Must Be Handwritten At Time of Signature) Print Name: <u>Richard Burke</u> Print Title: <u>President & CEO Fallon Health</u>	AUTHORIZING SIGNATURE FOR THE COMMONWEALTH: X: _____ Date: _____ (Signature and Date Must Be Handwritten At Time of Signature) Print Name: <u>Daniel Tsai</u> Print Title: <u>Assistant Secretary for MassHealth</u>

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CONTRACTOR LEGAL NAME: Fallon Community Health Plan, Inc. (and d/b/a):	COMMONWEALTH DEPARTMENT NAME: Executive Office of Health and Human Services MMARS Department Code: EHS
Legal Address: (W-9, W-4, T&C): 10 Chestnut Street, Worcester, MA 01608	Business Mailing Address: One Ashburton Place, 5 th Floor, Boston, MA 02108
Contract Manager: Deborah Daviau	Billing Address (if different):
E-Mail: Deborah.Daviau@fallonhealth.org	Contract Manager: Corrinne Altman Moore
Phone: 508-368-9489 Fax: 508-368-9550	E-Mail: Corrinne.AltmanMoore@mass.gov
Contractor Vendor Code: VC6000230412	Phone: 617-573-1601 Fax: 617-222-7585
Vendor Code Address ID (e.g. "AD001"): AD001. (Note: The Address Id Must be set up for EFT payments.)	MMARS Doc ID(s): RFR/Procurement or Other ID Number: 15LCEHSSCORFA
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COMPENSATION: (Check ONE option): The Department certifies that payments for authorized performance accepted in accordance with the terms of this Contract will be supported in the state accounting system by sufficient appropriations or other non-appropriated funds, subject to intercept for Commonwealth owed debts under 815 CMR 9.00. <input checked="" type="checkbox"/> Rate Contract (No Maximum Obligation. Attach details of all rates, units, calculations, conditions or terms and any changes if rates or terms are being amended.) <input type="checkbox"/> Maximum Obligation Contract Enter Total Maximum Obligation for total duration of this Contract (or <i>new</i> Total if Contract is being amended). \$ _____	
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CONTRACT END DATE: Contract performance shall terminate as of December 31, 2021 , with no new obligations being incurred after this date unless the Contract is properly amended, provided that the terms of this Contract and performance expectations and obligations shall survive its termination for the purpose of resolving any claim or dispute, for completing any negotiated terms and warranties, to allow any close out or transition performance, reporting, invoicing or final payments, or during any lapse between amendments.	
CERTIFICATIONS: Notwithstanding verbal or other representations by the parties, the "Effective Date" of this Contract or Amendment shall be the latest date that this Contract or Amendment has been executed by an authorized signatory of the Contractor, the Department, or a later Contract or Amendment Start Date specified above, subject to any required approvals. The Contractor makes all certifications required under the attached Contractor Certifications (incorporated by reference if not attached hereto) under the pains and penalties of perjury, agrees to provide any required documentation upon request to support compliance, and agrees that all terms governing performance of this Contract and doing business in Massachusetts are attached or incorporated by reference herein according to the following hierarchy of document precedence, the applicable Commonwealth Terms and Conditions , this Standard Contract Form including the Instructions and Contractor Certifications , the Request for Response (RFR) or other solicitation, the Contractor's Response, and additional negotiated terms, provided that additional negotiated terms will take precedence over the relevant terms in the RFR and the Contractor's Response only if made using the process outlined in 801 CMR 21.07 , incorporated herein, provided that any amended RFR or Response terms result in best value, lower costs, or a more cost effective Contract.	
AUTHORIZING SIGNATURE FOR THE CONTRACTOR: X: _____ Date: _____ (Signature and Date Must Be Handwritten At Time of Signature) Print Name: <u>Richard Burke</u> Print Title: <u>President & CEO Fallon Health</u>	AUTHORIZING SIGNATURE FOR THE COMMONWEALTH: X: _____ Date: <u>12/11/20</u> (Signature and Date Must Be Handwritten At Time of Signature) Print Name: <u>Daniel Tsai</u> Print Title: <u>Assistant Secretary for MassHealth</u>

**AMENDMENT 4 TO THE
SECOND AMENDED AND RESTATED CONTRACT
FOR SENIOR CARE ORGANIZATIONS
BY AND BETWEEN
THE EXECUTIVE OFFICE OF HEALTH AND HUMAN SERVICES
AND
FALLON COMMUNITY HEALTH PLAN, INC.**

This Second Amended and Restated Contract for Senior Care Organizations, effective January 1, 2019 and amended August 6, 2019 (Amendment #1), amended effective January 1, 2020 (Amendment #2), and amended effective January 1, 2020 (Amendment #3) is between the Commonwealth of Massachusetts, acting by and through the MassHealth Office of Long Term Services and Supports of the Executive Office of Health and Human Services (EOHHS), and Fallon Community Health Plan (the Contractor). The Contractor's principal place of business is: 10 Chestnut Street, Worcester, MA 01608.

WHEREAS, EOHHS is an agency of the Commonwealth of Massachusetts responsible for operating a program of medical assistance (MassHealth) under 42 USC §1396 et seq., and M.G.L. c. 118E, §1 et seq., designed to pay for medical services for eligible individuals;

WHEREAS, the Contractor is in the business of providing medical services and EOHHS desired to purchase such services from the Contractor;

WHEREAS, the Contractor agrees to furnish these services in accordance with the terms and conditions of this Contract and in compliance with all federal and State laws and regulations;

WHEREAS, in accordance with **Section 5.10** of the Contract, EOHHS and the Contractor wish to amend the Second Amended and Restated Contract, effective January 1, 2020;

NOW, THEREFORE, in consideration of the mutual promises set forth in this Contract, the parties agree as follows:

SECTION 1 DEFINITION OF TERMS, shall be amended as follows:

1. In **Section 1. Definitions of Terms**, insert in alphabetical order the definition of “Target MLR”, as follows:

“**Target MLR** –The Target MLR is the Medicaid-only MLR percentage that is consistent with the initial rate development assumptions for the MLR standards as outlined in 42 CFR 438.8 and related policy guidance as described below and in **Section 2.13.Q.1** of this contract.

The calculation of the Medicaid-only Target MLR in accordance with 42 CFR 438.8, is as follows:

- 1) The numerator of the Target Medicaid-only MLR for each year is the sum of the initial rate development assumptions for Medicaid claims; expenses for activities that improve

health care quality, including medical sub-capitation arrangements; and fraud reduction activities, all of which must be calculated in accordance with 42 CFR 438.8.

- 2) The denominator of the Target Medicaid-only MLR for each year is the total Medicaid capitation payment made by EOHHS during the Contract Year.”

SECTION 2 CONTRACTOR RESPONSIBILITIES, shall be amended as follows:

1. **Section 2.13.Q** is amended by inserting the following at the end of **Section 2.13.Q.1.c**:

“Calculation of the Contractor’s Medicaid-only MLR for the purposes of determining whether the Contractor has maintained such minimum shall occur after any reconciliation under the risk-sharing arrangement set forth in **Section 4.7.C.4**.”

2. **Section 2.16.B.2** is hereby amended by deleting “Beginning April 1, 2020” and inserting in place thereof “From April 1, 2020 through July 31, 2020”.
3. **Section 2.16.B** is amended by inserting the following new **Section 2.16.B.3** and renumbering the subsequent sections accordingly:

“3. As further specified by EOHHS, the Contractor shall increase its contracted rates relative to such rates paid as of March 31, 2020, for Adult Day Health services. Rate increases required under this section must be effective for dates of service on or after August 1, 2020, until further specified by EOHHS. Such rate increases shall apply to services delivered via in-person and remote modalities, as applicable.”

SECTION 4 PAYMENT AND FINANCIAL PROVISIONS, shall be amended, as follows:

1. **Section 4.1.E** is hereby amended by deleting **Section 4.1.E** in its entirety.
2. **Section 4** is amended by inserting the following new **Section 4.7**:

“Section 4.7. Risk Sharing Arrangement

A. General Requirement

The Contractor shall participate in any risk-sharing arrangement as directed by EOHHS in each Contract Year.

B. General Provisions

1. The arrangement described in this Section may result in payment by the Contractor to EOHHS or by EOHHS to the Contractor. Such payments may be accounted for in future capitation payments from EOHHS to the Contractor.
2. The Contractor shall submit to EOHHS the following data to assist EOHHS in calculating applicable medical expenditures for the risk sharing arrangement in this Section:
 - a. Encounter Data, as specified in this Contract;

- b. Reports submitted by the Contractor applicable to the risk sharing arrangement, including those set forth in **Appendix D**;
 - c. Within 212 days following the end of the Contract Year, a report, in a form and format specified by EOHHS, containing information related to actual medical expenditures for Enrollees. For purposes of the Contractor's risk sharing arrangement, actual medical expenditures are defined as the numerator of the Contractor's Medicaid-only MLR for each year, which is the sum of the Contractor's incurred Medicaid claims; expenses for activities that improve health care quality, including medical sub-capitation arrangements; and fraud reduction activities as set forth in **Section 2.13.Q.1.b.1** of this Contract, all of which must be calculated in accordance with 42 CFR 438.8.
3. As further specified below, all payments to be made by the Contractor to EOHHS or by EOHHS to the Contractor shall be calculated and determined by EOHHS. The Contractor shall work with EOHHS, and submit any additional documentation as requested by EOHHS, to resolve any discrepancies in any calculations. After good faith efforts to resolve any discrepancies in any calculation with the Contractor, EOHHS shall make the final determination of any payment or calculation of such payment.

C. Risk Sharing Arrangement for the Contract Year

For all Rating Categories, the Contractor and EOHHS shall share risk on the difference between the Medical Component of the Capitation Rate Payment and Actual Medical Expenditures in accordance with the following provisions.

1. Overall Approach

All payments shall be calculated and determined by EOHHS based on the Contractor's actual medical expenditures relating to all Enrollees, defined as the numerator of the Contractor's Medicaid-only MLR as specified in **Section 2.13.Q.1.b.1** ("Actual Medical Expenditures"), and Medical Component of the Capitation Rate Payment, as set forth below.

2. Medical Component of the Capitation Rate Payment

- a. The medical component of the Capitation Rate Payment is the sum of:
 - 1) The medical component of the risk adjusted Capitation Rate Payment for the NHC RC for the applicable Contract Year; and
 - 2) The medical component of the Capitation Rate Payment for all other Rating Categories for the applicable Contract Year.
- b. The Contractor's medical component of the risk adjusted Capitation Rate Payment for the NHC RC for the Contract Year shall mean the sum of the risk adjusted Capitation Rate Payments actually paid by the EOHHS for each month

of the Contract Year for the NHC RC, multiplied by the Target MLR percentage for the NHC RC, as determined by the EOHHS pursuant to 42 CFR 438.604(a)(3) and as further specified by EOHHS.

- c. The Contractor's medical component of the Capitation Rate Payment for all other Rating Categories shall be the sum of the Capitation Rate payments actually paid by EOHHS for each month of the Contract Year for each Rating Category, multiplied by the Target MLR percentage for each Rating Category, as determined by the EOHHS pursuant to 42 CFR 438.604(a)(3) and as further specified by EOHHS.

3. Actual Medical Expenditures

EOHHS shall then determine the Contractor's Actual Medical Expenditures in aggregate across all Rating Categories related to the provision of SCO Covered Services in Appendix A for the applicable Contract Year based on the data submitted by the Contractor, as described in Section 4.7.B. above, and may verify such data in a manner it determines appropriate.

- a. Expenditures shall include only the expenditures defined in the numerator of the MLR calculation pursuant to **Section 2.13.Q.1.b.1** of this Contract.
- b. For the reports specified in **Section 4.7.B.2.b** above, the Contractor shall include 6 months of claims run-out.

4. If the Contractor's Actual Medical Expenditures (based on the numerator of the MLR as defined in **Section 4.7.c.3.a** above, as determined by EOHHS in accordance with the above provisions across all Rating Categories) is greater than or less than the Medical Component of the Capitation Rate payment, EOHHS and the Contractor shall share the resulting loss or gain, respectively, in accordance with the risk sharing corridors set forth in **Appendix E, Exhibit 2**.
5. EOHHS shall exclude from all calculations related to this risk sharing arrangement the Contractor's reinsurance premiums paid and recovery revenues received if the Contractor chooses to purchase reinsurance."

The APPENDICES shall be amended as follows:

1. **Appendix D** is hereby amended by deleting the period and inserting the following at the end of **Section C.4**:

“, including for use in calculating Risk Sharing Arrangements in accordance with **Section 4.7**.”

2. **Appendix E** is hereby amended by inserting a new **Appendix E**, attached hereto.

APPENDIX E
EXHIBIT 1
CAPITATION RATES
Base Rates for January 1, 2020 through March 31, 2020, and
August 1, 2020 through December 31, 2020
(Subject to CMS Approval)

	Community Settings of Care			Institutional Settings of Care		
	Other	AD/CMI	NHC	Tier 1	Tier 2	Tier 3
Dually Eligible Greater Boston	RC 20	RC 22	RC 24	RC 26	RC 27	RC 28
	\$453.67	\$671.95	\$2,267.78	\$4,921.65	\$6,927.39	\$8,406.95
Dually Eligible Outside Greater Boston	RC 21	RC 23	RC 25	RC 26	RC 27	RC 28
	\$543.10	\$663.09	\$2,460.28	\$4,921.65	\$6,927.39	\$8,406.95
MassHealth Only, Greater Boston	RC 30	RC 32	RC 34	RC 36	RC 37	RC 38
	\$851.52	\$1,639.19	\$3,451.64	\$4,921.65	\$6,927.39	\$8,406.95
MassHealth Only, Outside Greater Boston	RC 31	RC 33	RC 35	RC 36	RC 37	RC 38
	\$968.09	\$1,681.59	\$3,636.23	\$4,921.65	\$6,927.39	\$8,406.95
Dually Eligible Greater Boston	RC 20	RC 22	RC 24	RC 26	RC 27	RC 28
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	\$968.09	\$1,681.59	\$3,636.23	\$4,921.65	\$6,927.39	\$8,406.95

**Emergency Add-On for April 1, 2020 through July 31, 2020
(Subject to CMS Approval)**

	Community Settings of Care			Institutional Settings of Care		
	Other	AD/CMI	NHC	Tier 1	Tier 2	Tier 3
Dually Eligible Greater Boston	RC 20 \$6.94	RC 22 \$11.23	RC 24 \$71.14	RC 26 \$3.44	RC 27 \$4.85	RC 28 \$5.88
Dually Eligible Outside Greater Boston	RC 21 \$11.22	RC 23 \$11.04	RC 25 \$90.21	RC 26 \$3.44	RC 27 \$4.85	RC 28 \$5.88
MassHealth Only, Greater Boston	RC 30 \$3.43	RC 32 \$7.44	RC 34 \$55.85	RC 36 \$3.44	RC 37 \$4.85	RC 38 \$5.88
MassHealth Only, Outside Greater Boston	RC 31 \$5.87	RC 33 \$11.22	RC 35 \$78.71	RC 36 \$3.44	RC 37 \$4.85	RC 38 \$5.88
Dually Eligible Greater Boston	RC 20 \$6.94	RC 22 \$11.23	RC 24 \$71.14	RC 26 \$3.44	RC 27 \$4.85	RC 28 \$5.88
Dually Eligible Outside Greater Boston	RC 21 \$11.22	RC 23 \$11.04	RC 25 \$90.21	RC 26 \$3.44	RC 27 \$4.85	RC 28 \$5.88
MassHealth Only, Greater Boston	RC 30 \$3.43	RC 32 \$7.44	RC 34 \$55.85	RC 36 \$3.44	RC 37 \$4.85	RC 38 \$5.88
MassHealth Only, Outside Greater Boston	RC 31 \$5.87	RC 33 \$11.22	RC 35 \$78.71	RC 36 \$3.44	RC 37 \$4.85	RC 38 \$5.88

APPENDIX E
EXHIBIT 2
RISK SHARING ARRANGEMENTS

Contract Year 2020

Contract-Wide Risk Sharing Arrangement (Section 4.7.C.4)

1. Gain scenario

If the medical component of the Capitation Rate Payment as set forth in **Section 4.7.C.2** is greater than Actual Medical Expenditures as set forth in **Section 4.7.C.3**, then the Contractor will be in a “Gain for the Contract Year”, with the “Gross Gain Amount for the Contract Year” defined as the difference between the medical component of the Capitation Rate Payment and the Actual Medical Expenditures. The Contractor and EOHHS will share the Gross Gain Amount for the Contract Year as set forth below:

- a. If the Gross Gain Amount for the Contract Year is less than or equal to 2% of the Medical Component of the Capitation Rate Payment, the Contractor share is 100% and the EOHHS share is 0%.
- b. If the Gross Gain Amount for the Contract Year is greater than 2% but less than or equal to 4% of the Medical Component of the Capitation Rate Payment,
 - 1) For the first 2%, Contractor share is 100% and the EOHHS share is 0%; and
 - 2) For additional percentage above 2%, Contractor share is 50% and EOHHS share is 50%.
- c. If the Gross Gain Amount for the Contract Year is greater than 4% of the Medical Component of the Capitation Rate Payment,
 - 1) For the first 2%, Contractor share is 100% and the EOHHS share is 0%;
 - 2) For 2% - 4%, Contractor share is 50% and EOHHS share is 50%; and
 - 3) For additional percentage above 4%, Contractor share is 20% and EOHHS share is 80%.

2. Loss scenario

If the medical component of the Capitation Rate Payment as set forth in **Section 4.6.C.2** is less than Actual Medical Expenditures as set forth in **Section 4.7.C.3**, then the Contractor will be in a “Loss for the Contract Year”, with the “Gross Loss Amount for the Contract Year” defined as the difference between the Medical Component of the Capitation Rate Payment and the Actual Medical Expenditures. The Contractor and EOHHS will share the Gross Loss Amount for the Contract Year as set forth below:

- a. If the Gross Loss Amount for the Contract Year is less than or equal to 2% of the Medical Component of the Capitation Rate Payment, the Contractor share is 100% and the EOHHS share is 0%.
- b. If the Gross Loss Amount for the Contract Year is greater than 2% but less than or equal to 4% of the Medical Component of the Capitation Rate Payment,

- 1) For the first 2%, the Contractor share is 100% and the EOHHS share is 0%; and
 - 2) For additional percentage above 2%, the Contractor share is 50% and the EOHHS share is 50%.
- c. If the Gross Loss Amount for the Contract Year is greater than 4% of the Medical Component of the Capitation Rate Payment,
- 1) For the first 2%, the Contractor share is 100% and the EOHHS share is 0%;
 - 2) For 2% - 4%, the Contractor share is 50% and the EOHHS share is 50%; and
 - 3) For additional percentage above 4%, the Contractor share is 20% and the EOHHS share is 80%.