

Addendum to Contract Between

**United States Department of Health and Human Services
Centers for Medicare & Medicaid Services**

In Partnership with

The Commonwealth of Massachusetts

and

**Commonwealth Care Alliance, Inc.
Fallon Total Care, Inc.
Tufts Health Public Plans, Inc.**

Issued: December 9, 2014

This is an Addendum to the Contract between the United States Department of Health and Human Services Centers for Medicare & Medicaid Services in Partnership with The Commonwealth of Massachusetts and _____ (the Contractor). The Contractor's principal place of business is _____.

WHEREAS, the United States Department of Health and Human Services, acting by and through the Centers for Medicare & Medicaid Services (CMS), the Commonwealth of Massachusetts, acting by and through the Executive Office of Health and Human Services (EOHHS), and _____ (Contractor) entered into the Contract with an effective date of July 16, 2013 to provide medical services for the Massachusetts Capitated Financial Alignment Model (also known as the One Care program), and executed an addendum to that Contract with an effective date of September 10, 2014; and

WHEREAS, CMS, EOHHS and the Contractor (collectively, the parties) desire to adjust the savings percentages for Demonstration Years 2 and 3, eliminate the High Cost Risk Pools in Demonstration Year 1, and modify the risk corridors for Demonstration Year 1;

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

1. This Addendum deletes Section 4.2.C.1 and replaces it with the following Section 4.2.C.1:

C. Aggregate Savings Percentages

1. Aggregate savings percentages will be applied equally, as follows, to the baseline spending amounts for the Medicare Parts A/B Component and the MassHealth Component of the capitated rate, provided that such savings percentages may be adjusted in accordance with **Section 4.3.C.3**.
 - a. Demonstration Year 1, as divided into the following two time periods:
 - (1) First six months following the first Effective Enrollment Date: 0%
 - (2) After the first six months following the first Effective Enrollment Date through December 31, 2014: 1%
 - b. Demonstration Year 2: 0.5%
 - c. Demonstration Year 3: 2%

2. This Addendum deletes **Section 4.2.D.3** and replaces it with the following language:

Medicaid: For the MassHealth Component of the capitated rate, EOHHS will rely on Rating Categories described in **Section 4.2.A** and in Demonstration Years 2 and 3, may use High-Cost Risk Pools (HCRPs) for certain RCs, described in **Section 4.2.E**, to account for differences in risk among the eligible population.

3. This Addendum deletes Section **4.2.E.1** and replaces it with the following language:

In Demonstration Years 2 and 3, EOHHS may establish High-Cost Risk Pools (HCRPs) to account for enrollment of high-cost beneficiaries, defined based on spending for select MassHealth Long-Term Services and Supports and services above a defined threshold within MassHealth RCs across ICOs. For each RC with an HCRP, a portion of the base MassHealth Component would be withheld from all ICOs into a risk pool. The risk pool would be divided across ICOs based on their percent of the total costs above the per Enrollee threshold amount associated with the high-cost beneficiaries. Any sums withheld for a High Cost Risk Pool during Demonstration Year 1 will be refunded to the Contractor by approximately January 30, 2015.

4. This Addendum deletes Section 4.6 and replaces it with the following Section 4.6:

4.6 Risk Corridors

Risk corridors will be established for Demonstration Years 1, 2, and 3.

A. General Provisions

1. Calculation of Gains and Losses

The risk-sharing arrangement described in this section of the Contract may result in payment by EOHHS and CMS to the Contractor or by the Contractor to EOHHS and CMS.

- a. All payments to be made by EOHHS and CMS to the Contractor or by the Contractor to EOHHS and CMS will be calculated and determined jointly by EOHHS and CMS.

- b. All calculations, determined jointly by EOHHS and CMS, will be based on the Contractor's reporting of Actual and Adjusted Service and Non-Service Expenditures, as required in **Section 4.6.B.4** below. All financial reporting will be subject to review and/or audit at EOHHS' and CMS' discretion.
- c. CMS and EOHHS will perform interim and final settlements of the payments made by the Contractor to CMS and EOHHS, or by CMS and EOHHS to the Contractor, as described in **Section 4.6.B.4** below.

2. Allowable Expenditures

- a. CMS and EOHHS shall jointly determine the Adjusted Service Expenditures and the Adjusted Non-Service Expenditures, based on encounter data, cost data, and financial reporting data submitted by the Contractor (as required by **Section 4.6.B.4 below, and Section 2.15-2.17** of this Contract). CMS and EOHHS reserve the right to audit Actual and Adjusted Service and Non-Service Expenditure data.
- b. CMS, EOHHS, and the Contractor agree that to the extent there are differences in expenditure data reported across various sources, including the encounter, cost, financial reporting, or other data submitted by the Contractor, CMS, EOHHS and the Contractor will confer and make a good faith effort to reconcile those differences before the calculation of the interim and final settlements.

The review procedures may include a review of the Contractor's encounter data and/or audit, to be performed by the CMS and/or EOHHS, or either party's authorized agents, to verify that all paid claims for Enrollees by the Contractor are for Covered Services and/or that provider reimbursement is not excessive.

- c. EOHHS and CMS reserve the right to adjust expenditures for services that are reimbursed at more than 5% above the average reimbursement rate of all ICOs. Notwithstanding any contractual provision or legal right to the contrary, the Contractor agrees that there shall be no redress against CMS or EOHHS for a determination to adjust or a failure to adjust expenditures for services of any ICO.

B. Aggregate Risk Sharing Corridors

The Demonstration will utilize a tiered Contractor-level symmetrical risk corridor to include all Medicare A/B and Medicaid eligible Adjusted Service and Non-Service Expenditures. The risk corridors will be reconciled after application of any HCRP or risk adjustment methodologies (e.g. CMS-HCC), and as if all Contractors had received the full quality withhold payment.

1. Risk Corridor Share

The Medicare and Medicaid contributions to risk corridor payments or recoupments will be in proportion to their contributions to the Adjusted Capitation Rate Revenue. Losses and gains will be determined using the Risk Corridor Percentage.

2. Risk Corridor Percentage and Payment/Recoupment

a. Demonstration Year 1 - If the Contractor participates in the Demonstration at least through June 30, 2015, the following risk corridors apply for the experience during Demonstration Year 1:

- (1) For the portion of gains and/or losses of 0 through 1.0%, the Contractor bears 100% of the gain/loss. For the portion of gains and/or losses of 1.1% through 10.0%, the Contractor bears 10% of the gain/loss and EOHHS and CMS share in the other 90%, as described in **Section 4.6.B.1**. For the portion of gains and/or losses of 10.1% through 20.0%, the Contractor bears 50% of the gain/loss and EOHHS and CMS share in the other 50%, as described in **Section 4.6.B.1**. As further described in **Section 4.6.B.2.a.(2)** and **4.6.B.2.a.(8)** below, for the portion of gains and/or losses of greater than 20.0%, the Contractor bears 100% of the gain/loss.
- (2) For Risk Corridor Percentages greater than 120.0%, EOHHS and CMS will make payment to the Contractor of 13.1% of the Adjusted Capitation Rate Revenue, with the share of the payment made by EOHHS and CMS as described in **Section 4.6.B.1** above. The Contractor is at full financial risk for amounts greater than 120.0%.
- (3) For Risk Corridor Percentages of 110.1% through 120.0% , EOHHS and CMS will make payment to the Contractor equaling the Adjusted Capitation Rate Revenue multiplied by 50% of [Risk Corridor Percentage minus 110.0%], plus the amount described in **Section 4.6.B.2.a(4)**, with the share of the payment made by EOHHS and CMS as described in **Section 4.6.B.1** above.

- (4) For Risk Corridor Percentages of 101.1% through 110.0%, EOHHS and CMS will make payment to the Contractor equaling the Adjusted Capitation Rate Revenue multiplied by 90% of [Risk Corridor Percentage minus 101.0%], with the share of the payment made by EOHHS and CMS as described in **Section 4.6.B.1** above.
- (5) For Risk Corridor Percentages of 99.0% through 101.0%, no payment will be made by EOHHS and CMS to the Contractor, or by the Contractor to EOHHS and CMS.
- (6) For Risk Corridor Percentages of 90.0% through 98.9%, the Contractor will make payment to EOHHS and CMS equaling the Adjusted Capitation Rate Revenue multiplied by 90% of [Risk Corridor Percentage minus 89.9%], with the share of the payment made to EOHHS and CMS as described in **Section 4.6.B.1** above.
- (7) For Risk Corridor Percentages of 80.0% through 89.9%, the Contractor will make payment to EOHHS and CMS equaling the Adjusted Capitation Rate Revenue multiplied by 50% of [Risk Corridor Percentage minus 79.9%], plus the amount described in **Section 4.6.B.2.a(6)**, with the share of the payment made to EOHHS and CMS as described in **Section 4.6.B.1** above.
- (8) For Risk Corridor Percentages less than 80.0%, the Contractor will make payment to EOHHS and CMS of 13.1% of the Adjusted Capitation Rate Revenue, with the share of the payment made to EOHHS and CMS as described in **Section 4.6.B.1** above. The Contractor is not obligated to make any additional payment for amounts below 80.0%.

b. Demonstration Year 2

- (1) For the portion of gains and/or losses of 0 through 3.0%, the Contractor bears 100% of the gain/loss. For the portion of gains and/or losses of 3.1% through 10.0%, the Contractor bears 50% of the gain/loss and EOHHS and CMS share in the other 50%, as described in **Section 4.6.B.1**. For the portion of gains and/or losses of 10.1% and greater, the Contractor bears 100% of the gain/loss.
- (2) For Risk Corridor Percentages greater than 110.0%, EOHHS and CMS will make payment to the Contractor of 3.5% of the Adjusted Capitation Rate Revenue, with the share of the payment made by

EOHHS and CMS as described in **Section 4.6.B.1** above. The Contractor is at full financial risk for amounts greater than 110.0%.

- (3) For Risk Corridor Percentages of 103.1 through 110.0%, EOHHS and CMS will make payment to the Contractor equaling the Adjusted Capitation Rate Revenue multiplied by 50% of [Risk Corridor Percentage minus 103.0%], with the share of the payment made by EOHHS and CMS as described in **Section 4.6.B.1** above.
- (4) For Risk Corridor Percentages of 97.0% through 103.0%, no payment will be made by EOHHS and CMS to the Contractor, or by the Contractor to EOHHS and CMS.
- (5) For Risk Corridor Percentages of 96.9% through 90.0%, the Contractor will make payment to EOHHS and CMS equaling the Adjusted Capitation Rate Revenue multiplied by 50% of [97.0% minus the Risk Corridor Percentage], with the share of the payment made by EOHHS and CMS as described in **Section 4.6.B.1** above.
- (6) For Risk Corridor Percentages less than 90.0%, the Contractor will make payment to CMS and EOHHS of 3.5% of the Adjusted Capitation Rate Revenue, with the share of the payment made by EOHHS and CMS as described in **Section 4.6.B.1** above. The Contractor is not obligated to make any additional payment for amounts below 90.0%.

c. Demonstration Year 3

- (1) For the portion of gains and/or losses of 0 through 4.0%, the Contractor bears 100% of the gain/loss. For the portion of gains and/or losses of 4.1% through 8.0%, the Contractor bears 50% of the gain/loss and EOHHS and CMS share in the other 50%, as described in **Section 4.6.B.1**. For the portion of gains and/or losses of 8.1% and greater, the Contractor bears 100% of the gain/loss.
- (2) For Risk Corridor Percentages greater than 108.0%, EOHHS and CMS will make payment to the Contractor of 2.0% of the Adjusted Capitation Rate Revenue, with the share of the payment made by EOHHS and CMS as described in **Section 4.6.B.1** above. The Contractor is at full financial risk for amounts greater than 108.0%.
- (3) For Risk Corridor Percentages of 104.1 through 108.0%, EOHHS and CMS will make payment to the Contractor equaling the

Adjusted Capitation Rate Revenue multiplied by 50% of [Risk Corridor Percentage minus 104.0%], with the share of the payment made by EOHHS and CMS as described in **Section 4.6.B.1** above.

- (4) For Risk Corridor Percentages of 96.0% through 104.0%, no payment will be made by EOHHS and CMS to the Contractor, or by the Contractor to EOHHS and CMS.
 - (5) For Risk Corridor Percentages of 95.9% through 92.0%, the Contractor will make payment to EOHHS and CMS equaling the Adjusted Capitation Rate Revenue multiplied by 50% of [96.0% minus the Risk Corridor Percentage], with the share of the payment made by EOHHS and CMS as described in **Section 4.6.B.1** above.
 - (6) For Risk Corridor Percentages less than 92.0%, the Contractor will make payment to CMS and EOHHS of 2.0% of the Adjusted Capitation Rate Revenue, with the share of the payment made by EOHHS and CMS as described in **Section 4.6.B.1** above. The Contractor is not obligated to make any additional payment for amounts below 92.0%.
- d. Demonstration Year 1 - If the Contractor does not participate in the Demonstration at least through June 30, 2015, the following risk corridors apply for the experience during DY1:
- (1) For the portion of gains and/or losses of 0 through 1.0%, the Contractor bears 100% of the gain/loss. For the portion of gains and/or losses of 1.1% through 3.0%, the Contractor bears 10% of the gain/loss and EOHHS and CMS share in the other 90%, as described in **Section 4.6.B.1**. For the portion of gains and/or losses of 3.1% through 20.0%, the Contractor bears 50% of the gain/loss and EOHHS and CMS share in the other 50%, as described in **Section 4.6.B.1**. As further described in **Section 4.6.B.2.d.(2) and 4.6.B.2.d.(8)** below, for the portion of gains and/or losses of greater than 20.0%, the Contractor bears 100% of the gain/loss.
 - (2) For Risk Corridor Percentages greater than 120.0%, EOHHS and CMS will make payment to the Contractor of 10.3% of the Adjusted Capitation Rate Revenue, with the share of the payment made by EOHHS and CMS as described in **Section 4.6.B.1** above. The Contractor is at full financial risk for amounts greater than 120.0%.

- (3) For Risk Corridor Percentages of 103.1% through 120.0% , EOHHS and CMS will make payment to the Contractor equaling the Adjusted Capitation Rate Revenue multiplied by 50% of [Risk Corridor Percentage minus 103.1%], plus the amount described in Section 4.6.B.2.d(4), with the share of the payment made by EOHHS and CMS as described in Section 4.6.B.1 above.
- (4) For Risk Corridor Percentages of 101.1% through 103.1%, EOHHS and CMS will make payment to the Contractor equaling the Adjusted Capitation Rate Revenue multiplied by 90% of [Risk Corridor Percentage minus 101.0%], with the share of the payment made by EOHHS and CMS as described in Section 4.6.B.1 above.
- (5) For Risk Corridor Percentages of 99.0% through 101.0%, no payment will be made by EOHHS and CMS to the Contractor, or by the Contractor to EOHHS and CMS.
- (6) For Risk Corridor Percentages of 97.0% through 98.9%, the Contractor will make payment to EOHHS and CMS equaling the Adjusted Capitation Rate Revenue multiplied by 90% of [Risk Corridor Percentage minus 99.0%], with the share of the payment made to EOHHS and CMS as described in Section 4.6.B.1 above.
- (7) For Risk Corridor Percentages of 80.0% through 96.9%, the Contractor will make payment to EOHHS and CMS equaling the Adjusted Capitation Rate Revenue multiplied by 50% of [Risk Corridor Percentage minus 97.0%], plus the amount described in Section 4.6.B.2.d(6), with the share of the payment made to EOHHS and CMS as described in Section 4.6.B.1 above.
- (8) For Risk Corridor Percentages less than 80.0%, the Contractor will make payment to EOHHS and CMS of 10.3% of the Adjusted Capitation Rate Revenue, with the share of the payment made to EOHHS and CMS as described in Section 4.6.B.1 above. The Contractor is not obligated to make any additional payment for amounts below 80.0%.

3. Risk Sharing Corridor Tables: (for illustrative purposes only)

- a. Demonstration Year 1, if the Contractor participates in the Demonstration at least through June 30, 2015:

Incremental Loss or Gain (as % of Total Adjusted Capitation Rate Revenue)¹	Corresponding Risk Corridor Percentage	% Contractor Risk Sharing	% EOHHS & CMS Risk Sharing	% CMS Risk Sharing	% EOHHS Risk Sharing²
Loss >20%	>120.0%	100%	0%	0%	0%
Loss >10% and ≤ 20%	110.1% to 120.0%	50%	50%	(50%) * (Medicare A/B Percent of Rate)	(50%)* (Medicaid Percent of Rate)
Loss >1% and ≤ 10%	101.1% to 110.0%	10%	90%	(90%) * (Medicare A/B Percent of Rate)	(90%)* (Medicaid Percent of Rate)
Loss or Gain ≤ 1%	99.0% to 101.0%	100%	0%	0%	0%
Gain >1% and ≤ 10%	90.0% to 98.9%	10%	90%	(90%) * (Medicare A/B Percent of Rate)	(90%)* (Medicaid Percent of Rate)
Gain >10% and ≤ 20%	80.0% to 89.9%	50%	50%	(50%) * (Medicare A/B Percent of Rate)	(50%)* (Medicaid Percent of Rate)
Gain >20%	< 80.0%	100%	0%	0%	0%

¹ Loss and gain reflected on an incremental basis, rounded to the nearest one tenth of a percent. Loss or gain >20.0% still results in risk sharing reconciliation for the loss or gain between 1.1% and 20.0%.

² All EOHHS Risk Sharing shall be treated as Medicaid expenditures eligible for FMAP.

b. Demonstration Year 2

Incremental Loss or	Corresponding Risk	% Contractor	% EOHHS & CMS Risk	% CMS Risk	% EOHHS Risk
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Gain (as % of Total Adjusted Capitation Rate Revenue)¹	Corridor Percentage	Risk Sharing	Sharing	Sharing	Sharing²
Loss >10%	>110.0%	100%	0%	0%	0%
Loss >3% and ≤ 10%	103.1% to 110.0%	50%	50%	(50%) * (Medicare A/B Percent of Rate)	(50%)* (Medicaid Percent of Rate)
Loss or Gain ≤ 3%	97.0% to 103.0%	100%	0%	0%	0%
Gain >3% and ≤ 10%	96.9% to 90.0%	50%	50%	(50%) * (Medicare A/B Percent of Rate)	(50%)*(Medicaid Percent of Rate)
Gain >10%	< 90.0%	100%	0%	0%	0%

¹ Loss and gain reflected on an incremental basis, rounded to the nearest one tenth of a percent. Loss or gain >10.0% still results in risk sharing reconciliation for the loss or gain between 3.1% and 10.0%.

² All EOHHS Risk Sharing shall be treated as Medicaid expenditures eligible for FMAP.

c. Demonstration Year 3

Incremental Loss or Gain (as % of Total Adjusted Capitation Rate Revenue)¹	Corresponding Risk Corridor Percentage	% Contractor Risk Sharing	% EOHHS & CMS Risk Sharing	% CMS Risk Sharing	% EOHHS Risk Sharing²
Loss >8%	>108.0%	100%	0%	0%	0%
Loss >4% and ≤ 8%	104.1% to 108.0%	50%	50%	(50%) * (Medicare A/B Percent of Rate)	(50%)* (Medicaid Percent of Rate)

Loss or Gain ≤ 4%	96.0% to 104.0%	100%	0%	0%	0%
Gain >4% and ≤ 8%	95.9% to 92.0%	50%	50%	(50%) * (Medicare A/B Percent of Rate)	(50%)* (Medicaid Percent of Rate)
Gain >8%	< 92.0%	100%	0%	0%	0%

¹ Loss and gain reflected on an incremental basis, rounded to the nearest one tenth of a percent. Loss or gain >8.0% still results in risk sharing reconciliation for the loss or gain between 4.1% and 8.0%.

² All EOHHS Risk Sharing shall be treated as Medicaid expenditures eligible for FMAP.

d. Demonstration Year 1, if the Contract is terminated prior to June 30, 2015:

Incremental Loss or Gain (as % of Total Adjusted Capitation Rate Revenue)¹	Corresponding Risk Corridor Percentage	% Contractor Risk Sharing	% EOHHS & CMS Risk Sharing	% CMS Risk Sharing	% EOHHS Risk Sharing²
Loss >20%	>120.0%	100%	0%	0%	0%
Loss > 3% and ≤ 20%	103.1% to 120.0%	50%	50%	(50%) * (Medicare A/B Percent of Rate)	(50%)* (Medicaid Percent of Rate)
Loss >1% and ≤ 3%	101.1% to 103.0%	10%	90%	(90%) * (Medicare A/B Percent of Rate)	(90%)* (Medicaid Percent of Rate)
Loss or Gain ≤ 1%	99.0% to 101.0%	100%	0%	0%	0%
Gain >1% and ≤ 3%	97.0% to 98.9%	10%	90%	(90%) * (Medicare A/B Percent of Rate)	(90%)* (Medicaid Percent of Rate)

				Rate)	
Gain > 3% and ≤ 20%	80.0% to 96.9%	50%	50%	(50%)* (Medicare A/B Percent of Rate)	(50%)* (Medicaid Percent of Rate)
Gain >20%	< 80.0%	100%	0%	0%	0%

¹ Loss and gain reflected on an incremental basis, rounded to the nearest one tenth of a percent. Loss or gain >20.0% still results in risk sharing reconciliation for the loss or gain between 1.1% and 20.0%.

² All EOHHS Risk Sharing shall be treated as Medicaid expenditures eligible for FMAP.

4. Risk Sharing Settlement:

CMS and EOHHS shall determine interim and final settlements of payments made by the Contractor to CMS and EOHHS or by CMS and EOHHS to the Contractor under this section. Interim and final settlement amounts shall be calculated for each Demonstration Year; however, the Risk Corridor for Demonstration Year 1 as described in **Section 4.6.B.2.a** shall be contingent upon Contractor participation in the Demonstration at least through June 30, 2015, unless otherwise permitted by CMS and MassHealth; and Demonstration Year 2 payment shall be contingent upon Contractor participation in the Demonstration at least through March 31, 2016, unless otherwise permitted by CMS and MassHealth. If the Contract is terminated prior to June 30, 2015, the risk corridor shall be calculated in accordance with **Section 4.6.B.2.d**.

a. Interim Settlement: CMS and EOHHS shall determine an interim settlement based on 3 months of claims run-out beyond the end of each Demonstration Year and an incurred but not reported (IBNR) estimate.

(1) For the purpose of the interim settlement, the Contractor will jointly provide to CMS and EOHHS the following within 120 calendar days following the end of each Demonstration Year:

(A) A complete and accurate report of Actual Non-Service Expenditures for Enrollees in the Demonstration Year;

(B) A complete and accurate report of Actual Service Expenditures, based on category of services, for Enrollees based on claims

incurred for the Demonstration Year, including 3 months of claims run-out;

- (C) The Contractor's best estimate of any claims incurred but not reported (IBNR) for claims run-out beyond 3 months and any IBNR completion factors by category of service;
 - (D) A complete and accurate report of Part D revenue and expenditure, as required under 42 C.F.R. 423.514(a)(1);
 - (E) A complete and accurate report reflecting any recoveries from other payors outside of claims adjudication that are not reflected in the reported Actual Service Expenditures, including those pursuant to coordination of benefits, third party liability, rebates, supplemental payments, adjustments in claims paid, adjustments from providers including adjustments to claims paid, and Enrollee contributions to care (as described in **Section 4.3.B**);
 - (F) A complete and accurate report of net reinsurance costs that are included in the reported Actual Non-Service Expenditures;
 - (G) Encounter data, as required under **Section 2.17** of this Contract, unless otherwise permitted by CMS and MassHealth; and
 - (H) A completed electronic funds transfer authorization agreement.
- (2) CMS and EOHHS shall provide the Contractor with an interim reconciliation under the risk corridor arrangement within 150 calendar days following the end of each Demonstration Year, unless otherwise permitted by CMS and EOHHS. Any balance due between the Contractor and CMS and EOHHS shall be paid within 60 days of the Contractor receiving the interim reconciliation from CMS and EOHHS.
- (3) The Contractor shall provide any additional information upon request from CMS and EOHHS necessary to calculate Total Adjusted Expenditures.
- (4) The Contractor may request an earlier, additional interim settlement. CMS or EOHHS, at their sole discretion, may choose to make the additional settlement. If such an additional interim settlement is made, for subsequent interim and final settlements,

the parties must still comply with the requirements in this **Section 4.6.B.4.**

- b. Final Settlement: CMS and EOHHS shall determine a final settlement based on 15 months of claims run-out and an IBNR estimate.
 - (1) For the purpose of the final settlement, the Contractor will jointly provide to CMS and EOHHS the following within 480 calendar days following the end of each Demonstration Year:
 - (A) A complete and accurate report of Actual Non-Service Expenditures for Enrollees in the Demonstration Year;
 - (B) A complete and accurate report of Actual Service Expenditures, based on category of services, for Enrollees based on claims incurred for the Demonstration Year, including 15 months of claims run-out;
 - (C) The Contractor's best estimate of any claims incurred but not reported for claims run-out beyond 15 months and any IBNR completion factors by category of service;
 - (D) A complete and accurate report of Part D revenue and expenditure, as required under 42 CFR 423.514(a)(1) of this Contract;
 - (E) A complete and accurate report reflecting any recoveries from other payors outside of claims adjudication that are not reflected in the reported Actual Service Expenditures, including those pursuant to coordination of benefits, third party liability, rebates, supplemental payments, adjustments in claims paid, adjustments from providers including adjustments to claims paid, and Enrollee contributions to care (as described in **Section 4.3.B**);
 - (F) A complete and accurate report of net reinsurance costs that are included in the reported Actual Non-Service Expenditures;
 - (G) Financial Reports;
 - (H) Encounter data, as required under **Section 2.17** of this Contract, unless otherwise permitted by CMS and MassHealth; and

(J) Any additional information upon request from CMS and EOHHS necessary to calculate Total Adjusted Expenditures.

(2) CMS and EOHHS shall provide the Contractor with a final reconciliation under the risk corridor arrangement within 510 calendar days following the end of each Demonstration Year, unless otherwise permitted by CMS and EOHHS. Any balance due between the Contractor and CMS and EOHHS, net of any payments made for the interim settlement, shall be paid within 60 days of the Contractor receiving the final reconciliation from CMS and EOHHS.

5. This Addendum deletes Section 5.5.B and replaces it with the following Section 5.5.B:

B. Termination with Prior Notice

1. CMS or EOHHS may terminate this Contract without cause upon no less than 90 days prior written notice to the other party specifying the termination date, unless applicable law requires otherwise. Per **Section 5.7**, the Contractor may choose to non-renew prior to the end of each term pursuant to 42 C.F.R. § 422.506(a), except that in Demonstration Year 1 the Contractor may choose to non-renew before August 1 and may terminate the contract by mutual consent of CMS and EOHHS at any time pursuant to 42 C.F.R. § 422.508. In considering requests for termination under 42 C.F.R. § 422.508, CMS and EOHHS will consider, among other factors, financial performance under this Contract in granting consent for termination. Any written communications or oral scripts developed to implement the requirements of 42 C.F.R. § 422.506(a) must be submitted to and approved by CMS and EOHHS prior to their use.
2. Pursuant to 42 C.F.R. §§ 422.506(a)(4) and 422.508(c), CMS considers Contractor termination of this Contract with prior notice as described in paragraph **5.5.B.1** and non-renewal of this Contract as described in **Section 5.7** to be circumstances warranting special consideration, and will not prohibit the Contractor from applying for new Medicare Advantage contracts or Service Area expansions for a period of two years due to termination.
3. In the event that this Contract is terminated with prior notice per this **Section 5.5.B**, the Contractor shall report encounter data and performance

measurement results through the effective termination date of the Contract, including but not limited to HEDIS, HOS, and CAHPS, as outlined in Section 2.13.C.1.a., unless otherwise permitted by CMS and MassHealth.

In Witness Whereof, CMS, EOHHS, and the Contractor have caused this Agreement to be executed by their respective authorized officers:

(Insert Contractor Signatory Name and Title)

(Date)

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In Witness Whereof, CMS, EOHHS, and the Contractor have caused this Agreement to be executed by their respective authorized officers:

(Authorized Signatory)
(Title)

(Date)

(Authorized Signatory)
(Title)

(Date)

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In Witness Whereof, CMS, EOHHS, and the Contractor have caused this Agreement to be executed by their respective authorized officers:

(Authorized Signatory)
(Title)

(Date)

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