



California Department of Health Care Access and Information (HCAI)
Office of Health Care Affordability (OHCA)

Performance Improvement Plan Submission Guide

October 08, 2026

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Version History

Version	Date	Summary of Changes
1.0	October 8, 2026	Initial draft version

A. Introduction

The California Health Care Quality and Affordability Act of 2022 (Act)¹ created and charged the Office of Health Care Affordability (OHCA) with:

- 1) Collecting data on total health care expenditures.
- 2) Analyzing the health care market for cost trends and drivers of spending.
- 3) Promoting strategies for managing the cost of health care and improving affordability for consumers and purchasers while maintaining or improving quality and equity.
- 4) Enforcing spending targets set by the Health Care Affordability Board.

Performance improvement plans are an important part of the health care spending target enforcement process. OHCA has authority to require entities that exceeded a spending target to prepare, submit, and implement a performance improvement plan.² A performance improvement plan sets out in detail the entity's plan to come into compliance with the spending target(s).

The following provides guidance on performance improvement plan proposal submissions and implementation. OHCA may request additional information from entities to evaluate performance improvement plan proposals, progress reports, final reports, and monitor entities' compliance with their performance improvement plan.³

Copies of the draft performance improvement plan proposal and approved performance improvement plan will be posted on the OHCA website, may be discussed during a public Health Care Affordability Board meeting, and may be discussed in the annual health care spending report. Copies of the draft performance improvement plan proposal and approved performance improvement plans will be posted on the OHCA website, may be discussed during a public Health Care Affordability Board meeting, and may be discussed in the annual health care spending report. See "[Section B](#)" for instructions on requesting confidential treatment when submitting confidential documents or information.

B. Submission Instructions

Performance improvement plan proposals are due within 45 calendar days of the date of OHCA's notice that a performance improvement plan is required. Performance improvement plan proposals can be submitted via email to **SpendingTarget@hcai.ca.gov**, or

¹ Health and Safety Code section 127500 et seq. (Chapter 2.6 of Part 2 of Division 107 of the Health and Safety Code; added by Chapter 47 of the Statutes of 2022 (S.B.184), effective June 30, 2022)

² Health and Safety Code section 127502.5, subd. (c)(1)

³ Health and Safety Code section 127501, subd. (c)(4)

some other mutually agreed upon delivery method. If your file(s), including attachments, are too large for a single email, send them in multiple emails with the email number and total number of emails in the subject line (example: “Email 1 of 3”).

Documents must be submitted in a machine-readable electronic format, such as Microsoft Word, Excel, or portable document file (PDF).

To request confidential treatment of information or documents, provide an unredacted version so that OHCA can evaluate the information claimed confidential. If only a portion of the document is confidential, provide a redacted version.

To request confidential treatment of information or documents please provide:

- 1) An unredacted version of the document so that OHCA can evaluate the information claimed confidential.
- 2) A redacted version of the document, if only a portion of the document is confidential.
- 3) An explanation which specifies how long the document should be treated as confidential (for example, six months, two years, indefinite).
- 4) An explanation as to why the document is nonpublic. For purposes of this guide, “nonpublic” means information that:
 - a) Is confidentially maintained and not shared by the holder of the information with the general public; and
 - b) Does not include information that is lawfully made available to the general public from any federal, state, or local government record or disclosure, media source, or any other publicly available source.

Please also describe the current efforts that your entity takes to preserve the confidentiality of the requested information or document at all times.

OHCA will treat the following documents and information as per se confidential (if not otherwise publicly available): Salary or compensation documents, negotiated contracts, and affiliation agreements. A justification in accordance with Items 1 through 6 above must still be provided for deemed confidential documents. When explaining why the document is nonpublic, identify the document as a salary or compensation document, a negotiated contract, or affiliation agreement.

Requested-confidential supporting documents must be clearly marked “requested-confidential” using a watermark, stamp, notation, etc., on each page. Materials not marked “requested-confidential” may be made public, including at Health Care Affordability Board

meetings, on the OHCA website, in response to a public records act request, or in an annual report. See California Code of Regulations, title 22, section 97445, subdivision (i) for more information.

C. Extension Requests

At least 5 calendar days before the 45-day deadline, an accountable health care entity may request an extension of up to 30 calendar days to submit a performance improvement plan proposal. An accountable health care entity shall submit a request for an extension of time via electronic mail to SpendingTarget@hcai.ca.gov. The request for an extension shall include, at a minimum, the following:

1. The name, title, and contact information of the individual authorized to make the request on behalf of the health care entity.
2. The date requested to submit the performance improvement plan.
3. A detailed explanation of the reasons for the request for extension, including, but not limited to, any issues preventing the required submitter from submitting the performance improvement plan.

OHCA may, at its discretion, approve an initial extension request of up to 30 calendar days per proposal. Additional extensions may be granted dependent on an entity's unique situation.

Extension requests and requests for support with developing the proposal can be submitted via email to **SpendingTarget@hcai.ca.gov**.

D. Performance Improvement Plan Content Requirements

A performance improvement plan sets out in detail the entity's plan to come into compliance with the spending target(s). Performance improvement plan proposals must include strategies and goals that focus on key drivers of spending to improve health care affordability. Performance improvement plan proposals must include the following sections with detailed information and any relevant attachments provided for each section.

D.1 Contacts

Provide information for at least two staff responsible for performance improvement plan implementation, including name, title, brief description of role, email address, phone number, and business mailing address.

D.2 Organization Description

Provide a brief description of your organization, including but not limited to information about history, size, service area, services, and lines of business. (500 word limit)

D.3 Brief Summary

Provide a brief summary focused on key reasons for spending growth, goals and strategies to reduce spending, and implementation period start and end dates. (500 word limit)

D.4 Reasons for Spending Growth

Identify and explain key causes of spending growth. Provide data and evidence to support your response.

D.5 Goals, Activities, and Milestones

Identify goals that are likely to reduce spending to bring the entity into compliance with the spending target. Goals should also consider how performance improvement plan intervention may positively impact equity, access, and workforce stability to ensure cost-reducing strategies do not negatively affect these areas. Each goal must have a rationale and follow the SMART Goal framework (goals must be specific, measurable, achievable, relevant, and time-bound). Each goal must describe the specific activities necessary to meet the goals and include milestones to be reported on in each progress report. See table on the following page for more information about SMART goals.

S	Specific	The goal shall have a specific identified accomplishment. The desired accomplishment cannot be general or vague.
M	Measurable	The goal shall have identified measures or ways of tracking progress and accomplishment.
A	Achievable	The goal shall be attainable and realistic.
R	Relevant	The goal shall be related to your causes for spending growth and shall contribute to coming into compliance with the spending growth target.
T	Timebound	The goal shall have a specific timeframe and have an identified expected date of accomplishment.

Example:

- SMART Goal – description of goal following the SMART Goal framework
 - 1) Rationale for choosing this goal
 - 2) Strategy 1 – strategy to meet the goal
 - a. Activity A – specific activity to implement strategy 1 by X deadline with milestones at X deadlines
 - b. Activity B - specific activity to implement strategy 1 by X deadline with milestones at X deadlines
 - 3) Strategy 2 – strategy to meet the goal
 - a. Activity A – specific activity to implement strategy 2 by X deadline with milestones at X deadlines
 - b. Activity B - specific activity to implement strategy 2 by X deadline with milestones at X deadlines

D.6 Affordability for Consumers and Purchasers

Describe in detail how each goal positively impacts affordability for consumers and purchasers. Lowered spending through implementing performance improvement plan strategies, whether through changes in utilization and/or pricing, should not solely reduce internal operating expenses for the health care entity but positively impact affordability for consumers and purchasers. As relevant and applicable, disaggregate savings from performance improvement plan goals by payer market, line of business, and product type, and include specifics about the impact of performance improvement plan goals on unit costs.

Note for Medi-Cal payer markets or lines of business where consumers may have minimal or zero cost-sharing, describe how each goal positively impacts affordability for the State of California as a purchaser.

D.7 Assessment Plan

Describe in detail how progress will be measured for goals, activities, and milestones.

The assessment plan must:

- 1) Include specific metrics and specific data sources to be used in progress reports and the final progress report.
- 2) Define key terms
- 3) Include measures to track progress towards SMART goals identified under [Section D5 “Goals, Activities, and Milestones.”](#)

D.8 Balancing Measures

Describe in detail how the performance improvement plan proposal will maintain or improve access, quality, equity, and workforce stability.⁴ Include mitigation strategies and specific balancing measures that will be tracked internally. Performance on balancing measures must be provided to OHCA in progress reports and the final report.

Balancing measures may include:

Quality and Equity: OHCA’s Quality and Equity Measure Set is used to evaluate health care quality and equity for payers, physician organizations, and hospitals. These measures may be used as balancing measures for respective health care entities.⁵

Workforce Stability: OHCA’s Workforce Stability Standards outline best practices that health care entities can use to support a stable workforce while working toward compliance with the spending target. High-priority key performance indicators such as turnover, retention, vacancy rates, contract and temporary labor use, and time to fill vacancies, along with other measures included in the Workforce Stability Standards, may be used as balancing measures.⁶

Entities may also draw on other areas that promote a balanced high-value system and contribute to cost-reducing strategies.⁷

⁴ Health and Safety Code section: [127502.5, subd. \(a\)](#)

⁵ [Quality and Equity Performance Measure Set](#)

⁶ [Workforce Stability Standards](#)

⁷ [Promote High Value System Performance](#)

D.9 Sustainability

Describe in a detailed narrative response how achieved goals will be sustained in future years to comply with the spending target.

D.10 Other State Agencies

If your performance improvement plan goals are related to, or otherwise impacted by, obligations or requirements monitored or enforced by other state regulators, clearly identify the relevant regulator(s) and describe the relationship or impact.

D.11 Performance Improvement Plan Implementation Timeline

Develop a detailed timeline on performance improvement plan implementation that includes deadlines for goals, activities, and milestones. The performance improvement plan timeline must include progress reports, meetings with OHCA at a minimum cadence of every 6 months, and the final report. The proposed performance improvement plan implementation timeline must not exceed three years.⁸

D.12 Performance Improvement Plan Attestation

Sign and submit the affidavit of truthfulness and good faith implementation with performance improvement plan proposal (see [appendix A For Performance Improvement Plan Attestation](#)).

⁸ Health and Safety Code section [127502.5, subd. \(c\)\(1\)](#)

E. Evaluation of Performance Improvement Plan Proposal

Health care entities will receive an acknowledgement confirming receipt of their performance improvement plan proposal from OHCA within 5 business days. For information regarding the evaluation of performance improvement plan proposals, see [insert regulations link/info].

OHCA will review the performance improvement plan proposal and obtain any necessary input from the Health Care Affordability Board and other state regulators. If OHCA requires additional information during its review or determines that revisions to the proposal are necessary, it will submit a request to the staff identified in "[Section D](#)" along with a deadline for production. Extension requests for submission of revised performance improvement plan proposals must be submitted by the due date and include the following:

1. The name, title, and contact information of the individual authorized to make the request on behalf of the health care entity.
2. The date requested to submit the revised performance improvement plan proposal.
3. A detailed explanation of the reasons for the request for extension, including, but not limited to, any issues preventing the required submitter from submitting the revised performance improvement plan proposal.

Extension requests for submission of a revised performance improvement plan proposal will be evaluated on a case-by-case basis.

F. Progress Reports

During performance improvement plan implementation, progress reports must be submitted to OHCA, at a minimum cadence of every six months, and must be included in the performance improvement plan proposal's timeline. Progress reports can be submitted via email to **SpendingTarget@hcai.ca.gov** by the deadline listed in the performance improvement plan proposal's timeline. Extension requests must be received via email on or before the date of the submission deadline listed in the approved performance improvement plan's timeline and must include a detailed explanation of the need for an extension, including, but not limited to, any issues preventing the required submitter from submitting the performance improvement plan. OHCA will evaluate extensions on a case-by-case basis. Entities will receive an acknowledgment confirming receipt of their progress report from OHCA within 5 business days. Progress reports must include the following:

F.1 Summary of Performance

A brief summary update on performance improvement plan performance, including progress on achieving goals, progress on completing activities, and performance of balancing measures. OHCA may publicize the summary of performance in a public meeting of the Health Care Affordability Board, on the OHCA website, or in an annual report on California's health care spending growth.

F.2 Progress on Outcomes

Updates on progress toward SMART goals, activities, milestones, and performance on balancing measures.

F.3 Timeline Updates

An updated timeline with completed goals, strategies, activities, meetings, reports, etc.

F.4 Barriers or Delays

Updates on barriers or delays that may impact performance improvement plan goals.

Include relevant data or documents to support the progress report. See "[Section B](#)" for submission requirements and confidentiality information.

Based on review of progress reports, OHCA may determine that a modification to the performance improvement plan is necessary. If this occurs, OHCA will notify the entity and set a deadline to modify and submit a modified performance improvement plan proposal. Extension requests for submission of modified performance improvement plans must be submitted by the due date and include the following:

1. The name, title, and contact information of the individual authorized to make the request on behalf of the health care entity.
2. The date requested to submit the modified performance improvement plan.
3. A detailed explanation of the reasons for the request for extension, including, but not limited to, any issues preventing the required submitter from submitting the modified performance improvement plan.

Extension requests for submission of a modified performance improvement plan proposal will be evaluated on a case-by-case basis. OHCA's decision not to require modifications to a performance improvement plan or not to object to information contained in a progress report shall not constitute approval of the entity's performance, a determination of compliance with the terms and conditions of the performance improvement plan, or a limitation on OHCA's enforcement authority.

G. Final Progress Report

Final progress reports must be submitted within 45 calendar days of the end of a performance improvement plan's implementation and the deadline for the final progress report must be included in the performance improvement plan proposal's timeline. Final progress reports can be submitted via email to **SpendingTarget@hcai.ca.gov** by the deadline listed in the performance improvement plan proposal's timeline. Extension requests must be received via email on or before the date of the submission deadline listed in the approved performance improvement plan's timeline and must include a detailed explanation of the need for an extension, including, but not limited to, any issues preventing the required submitter from submitting the performance improvement plan. OHCA will evaluate extensions on a case-by-case basis. Entities will receive confirmation of receipt of final progress report from OHCA within 5 business days.

Final progress reports will give detailed information on performance improvement plan performance and must include the following:

G.1 Summary of Performance

Include a brief summary of performance improvement plan performance, including: goals achieved or not, activities completed or not, outcomes of balancing measures, and whether spending targets were met or exceeded. This summary may be included in a public meeting of the Health Care Affordability Board, posted on the OHCA website, or included in an annual report on California's health care spending growth.

G.2 Outcomes

Provide detailed information about the final progress report on outcomes for goals, including specific information about each activity. Clearly state whether goals were achieved or not, activities were completed or not and include supporting data and information.

G.3 Lower Costs for Consumers

Provide supporting data and information about how the performance improvement plan positively impacted affordability for consumers and purchasers.

G.4 Balancing Measures

Provide detailed information on outcomes related to strategies that mitigated negative consequences to access, quality, equity, and workforce stability.

G.5 Sustainability

Provide detailed information on steps taken to ensure compliance with future spending targets.

Include relevant data or documents to support the progress report. See “[Section B](#)” for submission requirements and confidentiality information.

H. Evaluation of Final Progress Report

OHCA will evaluate the final progress report and supporting documents. For information regarding the evaluation of final progress reports, see California Code of Regulations, title 22, section 97445, subdivision (g) for more information.

OHCA will notify entities of its final findings regarding compliance with the performance improvement plan, which will also be provided to the Board and the public during Board meetings. Performance improvement plan evaluations may also be posted on OHCA's website and included in annual reporting.

I. OHCA Contact Information

For questions, please contact OHCA at SpendingTarget@hcai.ca.gov.

Appendix A: Performance Improvement Plan Attestation

Your organization is required to submit a signed affidavit of truthfulness and good faith implementation upon submission of a final performance improvement plan proposal, signed by an individual with authority to bind the health care entity to a good faith implementation of the performance improvement plan.

(Early drafts submitted for review and discussion with OHCA staff need not be accompanied by signed affidavits.)

SIGNATURE

The undersigned, being fully authorized to execute on behalf of the identified organization, certify the following:

- 1) I have read OHCA's regulations at 22 CCR 97445 and this performance improvement plan submission guide document incorporated by reference into those regulations.
- 2) I have read the attached performance improvement plan proposal with any and all attachments and certify that the information contained therein is accurate and true.
- 3) Should the performance improvement plan proposal be approved by OHCA, the identified organization will implement and execute all components of performance improvement plan and reporting requirements in good faith.

Under penalty of perjury under the laws of the State of California,

Typed name, title, organization, signature	Date
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