Nautilus

CONTRACT X-RAY · GOVERNANCE SUITE

Governance Charter

Standards, Evaluation Model, and Operational Principles

Version 4.0
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Supersedes Version 3.1

1 Mission and Role of Nautilus

Nautilus Health Institute is a 501(c)(3) nonprofit organization. Our mission is to advance transparency and fiduciary accountability for employer plan sponsors by providing independent, standards-based analysis of benefits contracts.

Contract X-Ray is a primary instrument for that mission: an independent, open, standards-based evaluation of healthcare benefits contracts, giving plan sponsors, plan advisors, and the market a credible, verifiable basis for assessing contract quality.

Contract X-Ray evaluates contract language against Fiduciary-Aligned Contract Standards grounded in fiduciary principles under applicable law and aligned with the Consolidated Appropriations Acts of 2021 and 2026. Ratings reflect what a contract explicitly states rather than what a service provider claims to do or what the industry considers normal.

What Nautilus Does

- Maintains and publishes Fiduciary-Aligned Contract Standards as an open resource available to any plan sponsor, advisor, or Service Provider. These standards are built in collaboration with a range of industry participants and evolve over time to meet changing market needs.
- Evaluates Service Provider contracts against those standards and issues ratings based solely on contract language.
- Publishes Contract X-Ray ratings for evaluated Service Providers and aggregate market statistics.
- Manages the governance, dispute, and standards update processes described in this Charter.
- Governs advisor participation in the submission process under published Acceptable Use Guidelines.

What Nautilus Does Not Do

- Nautilus does not advise plan sponsors on Service Provider selection or plan design. Analysis is for informational purposes only and does not constitute legal, financial, or professional advice.
- Nautilus does not endorse, certify, or recommend any Service Provider. A rating reflects contract language quality against published standards, not a recommendation to use or avoid any Service Provider.
- Nautilus does not act as a broker or intermediary in any commercial transaction between a plan sponsor and a Service Provider.
- Nautilus does not modify, suspend, or withdraw a published rating in response to commercial pressure, legal threats, or attorney correspondence. Ratings are changed only through the dispute and rescoring processes described in this Charter.
- Nautilus does not accept fees from Service Providers in exchange for favorable ratings, designation inclusion, or any influence over scoring outcomes.

- Nautilus does not share, sell, license, or otherwise disclose submitted contract materials to any third party. Contract language is used solely for the analysis for which it was provided.
- Nautilus does not assess whether Service Provider pricing is good, bad, or otherwise, either generally or for a specific plan sponsor.

This effort is about raising the bar, not picking winners. Each evaluated Service Provider contract is assessed against the same published standards. It remains up to plan sponsors and their advisors to determine what rating threshold is appropriate for their plan.

2 Platform Taxonomy

Contract X-Ray is the platform and the common denominator across all Nautilus contract assessments. All scoring, reporting, and analytical outputs are produced within the Contract X-Ray framework. The list below defines the named outputs, their audiences, and how they relate to one another.

Outputs fall into two categories. Contract Reports are specific to the individual contract submitted. Market Reports are built from the evaluated contract population and contain no individual contract or organization identifiers.

Platform

- Contract X-Ray (all stakeholders): The platform and methodology. Fiduciary-aligned scoring applicable to any benefits contract type. All outputs are produced within this framework.

Methodology

- Methodology (researchers, legal analysts, public): The published scoring standards: Checklist, Rubric, and Calibration Notes. Versioned, publicly available, and the authoritative basis for all Contract X-Ray scores.
- Scoring Workpapers (internal, legal and audit review): Internal documents recording how the methodology was applied to each specific contract. Contain provision-level citations, scoring rationale, and analyst notes. Confidential to each engagement. Retained as the audit trail supporting every published score.

Contract Reports: Specific to the Submitted Contract

- Contract Scorecard (plan sponsor, advisor, vendor in Track A): The primary individual contract output. Contains provision-level scores, domain scores, overall score, and business model classification. The source from which all Contract Reports and Designations are built.
- Contract Reports (plan sponsor, advisor, vendor in Track A): Substantive deliverables built on the Contract Scorecard. Current examples: Negotiation Report, Remediation Report, Comparison Report, Executive Brief. Additional report types may be added without changes to this framework. Confidential to each engagement.
- Designations (plan sponsors, procurement teams, regulators): Analytical designations applied to individual contracts based on performance across a defined provision set. Built

from Contract Scorecard scores and issued as standalone designations, not certifications. Current example: the Data Sovereignty Score, with Gold, Silver, and Bronze tiers.

Market Reports: Built from the Evaluated Contract Population

- Market Analytics (plan sponsors, regulators, researchers, public): Aggregate analytics computed from contract scores across the evaluated population. No individual contract or organization is identifiable. Examples: percentage of contracts with audit provisions rated Good or above; median overall score by Service Provider type; provision-level trends over time. Third-party partners receive Market Analytics, not individual scores or contract language.
- Market Reports (plan sponsors, regulators, researchers, public): Published reports built from Market Analytics. They report on the evaluated contract population against fiduciary-aligned standards. They do not rank or score individual Service Providers. Primary example: the CAA 2026 Readiness Report, which lists Service Providers that have agreed to public disclosure of their Fiduciary Alignment Score and reports market-level statistics. It is a transparency mechanism, not a certification or a ranking.

The platform, scoring methodology, and designation frameworks apply regardless of contract type (PBM, TPA, broker, and others).

3 Why This Matters

The terms transparent, pass-through, and fiduciary-aligned have been adopted so widely in Service Provider marketing they risk losing their meaning. Some Service Providers have convinced plan sponsors they are transparent and fiduciary-aligned while continuing practices like restricted data access and limited audit rights. Others have substantively adopted these concepts, but the market does not recognize their practices, or their contracts do not memorialize them. In both cases, plan sponsors are left without the ability to easily understand contract quality.

This creates a fundamental information asymmetry: plan sponsors cannot evaluate what they cannot verify, and many Service Providers have every incentive to keep it that way.

Contract X-Ray draws a wide and bright line between marketing claims and verifiable contract commitments. Plan sponsors no longer have to take a Service Provider's word for it. They can require an independent rating based on what the contract actually says.

4 The Evaluation Model

Contract X-Ray is open to any Service Provider, without qualification. Large or small, new entrant or incumbent: every Service Provider is welcome to submit its contract for evaluation. Nautilus applies Fiduciary-Aligned Contract Standards exactly the same way to every submission. No exceptions, no adjustments based on size, market position, or business model.

Contract X-Ray operates on independent evaluation, not self-attestation. Nautilus analyzes contract language directly against published standards and issues a rating based solely on what the contract explicitly states. A Service Provider's business practices, marketing materials, verbal representations, or operational track record do not influence the score.

Contracts may be submitted through two distinct tracks. Each track serves a different stakeholder and produces different deliverables. The evaluation methodology is identical regardless of submission track.

Track A: Voluntary Participation

Service Provider initiated submission for a Contract X-Ray rating. A Service Provider submits its standard contract template directly to Nautilus for evaluation against Fiduciary-Aligned Contract Standards. The goal is a Contract X-Ray rating the Service Provider can use to demonstrate contract quality to the market. Service Providers do not pay for this review.

- Contract Submission. The Service Provider submits its standard contract template. Nautilus evaluates only the contract language provided. No business practice representations, marketing materials, or verbal commitments influence the score.
- Independent Analysis. Nautilus evaluates the contract against Fiduciary-Aligned Contract Standards. Every score is supported by direct contract citations. No assumptions, no benefit of the doubt.
- Remediation Report. Nautilus delivers a confidential Remediation Report identifying gaps, model language, and the specific path to the target rating. The Service Provider reviews at its own pace.
- Review Session. An optional working session where Nautilus walks through findings, answers methodology questions, and builds a gap-closure action list.
- Rescore and Rate. The Service Provider revises contract language and resubmits. Nautilus rescores and issues the Contract X-Ray rating. Two revision cycles are included.

What Gets Published (Track A). Contract X-Ray publishes tier designations only. For example: "[Service Provider Name]: Good." Not individual scores, provision-level findings, or contract language. The detailed analysis, remediation roadmap, and all working documents remain confidential between Nautilus and the Service Provider.

Participation does not commit a Service Provider to publishing a rating. If the analysis surfaces issues a Service Provider wants to address before going public, the remediation process exists for exactly that reason. The tier designation is published only when the Service Provider confirms readiness.

How Track A Works in Practice. Track A is a collaborative process, not an adversarial one. Nautilus shares the full analysis openly. The Remediation Report is a working document, not a verdict. The review session is a genuine dialogue. The goal is to help Service Providers close the gap between what their contract says and what their fiduciary-aligned business model actually does.

Most Service Providers that score below their target tier are not operating badly. They are often operating under contracts that have not kept pace with their practices or the regulatory landscape. A Service Provider that processes claims at cost, passes through rebates, and grants audit rights may still score poorly if none of that is written into the agreement. The remediation work is usually documentation, not transformation.

Good contract language protects both sides. It gives the plan sponsor a clear, enforceable basis for fiduciary oversight. It gives the Service Provider a documented record of exactly what it committed to, which is protection against claims it never anticipated. That alignment of interest is why Track A works: getting to strong contract language serves the Service Provider's business interest as much as it serves the plan sponsor's fiduciary obligation.

Nautilus welcomes questions, pushback, and dialogue throughout the process. Disagreement with a score is handled through the Dispute Resolution process. Disagreement with a standard is handled through the Standards Governance process. Either path is open to any Service Provider, at any time.

Track B: Plan Sponsor-Initiated Contract Analysis

Submitted by a plan sponsor or plan advisor on behalf of the plan. A plan sponsor or plan advisor submits a specific Service Provider contract on behalf of the plan sponsor. The contract may be the plan's current agreement, a proposed renewal, or a contract obtained through FOIA or other public records processes. The goal is a scored analysis the plan sponsor can use to evaluate their specific contract, support renegotiation, or inform a procurement decision.

A plan sponsor, or advisors submitting on behalf of a plan sponsor, represent they have legal authority to share the contract for this purpose. Where a contract contains confidentiality provisions restricting sharing, the submitting party is responsible for confirming those provisions permit submission. Nautilus treats all submitted contract materials as confidential.

- Contract Submission. The plan sponsor or advisor submits the specific contract through the Contract X-Ray intake process. The submitting party confirms authority to share the contract.
- Independent Analysis. Nautilus evaluates the contract against Fiduciary-Aligned Contract Standards. Every score is supported by direct contract citations.
- Analysis Delivery. Nautilus delivers Contract X-Ray reports to the submitter: Contract Scorecard, Negotiation Report, and Executive Brief. Reports are confidential to the engagement that produced them.

What Gets Published (Track B). Track B analysis is confidential to the engagement. Scores, findings, and contract language are not published, including in any designation, and are not shared with any party other than the submitting party.

Aggregate, anonymized data derived from Track B analyses may be incorporated into published market reports, provided no individual plan sponsor, contract, or Service Provider-specific term is identifiable from the published data.

5 Contracts Are Evaluated, Not Service Providers

This is one of the most important distinctions in the Contract X-Ray framework and one of the most commonly misunderstood. Nautilus evaluates specific contract documents. It does not rate, rank, or assess Service Providers as organizations.

A Contract X-Ray score is a score for a specific contract, at a specific point in time, under a specific version of the methodology. It is not a rating of the Service Provider that issued the contract, the Service Provider's service quality, its financial stability, its operational practices, or its conduct toward plan members.

What This Means in Practice

- The same Service Provider may have multiple contracts in the Contract X-Ray database, each scored separately. A Service Provider's template contract, a specific plan sponsor's negotiated agreement, and a government plan sponsor's FOIA-obtained contract may each score differently. All three scores are accurate. None contradicts the others.
- A Service Provider that scores poorly on contract language may deliver excellent operational service or pricing. A Service Provider that scores well on contract language may have service issues. Contract X-Ray evaluates what the contract says, not how the relationship performs. Plan sponsors should weigh contract quality alongside other factors in their selection and monitoring processes.
- Renegotiated, amended, or replaced contracts may score differently than earlier versions. Scores are tied to the specific document version submitted, not to the Service Provider's current standard terms.
- Scores reflect contract language present at the time of analysis. Language added, removed, or modified after the analysis date is not reflected in the published score unless a rescore is requested and completed.
- A plan sponsor can compare the contract they receive from a Service Provider under Track B to confirm they received the same standard agreement the Service Provider submitted under Track A.

Every Published Evaluation Identifies

- Service Provider or contract party. The entity whose contract was evaluated. For template contracts, the Service Provider name. For plan sponsor-specific contracts, the Service Provider name and plan sponsor context where disclosed.
- Contract version or document. The specific document submitted: template version, amendment number, or FOIA document date where available.
- Analysis date. The date on which the scoring was completed. The score reflects the contract language as of that date.
- Methodology version. The Checklist version, Rubric version, and Calibration Notes version under which the contract was scored. Historical scores are not retroactively updated when methodology changes.
- Submission track. Whether the contract was submitted under Track A (voluntary participation) or Track B (plan sponsor-initiated analysis).

These five data points define the scope of any published score and are the proper basis for any comparison, dispute, or market interpretation of Contract X-Ray results.

Operational Practice Is Not Scored

A Service Provider's business practices, service quality, marketing representations, verbal commitments, or operational track record do not influence Contract X-Ray scores under any circumstances. This is not a limitation of the methodology. It is a deliberate design principle.

Contracts are the only instrument a plan sponsor can enforce. Operational practices change without notice. Marketing claims carry no legal obligation. A plan sponsor's fiduciary oversight must be grounded in what the contract actually requires, not what the Service Provider has historically done or says it will do.

6 Independence and Conflict of Interest

The credibility of Contract X-Ray depends entirely on the independence of the evaluation. The following principles govern how Nautilus protects that independence. These are not aspirational statements. They are operational commitments backed by organizational structure.

Financial Independence

- No pay-to-play. Nautilus does not accept fees from Service Providers in exchange for favorable ratings, designation inclusion, or any influence over scoring outcomes.
- No commercial relationships. Nautilus has no revenue-sharing arrangements, referral fees, ownership interests, or commercial relationships with any Service Provider, plan sponsor, or advisor that could influence ratings or publication decisions.
- Nonprofit structure. Nautilus operates as a public benefit nonprofit. There are no shareholders, no investor returns, and no financial incentive to favor any market participant.

Methodology Independence

- Published standards. Fiduciary-Aligned Contract Standards are publicly available. Any Service Provider, plan sponsor, or advisor can review exactly what is being scored before submitting.
- No negotiated criteria. Service Providers may not negotiate the scoring criteria as a condition of participation. Nautilus maintains the standards and updates them only through the Standards Governance process described below.
- Scoring documentation. Every score is supported by direct contract citations. Scoring rationale is retained in the internal audit trail and available for dispute review.
- Change processes. Ratings are not modified, suspended, or withdrawn in response to commercial pressure, legal threats, or attorney correspondence. A rating changes only through the Dispute Resolution process or rescoring under the Standards Governance process described below.

Organizational Independence

- No board representation. Service Provider representatives do not sit on Nautilus governance bodies with authority over scoring methodology, rating decisions, or publication.
- Advisor conduct governance. Advisors who participate in the submission process do so under Nautilus's published Advisor Acceptable Use Guidelines. Advisors do not influence scoring, publication decisions, or methodology. Their role is limited to submitting contracts on behalf of plan sponsor clients they already serve.

7 Dispute Resolution

Nautilus recognizes Service Providers may disagree with specific findings. A formal dispute process exists so every legitimate objection receives a fair, documented review. The process protects the integrity of the evaluation methodology while giving Service Providers a meaningful avenue to correct genuine errors.

Who May File a Dispute

Under Track A, the Service Provider that submitted the contract may file a dispute. Under Track B, the plan sponsor client may raise a scoring question through Nautilus directly. A Service Provider whose contract was submitted through Track B without its direct involvement may not use this dispute process to challenge the score, the publication decision, or Nautilus's authority to evaluate the contract. The appropriate channel for a Service Provider in that circumstance is voluntary participation in Track A.

Grounds for Dispute

A dispute may be filed on the following grounds only:

- Factual error: a specific provision score does not reflect the contract language as submitted.
- Methodology misapplication: the scoring rubric was applied inconsistently with published standards.
- Documentation error: a cited passage was misattributed or taken out of context.

The following are not valid grounds for dispute:

- Disagreement with the standards themselves. Use the Standards Governance process.
- Claims that business practices exceed what the contract states. Scores reflect contract language only.
- Claims that industry norms make specific contract language unnecessary.
- Claims that a score is commercially harmful. The economic impact of a rating is not a scoring error.

Dispute Process

- Written Objection. The disputing party submits a written objection within 30 days of receiving the rating, identifying specific provisions disputed and the factual basis for each.

- Nautilus Review. Nautilus reviews the objection against the original contract language and scoring documentation within 15 business days.
- Written Response. Nautilus issues a written response: upholding the original score with rationale, or correcting the score with an explanation of the change.
- Final Determination. The Nautilus response is final. If the disputing party believes the standards themselves are flawed, that objection enters the Standards Governance process for future consideration.

Ratings are not suspended or withheld during a dispute review unless Nautilus determines a material factual error may affect the published tier designation.

Legal correspondence, cease-and-desist letters, and attorney demands do not constitute a filed dispute under this process and do not trigger any obligation on Nautilus's part to modify, suspend, review, or withdraw a published rating. Nautilus's ratings are independent evaluations of contract language and constitute protected opinion under the First Amendment. The Dispute Resolution process above is the sole mechanism for requesting reconsideration of a score.

8 Standards Governance

Fiduciary-Aligned Contract Standards are maintained by Nautilus and updated through a structured process. Standards must remain stable enough for ratings to be comparable over time, while flexible enough to reflect evolving regulatory requirements and market practices.

This process governs standards updates, and this process only. Updates are not triggered by, and will not be accelerated or modified in response to, individual legal challenges, commercial disputes, or pressure from any market participant.

Who Can Propose Updates

Any industry stakeholder may propose changes: Service Providers, plan sponsors, advisors, consultants, legal counsel, or regulators. Proposals are submitted in writing to Nautilus and reviewed on the cadence below. Submitting a proposal does not guarantee adoption. Service Providers participating in Contract X-Ray have the same standing to propose updates as any other stakeholder. No more, no less.

Update Triggers

- Regulatory changes. New federal or state legislation affecting Service Provider fiduciary obligations, such as CAA amendments or DOL rulemaking, will trigger expedited review.
- Market evolution. New Service Provider structures, fee arrangements, or contract patterns not covered by existing standards.
- Calibration findings. Patterns identified across contract analyses that reveal gaps or ambiguities in the current standards.
- Stakeholder proposals. Formally submitted proposals from industry participants through the open proposal process.

Review Cadence

- Quarterly. Proposed updates are collected and reviewed internally. Urgent regulatory changes may be addressed on an accelerated basis.
- Semi-annual. Open review sessions where proposed changes are discussed with interested stakeholders. Participation is open to any stakeholder.
- Annual. Official publication of any updates to the standards, with a version number, change log, and effective date.

Version Control and Historical Scores

- All standards versions are numbered, dated, and maintained in a public change log.
- Historical scores are not retroactively changed when standards are updated. Each rating identifies the standards version under which it was issued.
- Service Providers are notified of material standards changes and given a defined window to request rescoring under the new version.
- Once consensus is reached on an update, it is not reopened in response to individual commercial or legal pressure, including when new executives join a Service Provider or an organization changes its position.

9 Confidentiality

Nautilus treats all submitted contract materials as confidential, whether the Service Provider submitted them directly (Track A) or a plan sponsor or advisor submitted them on behalf of a plan (Track B). The source of submission does not diminish Nautilus's confidentiality obligations to the underlying contract materials.

What Is Confidential

- All contract documents, schedules, exhibits, and amendments submitted for evaluation.
- Pricing terms, rebate structures, fee schedules, and any commercially sensitive terms within submitted contracts.
- Track A: the detailed analysis, remediation roadmap, provision-level scores, and all working documents produced during evaluation.
- Track B: the detailed analysis reports, confidential to the engagement that produced them.

What Is Not Confidential

- Fiduciary-Aligned Contract Standards, the scoring rubric, and the evaluation methodology, which are publicly available by design.
- The fact of a Service Provider's participation in Track A, once a tier designation is published.
- Track A tier designations, once published with the Service Provider's confirmation.
- Aggregate, anonymized market statistics that do not identify any individual plan sponsor, contract, or Service Provider-specific term.

How Nautilus Uses Submitted Materials

- Contract materials are used solely to conduct the analysis for which they were provided and to deliver the applicable report suite to the client.
- Contract materials are not sold, licensed, shared with third parties, or used for any purpose other than the engagement for which they were submitted.
- Aggregate and anonymized insights derived from contract analysis may be incorporated into published market reports, provided no individual plan sponsor, contract, or identifiable Service Provider term is disclosed.

Data Handling and Retention

Nautilus's data practices are described in full in the Contract X-Ray Privacy Policy. In summary:

- Submitted contract materials. Retained to support the analysis, follow-up questions, rescoring, and dispute review. Nautilus does not run a fixed deletion clock. Materials are deleted within 30 days of a written request, except where retention is required by applicable law or active dispute proceedings.
- Scoring workpapers and audit trail. Retained as Nautilus's opinion and audit record supporting each published score. Not subject to a deletion request.
- Aggregate, anonymized market data. Retained indefinitely as part of the market data record. Contains no information that identifies any plan sponsor, contract, or Service Provider-specific term.

Submitting parties may request deletion of their contract materials at any time by contacting Nautilus in writing at info@nautilushealth.org.

10 Commitment to Transparency

Contract X-Ray governance is durable and consistent by design. It must remain stable enough for ratings to be comparable over time, while adapting as fiduciary standards and market practices mature. The following commitments are how Nautilus holds itself accountable.

- Publishing Fiduciary-Aligned Contract Standards so any Service Provider knows exactly what it will be evaluated against before submitting.
- Disclosing the scoring methodology so plan sponsors, advisors, Service Providers, regulators, and the public can assess its rigor independently.
- Maintaining a public change log so the evolution of standards is traceable over time.
- Operating without financial conflicts that could compromise rating independence.
- Providing a fair and documented dispute process for any rated party that believes an error was made.
- Publishing Advisor Acceptable Use Guidelines so the market understands how third-party submissions are governed and what conduct standards apply to advisors who participate in the submission process.

- Stating clearly what Nautilus does not do, so no plan sponsor, Service Provider, or advisor mistakes our analysis for advice, endorsement, or commercial recommendation.

The ultimate goal is clarity for plan sponsors, accountability for Service Providers, and a level playing field where transparency is proven, not claimed.