

**Independent External Audit:  
Rhode Island Health Insurance  
Exchange  
Healthsource RI (HSRI)  
July 1, 2024, to June 30, 2025  
Audit Findings Report**

# Independent External Audit: 2025 Findings Report

TO: CCIIO STATE EXCHANGE GROUP

FROM: BDMP Assurance, LLP (BerryDunn)

DATE: May 29, 2026

SUBJECT: AUDIT FINDINGS REPORT FOR RHODE ISLAND

AUDIT PERIOD: July 1, 2024 – June 30, 2025

## I. Executive Summary

### PURPOSE:

The purpose of this independent external audit is to assist the State of Rhode Island in determining whether the Healthsource RI (HSRI or the Exchange), the Rhode Island State-Based Marketplace (SBM), complied with the financial and programmatic requirements set forth by the Centers for Medicare & Medicaid Services (CMS) during the audit period.

Name of SBM: Healthsource RI (HSRI)

State of SBM: Rhode Island

Name of Auditing Firm: BerryDunn

Our responsibility was to perform a financial and programmatic audit to report on HSRI's compliance with Title 45, Code of Federal Regulations, Part 155 (45 CFR 155) as described in the CMS memo dated June 18, 2014, Frequently Asked Questions about the Annual Independent External Audit of SBMs. The Program Integrity Rule Part II ("PI, Reg."), 45 CFR 155.1200 (c), states, "The State Exchange must engage an independent qualified auditing entity which follows U.S. generally accepted governmental auditing standards (U.S. GAGAS) to perform an annual independent external programmatic audit and must make such information available to the United States (U.S.) Department of Health and Human Services for review."

# Audit Findings Report

## SCOPE:

The scope of this engagement included an examination of HSRI's compliance with the programmatic requirements under 45 CFR 155, Subparts C and D for the 12-month period July 1, 2024, through June 30, 2025. We conducted our examination in accordance with U.S. Generally Accepted Auditing Standards (U.S. GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. We completed an examination of HSRI's compliance with the applicable programmatic requirements under 45 CFR 155 and issued our reports dated February 23, 2026.

## METHODOLOGY:

### **Audit Firm Background:**

BerryDunn is a national consulting and certified public accounting firm with multiple practice groups dedicated to serving state and local government agencies. BerryDunn was formed in 1974 and has experienced sustained growth throughout its 51-year history. Today, BerryDunn employs 900+ personnel with headquarters in Portland, Maine—and office locations in Arizona, Connecticut, Hawaii, Massachusetts, New Hampshire, West Virginia, and Puerto Rico. The firm has experienced professionals who provide a full range of services, including information technology (IT) consulting; management consulting; and audit, accounting, and tax services.

Those services include conducting Financial and/or Programmatic audits of multiple State-Based Exchanges. We also have completed audits in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance, previously referred to as OMB Circular A 133) for several sizable healthcare organizations, many of which receive U.S. Department of Health and Human Services federal grants or funding. In addition, we provide audit services for higher education, social service, and economic development organizations, as well as other entities that receive federal grants and are subject to the Uniform Guidance.

### **Financial Statement Audit:**

We have audited, in accordance with U.S. GAAS and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of HSRI, for the year ended June 30, 2025, and related notes to the statements, and have issued a report thereon dated December 4, 2025.

# Audit Findings Report

## Programmatic Audit:

We have examined HSRI's compliance with the programmatic requirements described in 45 CFR 155 for the year ended June 30, 2025, and have issued a report thereon dated February 23, 2026.

## Summary of Programmatic Audit Procedures:

Our audit consisted of specific procedures and objectives to evaluate instances of noncompliance and to test 's compliance with certain subparts of 45 CFR 155. BerryDunn examined compliance with the requirements under 45 CFR 155, in the following programmatic areas:

- Eligibility Determinations (Subpart D)
- Enrollment Functions (Subpart E)

We reviewed the processes and procedures under 45 CFR 155, in the following programmatic areas in order to determine whether they followed the requirements of the ACA:

- Eligibility and Enrollment Processes and Procedures

We reviewed the following documentation, which was obtained directly from, or located on, either the website or the CMS website:

- 45 CFR Parts 200, 240, and 260, General Exchange Standards, Payment of Premiums, and Privacy and Security Standards under the Affordable Care Act of 2010
- 2025 Second Lowest Cost Silver Plan Data
- Board Meeting Minutes
  - Meeting Minutes July 1, 2024 – January 31, 2026
- Consumer Resources:
  - Age-based Medical Rate Sheet
  - Cost Sharing Reduction Plans for Eligible Individuals and Families (for 2025)
  - Health Plans and Benefits for Individuals and Families
  - Health Plan Quality Rating Information (for 2025)
  - Policy Manual
  - Quote Calculator (Plan Comparison and Savings Tool)
- Notices
  - Additional Documentation Required Notice

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- Change in Eligibility Notices
- Eligibility Decision Notices
- Enrollment/Disenrollment Notices
- Financial Assistance Notice
- Incomplete Application Notice
- Renewal Notices

To understand management and staff responsibilities and processes as they relate to compliance with 45 CFR 155, we interviewed the following HSRI staff:

- Chief Operating Officer
- Deputy Director, Technology Operations
- General Counsel

We analyzed the following information to assess HSRI's compliance with the requirements of 45 CFR 155:

- A listing of 457,193 eligibility determination transactions completed between July 1, 2024, and June 30, 2025. We selected 60 cases to test for compliance with eligibility and enrollment rules. We selected 95 cases to test for compliance with verification rules.

### **Confidential Information Omitted**

N/A

# Audit Findings Report

## II. Programmatic Audit Findings

### MATERIAL NONCOMPLIANCE

#### 2025 Finding 001: Failure to provide an applicant with a 150-day Reasonable Opportunity Period

##### Criteria

In accordance with 45 CFR § 155.315(f)(2):

(2) If unable to resolve the inconsistency through the process described in paragraph (f)(1) of this section, must—

(i) Provide notice to the applicant regarding the inconsistency; and

(ii) Provide the applicant with a period of 90 days from the date on which the notice described in paragraph (f)(2)(i) of this section is sent to the applicant to either present satisfactory documentary evidence via the channels available for the submission of an application, as described in § 155.405(c), except for by telephone through a call center, or otherwise resolve the inconsistency.

(5) If, after the period described in paragraph (f)(2)(ii) of this section, the Exchange remains unable to verify the attestation, the Exchange must determine the applicant's eligibility based on the information available from the data sources specified in this subpart, unless such applicant qualifies for the exception provided under paragraph (g) of this section, and notify the applicant of such determination in accordance with the notice requirements specified in § 155.310(g), including notice that the Exchange is unable to verify the attestation.

Although 45 CFR § 155.315(f)(2) establishes a 90-day reasonable opportunity period (ROP) for resolving eligibility verification inconsistencies, CMS provided temporary flexibility during the COVID-19 public health emergency allowing Exchanges to extend the ROP to 150 days.

##### Condition and Context

BerryDunn selected a sample of 95 cases to test HSRI's verification process. Of the 95 cases tested, BerryDunn identified one case where the Exchange discontinued an applicant's conditional eligibility in accordance with the earliest ROP expiration. The applicant received an initial Additional Document Request (ADR) on October 12, 2024, for current year annual income with a due date of March 17, 2025. A Medicaid annual renewal notice was sent on March 1,

## Audit Findings Report

2025, for two children in the household with a due date of April 1, 2025. On May 8, 2025, the household's eligibility was updated because a child aged out of Medicaid. This triggered the Exchange to send a new ADR notice to the applicant on May 8, 2025, with a due date of October 11, 2025, for the verification of household income. On June 20, 2025, the consumer called the Exchange and reported a change in household income. On that date, a new income ADR notice for the entire household was generated with a new 150-day ROP, set to expire on November 22, 2025. In July 2025, the Exchange's batch verification process flagged the applicant because of the initial ADR due date of March 17, 2025, and generated a final reminder notice informing the applicant that if income support was not received by August 15, 2025, they would lose eligibility for financial assistance on September 15, 2025. The applicant did not provide support by August 15, 2025, and was deemed ineligible for financial assistance. The Exchange's policy is to provide a new ADR when there are changes to a household's eligibility due to changes in household composition and income.

### Cause

The Exchange's eligibility system utilized the earliest notice due date for batch processing and removed financial assistance on September 15, 2025, which conflicted with the notice stating the applicant had until November 22, 2025, to respond.

### Effect

The applicant was determined ineligible for financial assistance due to the batch verification process. The applicant received conflicting notices and information from the Exchange about their eligibility and the deadline for their response.

## MATERIAL WEAKNESS IN INTERNAL CONTROL OVER COMPLIANCE

We identified certain deficiencies in internal control over compliance, described in Finding 2025-001, that we consider to be material weaknesses

## SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL OVER COMPLIANCE

N/A

## Audit Findings Report

### Programmatic Auditor's Opinion

**QUALIFIED**

**UNQUALIFIED**

**ADVERSE**

**DISCLAIMER**

### III. Recommendations

2025 Finding 001: Failure to provide an applicant with a 150-day Reasonable Opportunity Period

#### Recommendation

BerryDunn recommends the Exchange update its policy to the due date referenced when taking action upon the expiration of the initial 150-day ROP if there are multiple ROPs generated.

### IV. Financial Statement Auditor's Opinion

We have issued an Independent Auditor's Report on the financial statements for the year ended June 30, 2025, reflecting the following type of opinion:

**QUALIFIED**

**UNQUALIFIED**

**ADVERSE**

**DISCLAIMER**

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V. CONCLUSION

SIGNATURE OF AUDIT FIRM:

*BMP Assurance, LLP*

COMPLETION DATE OF AUDIT:

FINDINGS REPORT: May 29, 2026