



HealthSource RI

PROGRAMMATIC COMPLIANCE REPORT

Year Ended June 30, 2019

With Independent Accountant's Report





INDEPENDENT ACCOUNTANT'S REPORT

To: Management of Rhode Island Health Benefits Exchange
d/b/a HealthSource RI

Report on Compliance

We have examined the compliance of Rhode Island Health Benefits Exchange d/b/a HealthSource RI (the Exchange or HSRI), a function within the State of Rhode Island, with the requirements in Title 45, Part 155, Subparts C, D, E, and K of the Code of Federal Regulations (CFR) during the year ended June 30, 2019. Our examination for Subparts C and K was limited to whether HSRI's written policies and procedures were in compliance with the programmatic requirements under those Subparts. Management is responsible for the Exchange's compliance with the specified requirements. Our responsibility is to express an opinion on the Exchange's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA) and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Exchange complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Exchange complied with the specific requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our modified opinion.

Our examination does not provide a legal determination on the Exchange's compliance with specified requirements.

Our examination disclosed material noncompliance with Title 45, Part 155, Subparts C, D, E and K of the CFR applicable to the Exchange during the year ended June 30, 2019, as described in the accompanying schedule of findings as Finding 2019-001. These conditions do not affect our report dated February 28, 2020 on the Exchange's 2019 financial statements.

In our opinion, except for the material noncompliance described in the preceding paragraph, the Exchange complied, in all material respects, with the requirements in Title 45, Part 155, Subparts C, D, E, and K of the CFR during the year ended June 30, 2019.

The Exchange's responses to the findings identified in our examination of compliance are described in the accompanying schedule of findings. The Exchange's responses were not subjected to the procedures applied in the examination of compliance and, accordingly, we express no opinion on the responses.

Management of Rhode Island Health Benefits Exchange
d/b/a HealthSource RI

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated REPORT DATE on our consideration of the Exchange's internal control over compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is solely to describe the scope of our testing of internal control over compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Exchange's internal control over compliance. That report is an integral part of an examination performed in accordance with *Government Auditing Standards* in considering the Exchange's internal control over compliance.

Intended Use

This report is intended to describe the scope of our examination of compliance and the results of the examination based on attestation standards established by the AICPA and *Government Auditing Standards* and it is not suitable for any other purpose.

Berry Dunn McNeil & Parker, LLC

Portland, Maine
June 16, 2020

**RHODE ISLAND HEALTH BENEFITS EXCHANGE
D/B/A HEALTHSOURCE RI**

Schedule of Findings (Concluded)

Year Ended June 30, 2019

FINDING #2019-001

Criteria:

45 CFR §155.305 provides that an Exchange must determine an applicant's eligibility for enrollment in a QHP or Medicaid through the Exchange if he or she meets the requirements stated within 45 CFR §155.305. The Exchange's RI Bridges system calculates eligibility for QHP or Medicaid for applicants based on those requirements. 45 CFR §155.305(f) provides that if an applicant is expected to have a household income, as defined in 26 CFR 1.36B-1(e), of greater than or equal to 100%, but not more than 400%, of the Federal Poverty Level (FPL), he or she will be eligible for Advanced Premium Tax Credit (APTC). The Second Lowest Cost Silver Plan is used along with age, income and family size to calculate a household's APTC. RI Bridges calculates the APTC for the benefit year for which coverage is requested.

Condition and Context:

We performed eligibility testing on 184 cases. For two of the cases within the sample, we calculated a different APTC than the one calculated by the Exchange. HSRI states that its systems integrator determined that they can no longer access the relevant APTC data tables for these two cases in RI bridges, and are unable to verify the accuracy of the APTC amounts. HSRI has not provided documentation demonstrating the propriety of these APTC calculations.

- **Case One** involved a family of three, including individuals of the following ages: 41, 38, and 4. The family's income was \$3,749.50 per month, or 216.53% of the FPL. We calculated an APTC of \$401.75, and HSRI calculated an APTC amount of \$434.15 for the family. The family initially received \$399.11 APTC based on one income value, but subsequently updated their income information and the APTC was recalculated. We have not been provided with income information from HSRI demonstrating the propriety of the APTC calculation.
- **Case Two** involved a family of three, including individuals of the following ages: 41, 42, and 11. The family's income was \$5,816.30 per month, or 335.88% of the FPL. We calculated an APTC of \$0.00, and HSRI calculated an APTC of \$46.94 for the family. The family initially received \$253.21 APTC based on the tax household size, but subsequently updated their household size information and the APTC was recalculated. We have not been provided with information from HSRI demonstrating the propriety of the APTC calculation.

Cause:

RI Bridges did not have controls in place to ensure storage of data related to household changes that took place during the audit period.

Effect:

Propriety of eligibility determinations cannot be verified.

**RHODE ISLAND HEALTH BENEFITS EXCHANGE
D/B/A HEALTHSOURCE RI**

Schedule of Findings (Concluded)

Year Ended June 30, 2019

Recommendation:

We recommend that the Exchange work with its Systems Integrator to identify ways to better retain documentation supporting eligibility determinations, enrollment transactions, and related calculations.

HSRI Response:

HealthSource RI agrees that there were issues with the APTC calculations related to the two cases cited in this finding. However, we feel the cause identified in this finding needs adjustment. This was not related to a data storage issue as purported in this finding. Rather, the issue appears to have been corrected between the occurrence and the undertaking of this audit rendering the issue as not reproducible. The inputs to the APTC calculation are accessible. However, when using the inputs from 2019 and running the application through the rules engine, the APTC calculation now matches the APTC values calculated in this audit. The calculation was wrong in 2019 but we do not have a way of pinning down exactly what in the code was causing this erroneous calculation.

Corrective Action Plan:

HealthSource RI has instituted monthly controls to ensure proactive identification of possible APTC calculation errors. Each month, as part of our Key Performance Indicator (KPI) initiative, we proactively audit 100 QHP cases with APTC/CSR eligibility and review the results with our systems integrator. This effort supplements our escalation and problem management process in place at the HealthSource RI Contact Center. Should these controls identify erroneous APTC calculation, we work with our systems integrator to triage the problem and deploy necessary code and data fixes.

Responsible HSRI Official:

John Cucco