



**INDEPENDENT EXTERNAL AUDIT:
2023 AUDIT FINDINGS REPORT
RHODE ISLAND HEALTH INSURANCE EXCHANGE (HSRI)**



INDEPENDENT EXTERNAL AUDIT: 2023 FINDINGS REPORT

TO: CCIIO STATE EXCHANGE GROUP

FROM: BERRY, DUNN, MCNEIL & PARKER, LLC (BERRYDUNN)

DATE: MAY 6, 2024

SUBJECT: AUDIT FINDINGS REPORT FOR RHODE ISLAND

AUDIT PERIOD: JULY 1, 2022 – JUNE 30, 2023

I. EXECUTIVE SUMMARY

PURPOSE

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

Name of SBM: HealthSource Rhode Island (HSRI)

State of SBM: Rhode Island

Name of Auditing Firm: BerryDunn

Our responsibility was to perform a financial and programmatic audit to report on the Exchange's assertion that it operated in 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 (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."

SCOPE

The scope of this engagement included an examination of the Exchange's compliance with the programmatic requirements under 45 CFR 155, Subparts C, D, E, K, and M for the 12-month period July 1, 2022 through June 30, 2023. We conducted our examination in accordance with U.S. generally accepted auditing standards 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 the Exchange's compliance with the applicable programmatic requirements under 45 CFR 155 and issued our reports dated May 6, 2024.

We also performed an audit of its financial statements for the year ended June 30, 2023 and issued our report dated December 20, 2023.

We reviewed processes and procedures, read pertinent documents, and performed inquiries, observations, and staff interviews to obtain reasonable assurance regarding whether the Exchange is in compliance with 45 CFR 155 in all material respects. We also selected a sample of eligibility and enrollment transactions and tested for compliance with requirements under 45 CFR 155 for eligibility determination, verification of data, and enrollment with a Qualified Health Plan (QHP).

METHODOLOGY

Audit Firm Background:

BerryDunn is a national consulting and certified public accounting firm with a Government Consulting Group dedicated to serving state and local government agencies. BerryDunn was formed in 1974 and has experienced sustained growth throughout its 49-year history. Today, BerryDunn employs 800+ personnel with headquarters in Portland, Maine—and office locations in Arizona, Connecticut, 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. 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, the financial statements of HSRI, for the year ended June 30, 2023, and related notes to the statements, and have issued a report thereon dated December 20, 2023.

Programmatic Audit:

We have examined the Exchange's compliance with the programmatic requirements described in 45 CFR 155 for the year ended June 30, 2023, and have issued a report thereon dated May 6, 2024.

Summary of Programmatic Audit Procedures:

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

- General Functions (Subpart C)
- Eligibility Determinations (Subpart D)
- Enrollment Functions (Subpart E)
- Certification of Qualified Health Plans (Subpart K)
- Oversight and Program Integrity Standards (Subpart M)

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

- Assisters, Navigators, and Certified Application Counselors
- Compliance and Program Integrity
- Contact Center
- Eligibility and Enrollment Processes and Procedures
- Privacy and Security
- Qualified Health Plan (QHP) Certification

We reviewed the following documentation, which was obtained directly from HSRI, or located on either the HSRI 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
- 2023 Contracts, including Amendments and Updates to ongoing contracts.
- 2023 Second Lowest Cost Silver Plan Data
- Application for Health Care Coverage
- Board Meeting Minutes
 - Meeting Minutes July 1, 2022 – June 30, 2023
 - Meeting Minutes July 1, 2023 – February 29, 2024
- Consumer Resources:
 - Age-based Medical Rate Sheet
 - Cost Sharing Reduction Plans for Eligible Individuals and Families (for 2023)
 - Health Plans and Benefits for Individuals and Families
 - Health Plan Quality Rating Information (for 2023)
 - HealthSource RI Assister Programs Webpage
 - HealthSource RI Get Help in Your Community Webpage
 - HealthSource RI Get Help with Enrolling Webpage
 - HealthSource RI Interpreter Tagline (Multi-Language)
 - HealthSource RI Resources (for Individuals & Families) Webpage
 - HealthSource RI Surveys and Reports Webpage
 - Medical Loss Ratio Information

- Navigator Directory
- Navigator Search Tool
- Policy Manual
- Provider Directories
- Quote Calculator (Plan Comparison and Savings Tool)
- Contact Center Training Materials
- Navigator, CAC, and In-Person Assister (IPA) Forms and Guidelines
 - Certified Navigator Training Manual
 - Certified Application Counselor (CAC) Letter of Agreement
 - In-Person Navigator Assistance Consent Form
 - Navigator Onboarding and Training Modules
 - Navigator Privacy and Confidentiality Affidavit
 - OESP Navigator Conflict of Interest Standards and Attestation
 - Outreach and Enrollment Support Program Solicitation Request
 - RIHCA OESP Program RFP & Agreement Purchase Order
 - RIHCA Subcontractor Contract
- Notices
 - Additional Documentation Required Notice
 - Change in Eligibility Notices
 - Eligibility Decision Notices
 - Enrollment/Disenrollment Notices
 - Financial Assistance Notice
 - Incomplete Application Notice
 - Renewal Notices
- Privacy and Security Documents
 - Access Control Policy
 - Applicant Rights and Responsibilities
 - Consent for Identity Proofing
 - Consent for Payment
 - Consent for Use of Income Data
 - E-Signature
 - Plan of Action and Milestones Standards Training Module
 - Records Retention Policy
 - Security Awareness and Training Policy
 - Sharing of Data Policies
 - User Acceptance Agreement

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

- Contract Relationship Manager
- 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 322,100 eligibility determination transactions completed between July 1, 2022 and June 30, 2023. We selected 60 cases to test for compliance with eligibility and enrollment rules. We selected 60 cases to test for compliance with verification rules.

CONFIDENTIAL INFORMATION OMITTED

N/A

II. PROGRAMMATIC AUDIT FINDINGS

MATERIAL NONCOMPLIANCE

None

MATERIAL WEAKNESS IN INTERNAL CONTROL OVER COMPLIANCE

Finding #2023-001

Criteria:

45 CFR § 155.110 (b) stipulates: To the extent that an Exchange establishes such agreements, the Exchange remains responsible for ensuring that all Federal requirements related to contracted functions are met.

Additionally, 45 CFR § 155.315(f)(2) states: 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.

Condition and Context:

Throughout the Public Health Emergency (PHE), HealthSource Rhode Island (HSRI) provided their system vendor with specific scenario-based guidance regarding Additional Document Request (ADR) notices due to flexibilities provided to State Based Marketplaces. Three scenarios were designed to suppress ADR notices because income could be verified. The fourth scenario was designed to generate and send a subsequent ADR notice to applicants who had already received an initial ADR notice but remained conditionally eligible for a prolonged period, because of the flexibilities provided to State Based Marketplaces. Scenario four included applicants whose self-attested income remained unverified for the current plan year coverage, as well as for the next plan year auto renewal.

BerryDunn identified 4 selections from a sample of 60 cases that required action be taken according to scenario four. HSRI intended to send these applicants a second ADR notice to notify them of their continued conditional eligibility status, but the ADR notice was incorrectly suppressed, and the applicants were not notified. HSRI stated that the system vendor did not implement the scenario-based process correctly, and HSRI did not detect the mistake because it did not adequately monitor its vendor. HSRI has confirmed that the issue was corrected for the 2023-2024 open enrollment period and all ADR notices are being generated and sent as designed. HSRI also confirmed that all cases identified during BerryDunn's testing have received the appropriate ADR notice as part of the October 2023 Auto-Renewal batch.

Cause:

The eligibility and enrollment system vendor incorrectly implemented HSRI's guidance for sending ADR notices to applicants.

Effect:

HSRI did not properly monitor its vendor to ensure policies and procedures were being implemented as designed. Applicants with income discrepancies that fell into scenario four were not provided the intended notification alerting them of the inconsistency. Consistent with PHE flexibilities prescribed by the Centers for Medicare and Medicaid Services, HSRI did not perform terminations during the examination period, therefore no action would have been taken to remove financial assistance if applicants did not respond to the ADR notice. Accordingly, this discrepancy is not considered a finding of material noncompliance.

SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL OVER COMPLIANCE

None

PROGRAMMATIC AUDITOR'S OPINION

QUALIFIED UNQUALIFIED ADVERSE DISCLAIMER

ADDITIONAL COMMENTS

N/A

III. RECOMMENDATIONS

MATERIAL NONCOMPLIANCE

None

MATERIAL WEAKNESS IN INTERNAL CONTROL OVER COMPLIANCE

Finding #2023-001

Recommendation:

BerryDunn recommends that HSRI implement a periodic review process to help ensure that the vendor is following HSRI's procedures for verification of eligibility properly.

SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL OVER COMPLIANCE

None

IV. FINANCIAL STATEMENT AUDITOR'S OPINION

We have issued an Independent Auditor's Report on the financial statements for the year ended June 30, 2023, reflecting the following type of opinion:

QUALIFIED

UNQUALIFIED

ADVERSE

DISCLAIMER

V. CONCLUSION

We confirm to the best of our knowledge that the information included in this Audit Findings Report is accurate and based on a thorough review of the documentation required for this report.

SIGNATURE OF AUDIT FIRM:Berry Dunn McNeil & Parker, LLC**COMPLETION DATE OF AUDIT
FINDINGS REPORT:**May 6, 2024